ASX Announcement: 2021/47

25 August 2021

**WTC FY21 Appendix 4E and financial report**

Attached is the Appendix 4E and financial report for the year ended 30 June 2021.

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

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**About WiseTech Global**

WiseTech Global is a leading developer and provider of software solutions to the logistics execution industry globally. Our customers include over 18,000[1] of the world's logistics companies across more than 165 countries, including 41 of the top 50 global third-party logistics providers and 24 of the 25 largest global freight forwarders worldwide[2]. Our flagship platform, CargoWise, forms an integral link in the global supply chain and executes over 72 billion data transactions annually.

Our mission is to change the world by creating breakthrough products that empower those that own, enable and operate the supply chains of the world. At WiseTech, we are relentless about innovation, adding over 4,300 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. For more information about WiseTech Global or CargoWise, please visit wisetechglobal.com and cargowise.com

[1] Includes customers on CargoWise and platforms of acquired businesses whose customers may be counted with reference to installed sites

[2] Armstrong & Associates: Top 50 Global 3PLs & Top 25 Global Freight Forwarders ranked by 2020 logistics gross revenue/turnover and freight forwarding volumes

# APPENDIX 4E

## WiseTech Global Limited

for the year ended 30 June 2021

## Results for announcement to the market

| For the year ended 30 June ($M) | | | 2021 | 2020 |
|---|---|---|---|---|
| Revenue from ordinary activities | Up | 18.18% to | 507.5 | 429.4 |
| Statutory net profit after tax | Down | (32.79)% to | 108.1 | 160.8 |
| Underlying net profit after tax[1] | Up | 101.30% to | 105.8 | 52.6 |
| Earnings per share (cents) | Down | (33.80)% to | 33.3 | 50.3 |

[1]Underlying net profit after tax excludes fair value adjustments from changes to acquisition contingent consideration (FY21: $2.2m, FY20: $111.0m) and contingent consideration interest unwind net of tax (FY21: nil, FY20: $2.9m).

| Dividends – Ordinary shares | Amount per security | Franked amount per security | Record date | Payment date |
|---|---|---|---|---|
| FY21 interim dividend | 2.70 cents | 2.70 cents | 15 March 2021 | 9 April 2021 |
| FY21 final dividend | 3.85 cents | 3.85 cents | 13 September 2021 | 8 October 2021 |

## 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 15 September 2021 to 21 September 2021, 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 FY21 final dividend is by 5pm (Sydney time) on 14 September 2021.

## Net tangible asset ("NTA") backing[2]

| As at 30 June | 2021 | 2020 |
|---|---|---|
| NTA ($M) | 201.5 | 118.4 |
| Number of shares (millions) | 324.9 | 323.3 |
| NTA per share (cents) | 62 | 37 |

[2]The right-of-use (ROU) assets and related lease liabilities under AASB 16 *Leases* are included in the NTA calculations above.

## Audit

This report is based on the Consolidated financial statements for the year ended 30 June 2021 which have been audited.

# WiseTech Global Limited

# FY21 Financial Report

## Contents

# Operating and financial review

for the full-year ended 30 June 2021

## 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 and empower logistics service providers to facilitate the movement and storage of goods and information, domestically and internationally. We provide our solutions to more than 18,000 customers in over 165 countries.

Our industry-leading flagship technology, CargoWise, is a deeply integrated, global software platform for logistics service providers. Our software enables and empowers logistics service providers to execute highly complex logistics transactions and manage their operations on one global database across multiple users, functions, offices, corporations, currencies, countries and languages. Our main data centres in Australia, Europe and the US deliver our CargoWise platform principally through the cloud, which customers access as needed and pay for usage as they execute on our platform.

Our customers range from small and mid-sized domestic and regional logistics providers to large multi-national and global logistics providers, including 24 of the Top 25 Global Freight Forwarders[1] and 41 of the Top 50 Global Third-Party Logistics Providers (3PLs)[2]. Our software solutions are designed to assist our customers to efficiently navigate the complexities of the logistics industry and can dramatically increase productivity, reduce costs and mitigate risks for our customers.

Innovation and productivity remain key areas of focus for the business. We invest significantly in product development and continue to deliver hundreds of new product features and enhancements each year. This drives greater usage of our CargoWise platform, enabling the business to achieve sustainable, profitable growth. Our strategy of focusing on the *'3Ps' – Product; Penetration; and Profitability* – is designed to deliver our vision to be *the* operating system for global logistics. We are building our capabilities and, where appropriate, fast-tracking our technology development and know-how through acquisitions. This allows us to deliver a comprehensive global logistics execution solution for our customers, from the first-mile road movement, connecting to long-haul air, sea, rail and road, crossing international borders - all while navigating complex regulatory frameworks with improved compliance, safety, visibility, predictability, manageability and productivity.

We have now secured a strong foundation for future technology development and geographic expansion, with 33 product development centres, including centres of excellence in Bangalore and Nanjing, and a headcount of over 1,800 people globally across 33 countries.

1. Based on Armstrong & Associates Inc. Top 25 Global Freight Forwarders List ranked by 2020 logistics gross revenue/turnover and freight forwarding volumes - Updated 10 August 2021.

2. Based on Armstrong & Associates Inc: Top 50 Global Third Party Logistics Providers List ranked by 2020 logistics gross revenue/turnover – Updated 28 June 2021.

## Summary of statutory financial performance

During the twelve months to 30 June 2021, we delivered solid revenue growth, driven mainly by increased market penetration, customer usage and adoption of our technology, as well as price changes to CargoWise that reflected increased investment in product research and development (R&D), data centre hardware and cyber security. We continued our significant investment in innovation and development and made considerable progress with our cost reduction initiatives to drive operational efficiencies and acquisition synergies across the business.

**Revenue increased 18% to $507.5m** (FY20: $429.4m)

**Operating profit increased 86% to $149.8m** (FY20: $80.5m)

**Net profit after tax decreased 33% to $108.1m** (FY20: $160.8m)

**Underlying net profit after tax increased 101% to $105.8m** (FY20: $52.6m)

**Basic earnings per share decreased 34% to 33.3 cents** (FY20: 50.3 cents)

## Summary financial results[1]

| | FY21 $m | FY20 $m | Change $m | Change % |
|---|---|---|---|---|
| Recurring On-Demand revenue | 383.0 | 309.2 | 73.7 | *24%* |
| Recurring One-Time Licence ("OTL") maintenance revenue | 75.1 | 72.8 | 2.3 | *3%* |
| OTL and support services | 49.4 | 47.4 | 2.1 | *4%* |
| **Revenue** | **507.5** | **429.4** | **78.1** | ***18%*** |
| Cost of revenues | (85.6) | (83.5) | (2.1) | *2%* |
| **Gross profit** | **421.9** | **345.9** | **76.0** | ***22%*** |
| Product design and development[2] | (128.9) | (115.4) | (13.5) | *12%* |
| Sales and marketing | (50.3) | (62.3) | 12.1 | *(19)%* |
| General and administration | (92.9) | (87.7) | (5.3) | *6%* |
| **Total operating expenses** | **(272.1)** | **(265.4)** | **(6.7)** | ***3%*** |
| **Operating profit** | **149.8** | **80.5** | **69.3** | ***86%*** |
| Net finance costs | (4.1) | (9.8) | (5.7) | *(58)%* |
| Fair value gain on contingent consideration | 2.2 | 111.0 | (108.8) | *(98)%* |
| **Profit before income tax** | **147.9** | **181.8** | **(33.9)** | ***(19)%*** |
| Tax expense | (39.9) | (21.0) | (18.9) | *90%* |
| **Net profit after tax** | **108.1** | **160.8** | **(52.7)** | ***(33)%*** |
| **Underlying net profit after tax[3]** | **105.8** | **52.6** | **53.3** | ***101%*** |

| **Key financial metrics** | **FY21** | **FY20** | **Change** | **FY21[6]** |
|---|---|---|---|---|
| Recurring revenue % | **90%** | 89% | 1pp | 97% |
| Gross profit margin % | **83%** | 81% | 2pp | 90% |
| Product design and development as % total revenue[2] | **25%** | 27% | (2)pp | 21% |
| Sales and marketing as % total revenue | **10%** | 15% | (5)pp | 8% |
| General and administration as % total revenue | **18%** | 20% | (2)pp | 18% |
| Capitalised development investment ($m)[4] | **78.3** | 74.2 | 4.1 | 60.0 |
| R&D as a % of total revenue[5] | **33%** | 37% | (4)pp | 30% |

1. Differences in tables are due to rounding, see page 35 Rounding of amounts.
2. Product design and development includes $40.1m (FY20: $30.5m) depreciation and amortisation but excludes capitalised development investment.
3. Underlying net profit after tax excludes fair value adjustments from changes to acquisition contingent consideration (FY21: $2.2m, FY20: $111.0m) and contingent consideration interest unwind net of tax (FY21: nil, FY20: $2.9m).
4. Includes patents and purchased external software licences used in our products.
5. R&D is total investment in product design and development expense, excluding depreciation and amortisation, but including capitalised development investment.
6. Excluding acquisitions; acquisitions are those businesses acquired since 2012 and not embedded into the CargoWise platform.

## Revenue

Total revenue grew 18% to $507.5m (FY20: $429.4m). Increased revenue growth came from:

- increased usage by existing customers (through the addition of transactions, seats and new sites, utilisation of additional products and modules, and growth from industry consolidation);
- new CargoWise customers won in the period and growth from customers won in FY20;
- a price change in FY21 to offset increased product investment in R&D, data centre hardware and cyber security;
- growth in revenue from strategic assets (primarily the full period impact of FY20 acquisitions);
- partially offset by $23.4m of unfavourable foreign exchange movements (FY20: $12.1m foreign exchange benefit).

*Revenues from our existing and new CargoWise customers* increased by $68.6m, a 26% growth on FY20, with $52.2m (FY20: $31.0m) from existing customers and $16.4m (FY20: $12.4m) from new customers. Part of the growth includes a price change to offset increased product investment in R&D, data centre hardware and cyber security, designed to deliver a highly efficient platform for our customers and ensure a return on these significant investments. Growth was mainly driven by increased usage of the CargoWise platform from existing customers adding transactions, seats and new sites, utilising additional modules, as well as growth from industry consolidation and growth from Large Global Freight Forwarder[3] rollouts.

Existing and new CargoWise customer revenue growth was partially offset by $13.6m of unfavourable foreign exchange movements (FY20: $11.4m foreign exchange benefit).

In FY21, revenue growth for CargoWise was achieved across all existing customer cohorts (from FY06 & prior through to FY21).

*Revenue from customers on acquired platforms* increased by $9.5m, driven mostly by the $10.5m full period impact of five acquisitions completed in FY20, partially offset by a $1.4m reduction in revenue attributable to FY19 and prior acquisitions, as expected. During FY21, we completed a small foothold acquisition in Japan. Revenue from acquired platforms included $9.7m of unfavourable foreign exchange movements (FY20: $0.6m foreign exchange benefit).

*Revenue from OTL and support services* increased to $49.4m (FY20: $47.4m), reflecting increased revenue from CargoWise paid product enhancements and the contribution from acquired businesses as they typically have higher levels of OTL and/or support services revenue. These revenues may be flat or reduce as we transition the businesses to the CargoWise commercial model.

*Recurring revenue* 97% of our CargoWise revenue is recurring revenue, which is unchanged from FY20. Recurring revenue for the Group increased from 89% in FY20 to 90% in FY21, reflecting higher growth in recurring revenues.

*Customer attrition* The attrition rate for the CargoWise platform continued to be extremely low, at under 1%, as it has been for the nine years since we started measuring[4]. Our customers stay and grow their transaction usage due to the productivity and deep capabilities of our platform.

*Licensing and transition* Overall, including acquisitions, the percentage of On-Demand revenue is 75% of total revenue (FY20: 72%), reflecting the higher growth rates of On-Demand licensing versus other licence types.

*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 currency exchange rates.

3. A Large Global Freight Forwarder is a CargoWise customer contracted to grow or who has grown either organically or contractually to 10 or more countries and 400 or more registered users on CargoWise.

4. 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.

## Gross profit and gross profit margin

Gross profit increased by $76.0m, up 22%, to $421.9m (FY20: $345.9m). Gross profit growth was driven mainly by CargoWise revenue growth, cost reduction initiatives and the full period revenue impact of the FY20 acquisitions.

Gross profit margin increased to 83% (FY20: 81%), reflecting revenue growth from the CargoWise platform and the benefit from cost reduction initiatives. CargoWise gross profit margin was 90% (FY20: 91%). 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. Our cost reduction initiatives have lead to improvements in acquisition gross margin, reducing the dilutive impact on overall gross margin.

## Operating expenses

An *organisation-wide efficiency and acquisition synergy program* has been undertaken to extract efficiencies by streamlining processes and teams and ensuring that resources are appropriately allocated to support scalability, growth and delivery of WiseTech's strategic vision. In FY21 the program delivered a $13.8m net benefit (gross cost reductions of $22.0m offset by $8.2m of restructuring costs), which exceeded the previously announced $10m target.

*Total R&D investment:* In FY21, we continued our significant investment in product innovation to further develop our software platform and to build our innovation pipeline. Our research and development investment for the period increased 5% to $167.1m (FY20: $159.1m), representing 33% of total revenue (FY20: 37%). Throughout FY21 our top development priorities were to accelerate native customs and cross border compliance builds in key markets. As of 30 June 2021, the CargoWise native customs functionality was in Production Release[5] across jurisdictions accounting for ~45% of global manufactured trade flows (up from ~35% in FY20).

*Product design and development expense* increased by 12% to $128.9m (FY20: $115.4m), 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 effect of cost reductions in acquired businesses.

*Capitalised development investment* increased 6% to $78.3m (FY20: $74.2m), driven mainly by an increase in the investment in native customs, border and country compliance development. Costs related to development activity that is not commercialisable and maintenance costs are expensed.

*Sales and marketing expense* During FY21, we invested 10% of revenue (FY20: 15%), or $50.3m (FY20: $62.3m), in sales and marketing. The decrease mainly reflects cost reductions in acquisitions, a more targeted sales and marketing focus on Top 25 Global Freight Forwarders and Top 200 Global Logistics Providers, and benefits from lower costs due to COVID-19.

*General and administration expense* We increased our investment in supporting and growing our business globally to $92.9m (FY20: $87.7m), representing 18% of total revenue (FY20: 20%). The increase (which was partially offset by cost reductions) was driven by:

- $8.2m of restructuring costs as a result of cost reduction initiatives; and
- increased corporate governance costs.

Our general and administration expense, excluding restructuring costs, was 17% of revenue in FY21.

Throughout FY21, and consistent with FY20, we did not receive any material benefit from any COVID-19 government support programs globally.

5. CargoWise Customs is defined as in "production release" for a particular country when the product module has been released into the main CargoWise release build, available for production use by any customer, and is able to be used for all major customs import/export procedures.

## Net finance costs

*Fair value gain on contingent consideration* reflects the impact of contingent consideration liability settlement and reassessment which, in FY21, resulted in a net reduction of the contingent consideration liability and a corresponding non-cash (not taxed) fair value gain of $2.2m (FY20: $111.0m).

*Other net finance costs* Net finance costs in FY21 of $4.1m (FY20: $9.8m) included $5.5m of finance costs, comprising interest expenses and debt facility fees. Finance income of $1.4m (FY20: $3.1m) reflected a reduction in interest rates globally.

## Cash flow

We continued to generate strong positive operating cash flows demonstrating the highly cash-generative nature of the business, with $229.9m of operating cash flow, up 57% on FY20. FY21 net cash flows from operating activities were $211.6m (FY20: $129.9m). Free cash flow of $139.2m was up 149% on FY20. FY21 cash flows include $8.6m of payments for restructuring activities.

Investing activities in long-term assets to fund future growth included:

- $5.8m for a new acquisition, and contingent payments for prior year acquisitions (FY20: $57.0m);
- $74.5m in intangible assets as we further developed and expanded our commercialisable technology, resulting in capitalised development investment for both commercialised products and those yet to be launched (FY20: $70.4m); and
- $16.3m in assets mostly related to data centres and IT infrastructure investments to enhance scalability, reliability and security providing increase capacity for future growth (FY20: $20.1m).

Dividends of $13.2m (FY20: $11.1m) were paid in cash during FY21, with shareholders choosing to reinvest an additional $0.7m of their dividends via the dividend reinvestment plan.

Our closing cash balance of $315.0m, with no outstanding debt other than lease liabilities, provides significant financial headroom. In addition, we have recently (post 30 June 2021) completed a refinancing of our debt facility. A new unsecured four-year, $225m bi-lateral debt facility supported by six banks is now in place, providing a solid financial foundation for future growth.

## Product strategy and integration progress

WiseTech's vision is be *the* operating system for global logistics. To achieve this, we have invested significantly in our product, particularly in-house R&D, building expertise through the recruitment of technology and industry experts, and strategic acquisitions that bring additional skills and resources as well as access to synergistic intellectual property.

We have completed a number of strategic acquisitions since listing on the ASX in 2016. We consider our strategic investments holistically, rather than individually in isolation. They are interconnected and designed to drive improved product capability, greater market penetration and sustainable profit growth. The focus now is on ongoing CargoWise product development. We are utilising the skills and expertise of acquired resources to continue to expand the functionality, extend the scope and increase the value of our industry-leading technology to deliver *the* operating system for global logistics, as well as a strong base to further accelerate our growth.

In FY21, we accelerated geographic expansion of native customs and cross border compliance functionality, covering ~45% (FY20: ~35%) of global manufactured trade flows (Production Release of France, Italy, Spain and Puerto Rico were completed in FY21). We also completed the product integration of the global rates functionalities (secured via the CargoSphere and Cargoguide acquisitions) onto the CargoWise platform. This integrated functionality is currently in production with several major customers and work has commenced on the native rewrite onto the CargoWise platform. Also, of strategic note in FY21, was the deployment of the beta version of CargoWise Neo (Neo) to a select group of beneficial cargo owners (BCOs) via existing WiseTech customers and the commencement of work on extending aspects of Neo for customer-specific needs.

## FY21 strategic highlights

We are focused on our vision to be *the* operating system for global logistics by creating breakthrough products that enable and empower those that own and operate the supply chains of the world. We are extending the reach of the global CargoWise integrated platform, expanding technology to increase market penetration and new addressable markets, growing our commercial foundation to new geographies, and investing in transforming our content architectures, channels and brand, while also growing our R&D capacity. Throughout FY21, we made significant progress with our organisation-wide efficiency program to maximise operating leverage and allocate resources to support ongoing growth.

- We have 36 Large Global Freight Forwarders with global rollouts "Contracted and in Progress"[6] or "In Production"[7], including 10 of the Top 25 Global Freight Forwarders. In FY21 we have secured six new global rollout contracts (previously disclosed CEVA Logistics, a. hartrodt, cargo-partner, Seafrigo Group, deugro, Hankyu Hanshin Express) and, post 30 June 2021, we have signed FedEx.
- Throughout FY21, we continued our extensive product development program, investing $167.1m and 53% of our people in product development, delivering 1,096 product upgrades and enhancements to the CargoWise platform.
- In FY21, we completed one small acquisition in Japan covering customs and country compliance. Having completed 39 acquisitions since our IPO in 2016, we have now assembled the significant resources and development capability to fuel our CargoWise technology. While the Company remains open to strategically significant acquisition opportunities, it has slowed its near-term acquisition activity in order to focus on expanding the CargoWise ecosystem and extracting synergies from acquisitions to maximise operational leverage and drive scalability.

## Post balance date events

- On 28 July 2021, a new unsecured four-year bi-lateral debt facility was executed with six banks and the previous facility was retired. The new facility has a total commitment of $225m.
- Since period end, the Directors have declared a fully-franked final dividend of 3.85 cents per share, payable on 8 October 2021. The dividend will be recognised in subsequent period financial statements.

## Outlook for 2022

WiseTech provides the following guidance on the basis that market conditions do not materially change, noting in particular uncertainty around future economic and industrial production growth and pandemic stimulus measures may lead to alternative outcomes. Prevailing uncertainties relating to sovereign and geopolitical risk may also reduce assumed growth rates.

Based on, and subject to, the underlying assumptions set out in the WiseTech FY21 Results Investor Presentation, the Company currently anticipates FY22 revenue growth in the range of 18% to 25% (representing revenue of $600m - $635m) and EBITDA growth of 26% to 38% (representing $260m - $285m).

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6. *Contracted and in Progress* refers to CargoWise customers who are contracted and in progress to grow to rolling out CargoWise in 10 or more countries and for 400 or more registered users.
7. *In Production* refers to customers who are operationally live on CargoWise and are using the platform on a production database, having rolled out in 10 or more countries and 400 or more registered users on CargoWise.

# Remuneration Report

This Remuneration Report for the twelve months ended 30 June 2021 has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001*, and has been audited as required by section 308(3C) of the *Corporations Act 2001*.

## People & Remuneration Committee and governance

The Board is responsible for ensuring that WiseTech's remuneration strategy and framework support the Group's performance and that executives and Non-Executive Directors are rewarded fairly and responsibly with regard to legal and corporate governance requirements. The People & Remuneration Committee ("PRC") oversees remuneration matters and, where appropriate, makes recommendations to the Board. The Committee comprises three independent Non-Executive Directors: Teresa Engelhard (Chair), Charles Gibbon and Michael Gregg. Further information on the PRC's responsibilities is set out in the PRC Charter available at: https://www.wisetechglobal.com/investors/corporate-governance/

## Annual remuneration review

The PRC and the Board review remuneration annually to ensure that there is an appropriate balance between fixed and at-risk performance-related pay and that it reflects both short-term and long-term performance objectives linked to WiseTech's strategy.

WiseTech's people and culture are the source of our industry leading products and attracting and retaining the best talent in our sector is a core driver of company performance. To ensure we continue to remunerate our people appropriately, WiseTech brought forward our FY21 remuneration review to April 2021 (from July 2021) and expects to conclude an additional global remuneration review in early 2022 before resuming the annual cycle in July 2022.

## Independent remuneration consultants

WiseTech Global has protocols in place to ensure that external advice is provided in an appropriate manner and is free from undue influence by management. To inform remuneration policy reviews, during FY21, the PRC engaged external consultants to advise on market practices, as well as the establishment of the Non-Executive Director Fee Sacrifice Share Acquisition Plan. For the purposes of section 206L of the *Corporations Act 2001*, no independent advice was provided on remuneration recommendations in relation to KMP.

## Key management personnel ("KMP") covered by this Remuneration Report

WiseTech's KMP comprises all Directors and those executives who have specific authority and responsibility for planning, directing and controlling the activities of the Group. In this report, the term "Executive KMP" refers to the KMP excluding Non-Executive Directors.

| Name | Title | Term as KMP in FY21 |
|---|---|---|
| **Executive Director KMP** | | |
| **Richard White ("RW")** | Executive Director, Founder and Chief Executive Officer ("CEO") | Full year |
| **Maree Isaacs ("MI")** | Executive Director, Co-founder and Head of Licence Management ("HLM") | Full year |
| **Other Executive KMP** | | |
| **Andrew Cartledge ("AC")** | Chief Financial Officer ("CFO") | Full year |
| **Brett Shearer ("BS")** | Chief Technology Officer ("CTO") | Full year |
| **Non-Executive Director KMP** | | |
| **Andrew Harrison** | Chair and Non-Executive Director | Full year |
| **Teresa Engelhard** | Non-Executive Director | Full year |
| **Charles Gibbon** | Non-Executive Director | Full year |
| **Michael Gregg** | Non-Executive Director | Full year |
| **Arlene Tansey** | Non-Executive Director | Full year |

## Our remuneration strategy and framework

WiseTech's future growth and innovation rely on the talent, motivation and enthusiasm of our people across the world. We aim to reward our high-performance global workforce with a remuneration and incentive program aligned to our business strategy, specialised operations, and aspirations for sustained growth.

Our remuneration framework includes cash and equity components that reward our workforce for achieving operational and strategic priorities and for creating long-term sustainable value for WiseTech and its shareholders.

## Our remuneration principles and philosophy

| Drive Innovation | People Powered | Performance Culture | Equitable | Market Competitive |
|---|---|---|---|---|
| Relentlessly innovate to deliver world-leading products that drive success for our customers | Attract, develop, motivate and retain an exceptional global team focused on market leadership and product excellence | Drive a high performance, global culture aligned with long-term strategy | Retain a consistent approach to reward decisions, promoting diversity and freedom from bias | Deliver market competitive fixed remuneration and long-term value growth through equity ownership |

## The elements of our global remuneration structure and how they link to performance

| Component | Structure | Strategic objective/performance link |
|---|---|---|
| Fixed annual remuneration | Cash and deferred equity (*Remuneration equity:* granted during the financial year with deferred vesting over the following three years) | Total fixed remuneration set at competitive levels to attract and retain talent who can support growth, execute strategy, deliver economic outcomes and build shareholder value<br><br>Based on:<br>role and responsibility;<br>capability, competencies and contribution; and<br>internal and external relativities<br><br>Deferred *remuneration equity* aligns with long-term shareholder interests and supports staff retention |
| Performance equity incentives | Deferred equity with a one-year performance period and vesting over the following three years<br><br>Performance measures:<br>financial and operational targets weighted to individual areas of control; and<br>development team pool bonuses related to specific innovation pipeline achievements | Performance measures reward execution of and accountability for actions, direct outcomes and lead measures aligned to long-term strategy and annual priorities<br><br>Lag outcomes ultimately reflected in long-term growth in revenue, earnings and Total Shareholder Return ("TSR")<br><br>Deferred equity ensures strong link with creation of shareholder value and supports staff retention |
| Optional post-tax investment program: Invest As You Earn ("IAYE") | Invest up to 20% of post-tax salary monthly with potential to receive one free share right for every five shares purchased – the share rights have an 18 month vesting period<br><br>Available for all employees (subject to local regulations) | Builds further alignment with long-term shareholder interests |
| Minimum equity holding requirement | Executive KMP must maintain 100% of fixed remuneration in WiseTech equity (in the form of shares or share rights) | Ensures ownership mindset and alignment with long-term shareholder interests |

As a priority, we build multi-year deferred equity components into fixed base remuneration across our global workforce to align employees' interests with those of shareholders, encourage value-creating behaviours and support staff retention within the Group. This equity is typically granted at the start of the financial year and vests in four equal annual tranches.

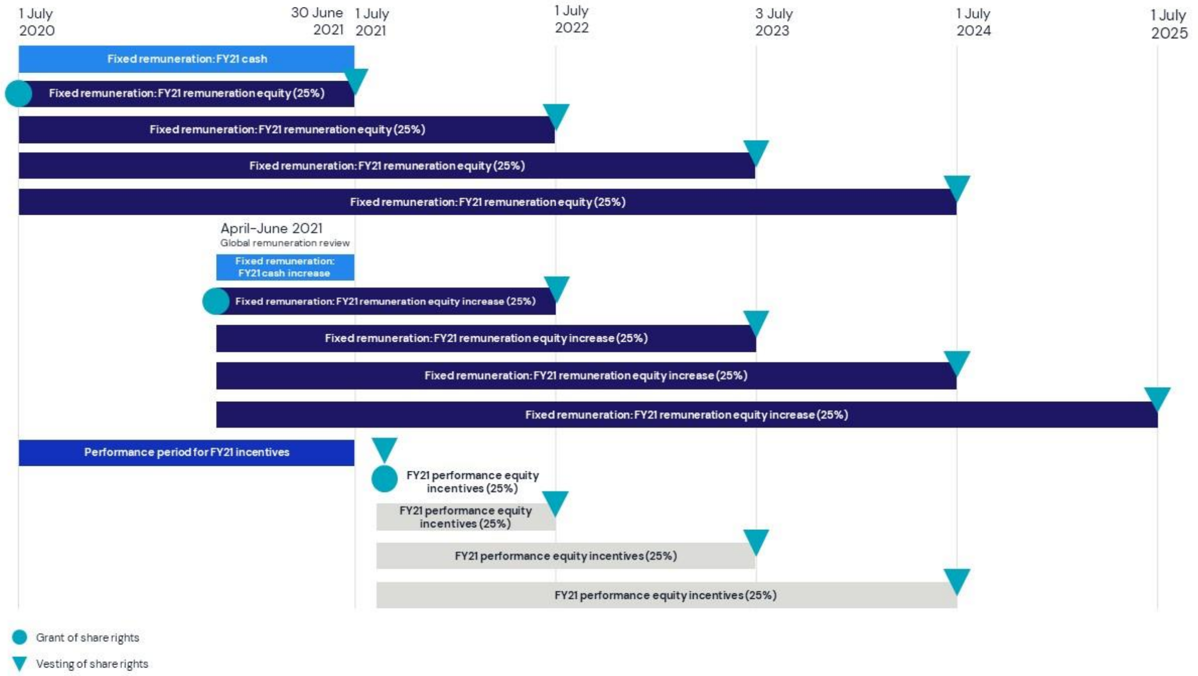
During FY21, WiseTech has continued to increase the proportion of total remuneration that is delivered as a multi-year deferred equity component across our global team members. Where appropriate, deferred equity is also used to deliver a component of sales incentives and for sign-on or retention awards for key team members. Development team bonus pool incentives related to specific innovation achievements that require extra discretionary effort from team members are also delivered as deferred equity.

In the event that an employee (including an Executive KMP) ceases employment, unvested share rights (whether related to performance incentives or remuneration equity) will typically lapse. However, in exceptional circumstances (including genuine retirement), the Board retains discretion to determine that some, or all, of the unvested share rights will not lapse.

Our Invest As You Earn ("IAYE") equity investment program enables employees to acquire WiseTech shares by investing up to 20% of their post-tax salary, with an annual incentive of one free share right for each five shares acquired during the calendar year. The free share rights vest on the date which is 18 months after the end of the calendar year. Approximately 22% of eligible employees across 21 countries have chosen to participate and invest in WiseTech shares via IAYE 2021.

## FY21 Remuneration framework for our executive team

Remuneration for our executive team, including Executive KMP and other senior managers, is delivered through a cash element of fixed remuneration, deferred equity element of fixed remuneration and performance equity incentives. The graphic below illustrates the delivery timing of each remuneration component and includes the interim remuneration review in April 2021 to keep pace with the global technology talent market.




Our executive team's performance incentive framework is focused on annual financial targets and operational key performance indicators ("KPIs") that are lead measures for long-term strategic outcomes. In any year, our financial outcomes reflect the successful execution of deliverables over many prior years. Conversely, the operational and strategic actions undertaken this year are expected to deliver shareholder value for many years into the future. Product development deliverables are examples of operational KPIs designed to support long-term strategy and deliver sustainable, long-term financial value.

To ensure alignment with shareholders' interests, we aim for 100% of performance incentives to be paid in deferred equity (other than for Executive Director Maree Isaacs, due to the size of her co-founder equity holding). Our view is that this approach - fixed remuneration equity vesting over four years, combined with performance equity incentives vesting over three years - removes the need for a separate long-term incentive.

Performance equity incentives for Executive KMP and senior managers are delivered as multi-year deferred equity, with a grant date in July/August 2021, and vesting in four equal instalments, immediately on grant and then in July 2022, 2023 and 2024. The number of share rights granted was determined using an average WiseTech share price at the end of the annual performance period in June 2021.

The performance of Executive KMP is assessed by the Board against key indicators. Performance incentives outcomes for senior managers, including the Executive KMP, are determined by the CEO, with input and review by the PRC and approval by the Board.

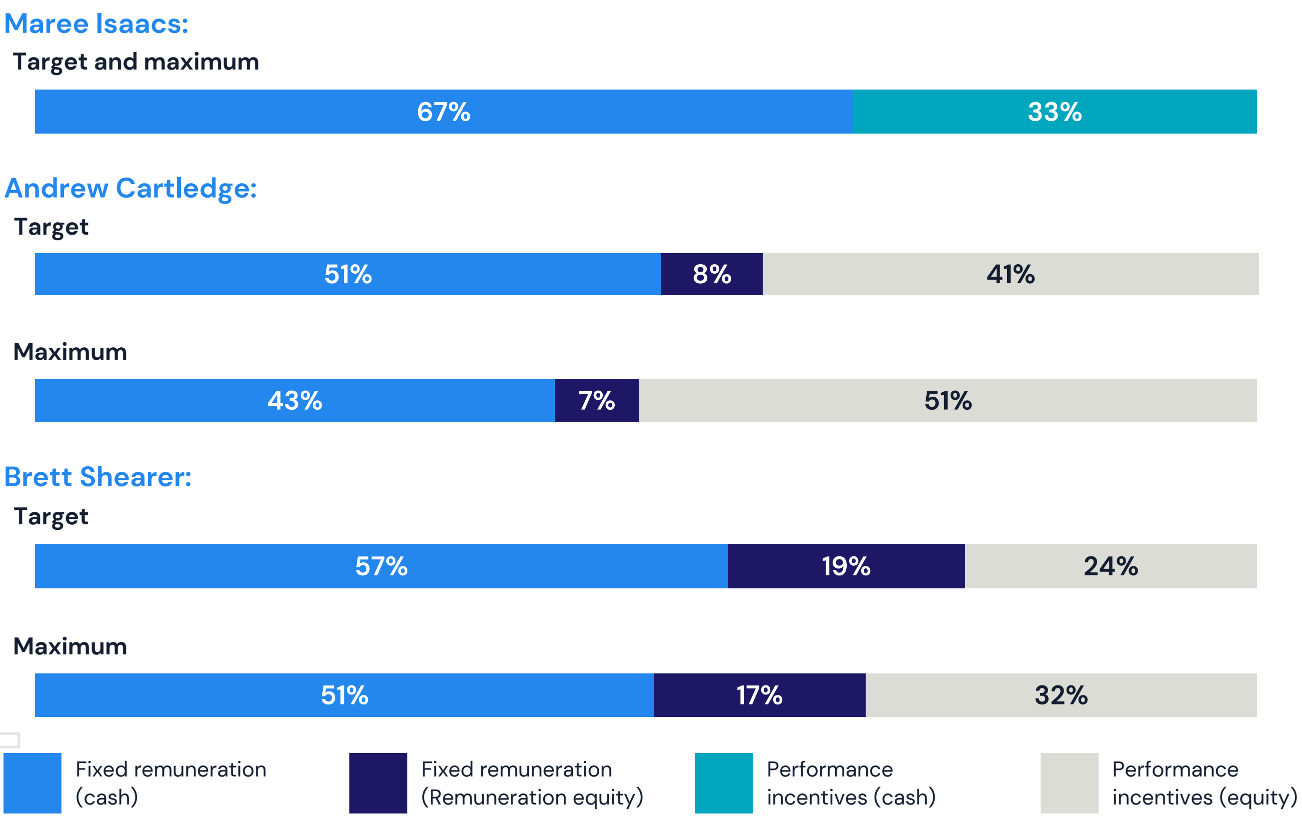
# FY21 Executive KMP remuneration

## Remuneration structure for FY21

The remuneration components for each Executive KMP are expressed as a percentage of total remuneration, with the performance incentives varied to reflect the target and maximum performance. The following diagrams set out the remuneration mix for Executive KMP, excluding Richard White, who was remunerated solely with fixed pay as we believe that his significant equity holding provides adequate alignment with other shareholders. Maree Isaacs also owns a significant amount of WiseTech equity, thus her performance incentive is paid in cash.

A global remuneration review was completed in April 2021. This covered all colleagues, including Executive KMP. No change was made to the CEO package. The HLM and CFO packages were increased in line with Australian market wage inflation over the period since prior review.

The CTO total package was increased (by 7.9%), to more closely reflect local market norms following benchmarking with other ASX-listed technology firms. In addition, the Board determined that the CTO would be eligible for an overachievement in performance incentive outcome for FY21.



## Remuneration outcomes for FY21 and the link to WiseTech performance

The tables below summarise the performance of WiseTech shares for the five years from FY17 to FY21 and for FY21, and our financial performance for the five years from FY17 to FY21. The information was considered in conjunction with an assessment of individual performance of senior managers by the CEO, and reviewed by the PRC, when determining Executive KMP remuneration.

| Period | Period start | Share price at start of period | Share price 30 June 2021 | Change in share price | Change in ASX 200 | WTC performance v ASX 200 | Dividends paid per share | WTC TSR[1] |
|---|---|---|---|---|---|---|---|---|
| FY17–FY21 | 1 July 2016 | $4.43 | $31.93 | 620.8% | 39.7% | **+581.0%** | **$0.1435** | **627.0%** |
| FY21 | 1 July 2020 | $19.35 | $31.93 | 65.0% | 24.0% | **+41.0%** | **$0.0430** | **65.0%** |

1. Total shareholder return with dividends reinvested.

| | FY17 | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|---|
| Revenue ($m) | 153.8 | 221.6 | 348.3 | 429.4 | **507.5** |
| Revenue growth over prior year | 50% | 44% | 57% | 23% | **18%** |
| EBITDA ($m) | 53.9 | 78.0 | 108.1 | 126.7 | **206.7** |
| NPAT[1] ($m) | 31.9 | 40.8 | 54.1 | 160.8 | **108.1** |
| NPATA[2] ($m) | 33.6 | 44.8 | 63.0 | 64.6 | **113.6** |
| Earnings per share (cents) | 10.9 | 13.9 | 17.7 | 50.3 | **33.3** |
| Dividends[3] per share (cents) | 2.20 | 2.70 | 3.45 | 3.30 | **6.55** |
| Change in share price during the year[4] | 56% | 126% | 77% | -30% | **65%** |

1. NPAT is net profit after tax.
2. NPATA is net profit after tax before acquired amortisation and contingent consideration interest unwind (net of tax) and before contingent consideration fair value changes. NPATA is a non-statutory measure and is a primary measure used for the purpose of assessing the performance of the Group. It is derived from audited financial statements.
3. Dividends declared in respect of the financial year.
4. Percentage change in the closing share price on the last business day in the current year over that on the last business day in the prior year.

### Board assessment of WiseTech's FY21 performance against key indicators

In using WiseTech's FY21 results to help determine performance incentives for Executive KMP, the Board considers the market conditions and short-term performance in the context of WiseTech's longer-term strategy. In FY21, key indicators rebounded strongly as WiseTech made considerable strides toward aligning and integrating our acquired entities around the globe. Our business and our people have had an outstanding year, exceeding targets in many areas, including strong results against the KPIs set by the Board.

While many of the challenges and extra demands arising from the COVID-19 pandemic continued, the Board again found the performance of the executive team and global workforce to be exemplary, in particular their timely and effective efforts to:

- continue to deliver key product development outcomes and innovations;
- generate customer sales and support the acceleration of global rollouts by large customers;
- accelerate integration and alignment plans with acquired entities while executing cost reduction and cash bolstering initiatives; and
- implement a hybrid working model with sustainable productivity across our workforce.

In light of this outstanding executive performance in the face of the COVID-19 pandemic, the Board determined that a number of stretch (above target) performance bonuses would be awarded across the executive team. For the 12-member senior management team reporting to the CEO, 122% of the total target performance incentive pool was distributed for FY21 (90% of stretch). For Executive KMP, the specific KPIs and performance assessments which underpin the FY21 performance incentive awards, and the Board's assessment of the performance of the CEO, are detailed below.

| Key performance indicator | Performance outcome | Board assessment | Executive KMP |
|---|---|---|---|
| Revenue growth | 18% growth in revenue to $507.5m vs $470m to $510m target | **Target achieved** | CEO, HLM, CFO |
| EBITDA | 63% growth in EBITDA to $206.7m vs $155m to $180m target | **Target exceeded** | CEO, HLM, CFO |
| Recurring revenue | 20% growth in recurring revenue to $458m Recurring revenue 97% of CargoWise revenue and 90% of total revenue | **Target exceeded** | CEO, HLM |
| M&A integration and capture of synergies | $13.8m net benefit and ~$40m net cost reduction run-rate for FY22 | **Target exceeded** | CEO, CFO |
| Operational efficiency | G&A expense/G&A % of Revenue excluding restructuring costs of $80.9m/16% | **Target Exceeded** | CEO, CFO |
| Cash flow | Operating cash flow/Operating cash flow conversion $229.9m/111%, and Free cash flow/Free cash flow conversion $139.2m/67% | **Target exceeded** | CEO, HLM, CFO |
| Product development outcomes | Optimisation of CargoWise Cloud code base to increase performance | **Target exceeded** | CEO, CTO |

Performance against the relevant financial and operational criteria above makes up at least 70% of each Executive's performance incentive opportunity. The remainder relates to strategic outcomes particular to each Executive's role in the organisation as described below:

- Maree Isaacs: customer contract management, pricing, licensing, and legacy business model transition;
- Andrew Cartledge: integration of acquired businesses, cash flow, and financial risk management; and
- Brett Shearer: improvements in development efficiency, increased monitoring of datacentres / CargoWise Cloud / eHub and improved reliability resilience of CargoWise Cloud and tier 1 customers' CargoWise private clouds.

## FY21 performance incentives outcome

The remuneration awarded to the Executive KMP in relation to performance during FY21 is set out in the table below, including the performance incentives resulting from the assessment of KPI outcomes described above. The table also shows the performance outcome for each Executive KMP as a percentage of target opportunity and of maximum opportunity.

In light of specific product development achievements in FY20 and FY21, and a review of market CTO pay, the Board determined that discretion was warranted to award the CTO an overachievement of the maximum performance incentive opportunity for FY21.

| | FY21 performance incentive awarded | Target opportunity | % of target incentive awarded | % of target incentive forgone | Maximum opportunity | % of maximum incentive awarded | % of maximum incentive forgone |
|---|---|---|---|---|---|---|---|
| **Maree Isaacs** | **$200,000** | $200,000 | 100% | 0% | $200,000 | 100% | 0% |
| **Andrew Cartledge** | **$750,000** | $500,000 | 150% | 0% | $750,000 | 100% | 0% |
| **Brett Shearer** | **$350,000** | $200,000 | 175% | 0% | $300,000 | 117% | 0% |

## Actual remuneration received in FY21

| | Current year's remuneration | | | | Prior years' remuneration | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fixed cash[1] | Cash incentive | FY21 Remune-ration equity | FY21 Perfor-mance Equity | Remune-ration equity vested | Perfor-mance equity vested | Remune-ration Received | Equity growth | Total including equity growth |
| Richard White | $1,000,000 | – | – | - | – | – | $1,000,000 | – | $1,000,000 |
| Maree Isaacs | $405,000 | $200,000 | – | - | – | – | $605,000 | – | $605,000 |
| Andrew Cartledge | $631,250 | – | - | $187,500 | $24,988 | $336,750[2] | $1,180,488 | ($88,424) | $1,092,064 |
| Brett Shearer | $475,000 | – | - | $87,500 | $37,482 | $185,299 | $785,282 | ($52,363) | $732,919 |

1. Fixed cash includes superannuation but excludes any allowances or non-monetary benefits. In particular, the amounts do not include the value related to annual and long service leave entitlements. FY21 fixed cash included cash increase effective from 1 April 2021.
2. Andrew Cartledge's performance equity vested includes the vesting of 16 IAYE Share Rights in January 2021.

In the above table, Executive KMP remuneration received in FY21 is separated into remuneration received for employment in FY21 and deferred equity from previous years that vested during FY21.

*Current year's remuneration*

FY21 fixed cash remuneration, plus any FY21 performance incentive payments paid in cash, or equity which vested immediately on grant in August 2021. As remuneration equity is granted at the beginning of the year and earned throughout the year, with the first tranche to vest on the 1st business day of the following financial year, no FY21 remuneration equity was received in FY21.

*Prior years' remuneration*

Any deferred equity awards from prior periods that vested during FY21. This includes remuneration equity and performance equity incentives from prior years, excluding the value of any vested performance equity incentive for FY20 disclosed as *'Current year's remuneration'* in the corresponding table in the FY20 Remuneration Report.

*Equity growth*

The value of the vested equity shown in the table is the face value at date of original award (under the headings *Remuneration equity vested* and *Performance equity vested*). *Equity growth* is the value contribution from the change in share price between the award and vesting dates.

For share rights that do not automatically convert to ordinary shares at vesting but are instead exercisable at the discretion of the Executive KMP, the values in the table reflect the market value at the vesting date, regardless of whether the share rights have been exercised.

Please note the actual remuneration outcomes in the tables above differ from the required statutory disclosures on page 20, which are prepared in accordance with the relevant accounting standards and represent a blend of actual amounts and accounting accruals. We believe that the information presented above provides shareholders with greater clarity of Executive KMP remuneration.

## Vesting of previous performance equity incentives

Vesting of deferred equity components of Executive KMP performance incentives each year is subject to consideration by the Board. The Board determined that the relevant tranches of FY18, FY19 and FY20 performance equity incentives would vest fully in July 2021.

# FY22 remuneration

The Board considers that the existing remuneration approach and framework is working effectively. As such, no substantive changes are planned for FY22.

## Executive Directors

As co-founders of WiseTech Global, Richard White and Maree Isaacs, each have significant equity interests and, as such, their motivations and interests are firmly aligned with those of other shareholders. Therefore, their FY22 remuneration will contain no deferred equity components.

Richard White will continue to receive fixed remuneration of $1 million per annum in FY22. Maree Isaacs will receive fixed remuneration of $420,000 per annum and a performance incentive opportunity of up to 50% of fixed remuneration annually, based on achievement of multi-year strategic goals related to operational delivery on contract management, legacy conversion and pricing. In view of Maree Isaacs' significant existing ownership of WiseTech equity, the Board determined this performance incentive will continued to be cash-based.

## Non-director Executive KMP

Our non-director Executive KMP remuneration structure features:

*Fixed remuneration consisting of cash base salary, superannuation and remuneration equity*

Fixed remuneration comprising both cash and deferred equity is designed to encourage long-term sustainable decision-making and alignment of interests with those of shareholders. Remuneration equity for FY22 was granted after the April global remuneration review and priced in April 2021; it will vest in four equal annual tranches in July 2022, 2023, 2024 and 2025.

*A performance equity incentive opportunity set as a percentage of fixed remuneration*

Performance criteria will include Company financial outcomes and the achievement of strategic goals and project outcomes related to each Executive KMP role. The performance incentives will be in the form of deferred equity over three years, normally delivered as share rights with vesting after the end of the performance period in four equal tranches: immediately on grant in August 2022, July 2023, 2024 and 2025. Prior to vesting in any given year, the Board retains broad discretion to cancel the vesting of that tranche due to a range of factors, including conduct. The number of share rights to be granted will be determined using an average WiseTech share price at the end of the annual performance period in June 2022.

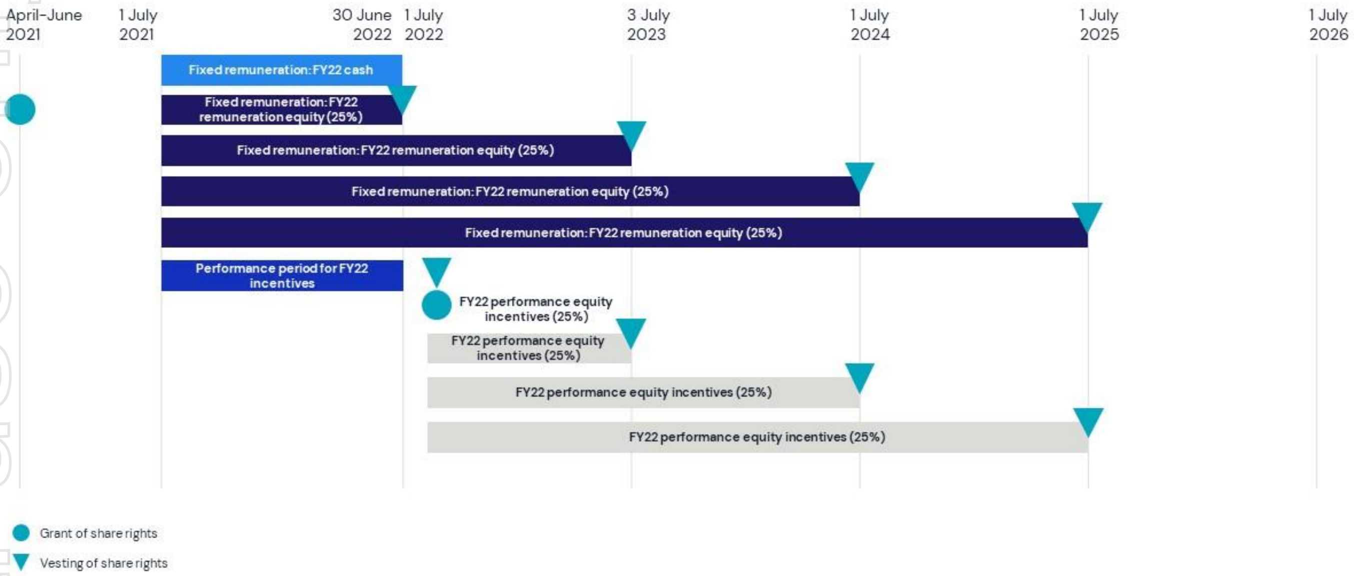
## Executive KMP FY22 remuneration

| | **Founder and CEO Richard White** | **Co-founder and Head of License Management Maree Isaacs** | **Chief Financial Officer Andrew Cartledge** | **Chief Technology Officer Brett Shearer** |
|---|---|---|---|---|
| Fixed remuneration – cash | $1,000,000 | $420,000 | $650,000 | $475,000 |
| Fixed remuneration – remuneration equity | – | – | $110,000 | $200,000 |
| Total fixed remuneration | $1,000,000 | $420,000 | $760,000 | $675,000 |
| Target performance incentives (% of fixed remuneration) | N/A | $210,000 (50%) | $525,000 (69%) | $215,000 (32%) |
| Maximum performance incentives (% of fixed remuneration) | N/A | $210,000 (50%) | $787,500 (104%) | $322,500 (48%) |
| Form of performance incentives | N/A | cash | 3-year deferred equity | 3-year deferred equity |
| Performance criteria applicable to performance incentives | *at least 70% financial, operational and strategic measures* as per the FY21 KPI and performance outcome table on page 13<br>*up to 30% for individual outcomes,*<br>as selectively applied to individual roles with incentive outcomes determined by the CEO with approval by the Board | | | |

As in prior years, the Board (on the recommendation of the CEO) may use discretion to grant an additional reward to individual Executive KMP for substantial outperformance, usually capped at an additional 50% of the target performance incentive.

## FY22 Remuneration framework for executive team

Remuneration for our executive team, including Executive KMP and senior managers, is delivered through a cash element of fixed remuneration, deferred equity element of fixed remuneration and performance equity incentive. The graphic below gives a simple illustration of the delivery timing for each remuneration component.




## Remuneration governance

The following graphic describes the roles of the Board, the PRC and Management in ensuring that WiseTech's remuneration governance processes are robust and defendable.

### WiseTech Global Limited Board

- Approves the overall remuneration policy, including Non-Executive Director remuneration, Executive Director and senior executive remuneration and any executive incentive plans.
- Appoints the CEO, and approves the remuneration of, and oversees the performance review of, the CEO.

### People & Remuneration Committee

Responsible for reviewing the following matters and bringing items of significance to the attention of the Board:

- The processes for overseeing performance accountability and monitoring of the senior management team, including setting and evaluating performance against goals and targets.
- Our remuneration structure and its effectiveness.
- Recruitment, retention and termination strategies.
- The Remuneration Report.
- Other relevant matters identified or requested by the Board from time to time.

### Independent Remuneration Advisors

- Provide independent advice to the PRC and/or Management on remuneration market data and market practice.
- WiseTech has protocols in place to ensure that any external advice is provided in an appropriate manner.

### Management

- Makes recommendations to the PRC on WiseTech's remuneration strategy and framework.
- Provides relevant information to support decision-making.

## Overview of Non-Executive Director remuneration

The Board sets Non-Executive Director remuneration at a level that enables the Group to attract and retain Directors with the appropriate mix of skills and experience. The remuneration of the Non-Executive Directors is determined by the Board, on advice from the PRC.

Non-Executive Directors receive a base fee inclusive of statutory superannuation contributions. Non-Executive Directors do not receive any performance-based remuneration.

### Non-Executive Director fee pool and structure

The total amount of fees that can be paid to Non-Executive Directors is capped by a pool approved by shareholders. The current fee pool is $1,500,000 per annum, approved by shareholders at the 2018 Annual General Meeting.

Market practice and survey data are considered when determining the appropriate level of fees for Non-Executive Directors. During FY21, the PRC benchmarked the Non-Executive Director fee levels against those of comparable companies in two comparator groups, the ASX200 and ASX technology peers (based on market capitalisation). The Board approved an increase in Non-Executive Director fees for FY22 to ensure that our fee levels continue to reflect the workload and responsibilities of Directors and do not hamper the recruitment of additional Non-Executive Directors.

The table below outlines the Board and committee fees, inclusive of superannuation, effective for FY21 and for FY22.

| | FY21 | | FY22 | |
|---|---|---|---|---|
| | **Chair fee** | **Member fee** | **Chair fee** | **Member fee** |
| **Board** | $271,003 | $164,250 | **$330,000** | **$165,000** |
| **Audit & Risk Committee** | $21,900 | $10,950 | **$33,000** | **$19,250** |
| **Nomination Committee** | $10,950 | – | **$16,500** | – |
| **Related Party Committee** | – | – | – | – |
| **People & Remuneration Committee** | $10,950 | – | **$16,500** | **$9,625** |

#### Non-Executive Director Fee Sacrifice Share Acquisition Plan

The Non-Executive Director Fee Sacrifice Share Acquisition Plan ("NED Share Plan"), introduced in October 2020, provides a mechanism for the Non-Executive Directors to build their equity holding in the Company using their pre-tax Director fees. Under the NED Share Plan, Non-Executive Directors can elect to voluntarily sacrifice all, or a portion, of their pre-tax Director fees over the relevant financial year to receive a grant of share rights. Each share right is a conditional entitlement to acquire one ordinary share in the Company.

The following table details the NED Share Plan participation in FY21, including the number of share rights granted and the vesting schedule.

| | | Fees sacrificed for share rights | Number of rights granted[1] | Fair value at grant date[2] | Vesting date[3] |
|---|---|---|---|---|---|
| **Andrew Harrison** | Tranche 1, | $18,796 | 609 | $18,739 | Feb 2021 |
| | Tranche 2 | $18,796 | 609 | $18,739 | Aug 2021 |
| **Teresa Engelhard** | Tranche 1 | $12,412 | 402 | $12,370 | Feb 2021 |
| | Tranche 2 | $12,412 | 402 | $12,370 | Aug 2021 |
| **Michael Gregg** | Tranche 1 | $11,680 | 378 | $11,631 | Feb 2021 |
| | Tranche 2 | $11,680 | 378 | $11,631 | Aug 2021 |
| **Arlene Tansey** | Tranche 1 | $31,024 | 1,005 | $30,924 | Feb 2021 |
| | Tranche 2 | $31,024 | 1,005 | $30,924 | Aug 2021 |

1. The number of share rights granted was calculated using an allocation price based on the 5-day VWAP for the period immediately following the Company's AGM in November 2020.
2. Fair value at grant was determined based on $30.77, the closing share price on the grant date.
3. Share rights vest (convert to shares) in two equal tranches on the days following the release of the half-year and full-year results.

## Non-Executive Director remuneration

The following table details Non-Executive Directors' remuneration for FY21 and FY20.

| | | Board and committee fees – cash | Fees sacrificed under the NED Share Plan | Superannuation | Total |
|---|---|---|---|---|---|
| **Andrew Harrison** | **FY21** | **$222,667** | **$37,592** | **$21,694** | **$281,953** |
| | FY20 | $260,475 | – | $21,003 | $281,478 |
| **Teresa Engelhard** | **FY21** | **$145,176** | **$24,824** | **$16,150** | **$186,150** |
| | FY20 | $170,000 | – | $16,150 | $186,150 |
| **Charles Gibbon** | **FY21** | **$160,000** | **–** | **$15,200** | **$175,200** |
| | FY20 | $160,000 | – | $15,200 | $75,200 |
| **Michael Gregg** | **FY21** | **$139,140** | **$23,360** | **$15,438** | **$177,938** |
| | FY20 | $163,768 | – | $15,558 | $179,326 |
| **Arlene Tansey**[1] | **FY21** | **$111,027** | **$62,048** | **$7,600** | **$180,675** |
| | FY20 | $12,500 | – | $1,188 | $13,688 |
| **Christine Holman**[2] | **FY21** | **–** | **–** | **–** | **–** |
| | FY20 | $56,667 | – | $5,383 | $62,050 |
| Total | **FY21** | **$778,010** | **$147,824** | **$76,082** | **$1,001,915** |
| | FY20 | $823,410, | – | $74,481 | $897,891 |

1. Arlene Tansey was appointed on 1 June 2020.
2. Christine Holman resigned on 18 October 2019.

# Trading in WiseTech securities and equity ownership

## Trading in WiseTech securities

All KMP must comply with WiseTech's Securities Trading Policy, which includes a requirement that Directors and employees can only trade WiseTech securities during specified trading windows. The policy also prohibits the purchase or creation of hedge or derivative arrangements which operate to limit the economic risk of WiseTech securities under employee share plans.

## Executive KMP equity ownership

The following tables provide details of WiseTech Global Limited ordinary shares and share rights (being rights to acquire ordinary shares) held directly, indirectly or beneficially by each Executive KMP and their related parties:

| | Shares held on 30 June 2020 | Shares acquired as part of remuneration[1] | Other shares acquired | Shares disposed | Shares held on 30 June 2021 |
|---|---|---|---|---|---|
| **Richard White** | 140,049,173 | – | – | (8,057,437) | **131,991,736[3]** |
| **Maree Isaacs** | 11,424,165 | – | – | (234,568) | **11,189,597[3]** |
| **Andrew Cartledge** | 183,791 | 24,095 | 41[2] | (30,246) | **177,681** |
| **Brett Shearer** | 479,882 | 11,632 | – | (38,987) | **452,527** |

1. Shares acquired from vesting or exercise of share rights granted as part of remuneration.
2. Including 25 IAYE Shares acquired and 16 shares converted from IAYE Share Rights.
3. Number of shares held on 30 June 2021 and as at the date of this report.

| | Share rights held on 30 June 2020 | Awarded | Vested and converted or exercised | Lapsed | Share rights held on 30 June 2021 | Including share rights vested but not yet exercised[1] |
|---|---|---|---|---|---|---|
| **Richard White**[2] | – | – | – | – | **–** | – |
| **Maree Isaacs**[2] | – | – | – | – | **–** | – |
| **Andrew Cartledge** | 43,882 | 20,661 | (24,111) | – | **40,432** | – |
| **Brett Shearer** | 24,170 | 23,794 | (11,632) | – | **36,332** | – |

1. Depending on the terms of a grant, on vesting, share rights may automatically convert to ordinary shares, or become exercisable. The Executive KMP can choose when to convert the exercisable share rights to ordinary shares. Share rights are converted to ordinary shares at nil cost to the Executive KMP.
2. Richard White and Maree Isaacs have not been awarded any share rights as at the date of this report.

## Executive KMP equity ownership policy

Executive KMP are required to maintain a minimum WiseTech equity holding, including shares and share rights, equal to 100% of fixed remuneration within five years of appointment. Each Executive KMP satisfied this objective as at 30 June 2021.

| | Shares held on 30 June 2021 | Share rights held on 30 June 2021 | Total equity held on 30 June 2021 | Value of equity holding on 30 June 2021[1] | Minimum equity holding guideline[2] | Status |
|---|---|---|---|---|---|---|
| **Richard White** | **131,991,736** | – | **131,991,736** | $4,214,496,130 | $1,000,000 | **Meets** |
| **Maree Isaacs** | **11,189,597** | – | **11,189,597** | $357,283,832 | $420,000 | **Meets** |
| **Andrew Cartledge** | **177,681** | 40,432 | **218,113** | $6,964,348 | $760,000 | **Meets** |
| **Brett Shearer** | **452,527** | 36,332 | **488,859** | $15,609,268 | $675,000 | **Meets** |

1. Value of shareholding was calculated based on $31.93, the closing share price on 30 June 2021.
2. Minimum equity holding guideline is the annualised fixed remuneration as at 30 June 2021.

## Non-Executive Director share ownership policy and equity holdings

The Board has established a policy that all Non-Executive Directors should accumulate and hold WiseTech shares equivalent to the value of their base Director's fees within three years of their appointment to the Board. All Non-Executive Directors satisfied this objective as at 30 June 2021. Arlene Tansey was only appointed to the Board effective 1 June 2020.

The following tables provide details of WiseTech Global Limited ordinary shares and share rights (being rights to acquire ordinary shares) held directly, indirectly or beneficially by each Non-Executive Director and their related parties.

| | Shares held on 30 June 2020 | Shares received on vesting of share rights | Shares issued under DRP | Other shares acquired | Shares disposed | Shares held on 30 June 2021[1] | Value of shareholding on 30 June 2021[2] | Minimum shareholding guideline[3] | Status |
|---|---|---|---|---|---|---|---|---|---|
| **Andrew Harrison** | 40,567 | 609 | – | – | – | **41,176** | **$1,314,750** | **$281,953** | **Meets** |
| **Teresa Engelhard** | 42,894 | 402 | – | – | – | **43,296** | **$1,382,441** | **$186,150** | **Meets** |
| **Charles Gibbon** | 17,349,014 | – | – | – | – | **17,349,014** | **$553,954,017** | **$175,200** | **Meets** |
| **Michael Gregg** | 13,864,842 | 378 | 11,758 | – | (400,000) | **13,476,978** | **$430,319,908** | **$175,200** | **Meets** |
| **Arlene Tansey** | 1,000 | 1,005 | – | 3,000 | – | **5,005** | **$159,810** | **$186,150** | **On track** |

1. Number of shares held on 30 June 2021 and at the date of this report.
2. Value of shareholding was calculated based on $31.93, the closing share price on 30 June 2021.
3. Minimum shareholding guideline is the annualised Non-Executive Director fee as at 30 June 2021.

| | Shares rights held on 30 June 2020 | Awarded | Vested and converted | Lapsed | Shares rights held on 30 June 2021 |
|---|---|---|---|---|---|
| **Andrew Harrison** | - | 1,218 | (609) | - | 609 |
| **Teresa Engelhard** | - | 804 | (402) | - | 402 |
| **Charles Gibbon** | - | - | - | - | - |
| **Michael Gregg** | - | 756 | (378) | - | 378 |
| **Arlene Tansey** | - | 2,010 | (1,005) | - | 1,005 |

# Other disclosures

## Key terms of Executive KMP employment contracts

The following table outlines the key terms of the Executives' latest employment contracts as at the date of this report:

| | Richard White | Maree Isaacs | Andrew Cartledge | Brett Shearer |
|---|---|---|---|---|
| **Fixed remuneration – cash** | 1,000,000 | 420,000 | 650,000 | 475,000 |
| **Fixed remuneration – remuneration equity** | – | – | 110,000 | 200,000 |
| **Total fixed remuneration** | 1,000,000 | 420,000 | 760,000 | 675,000 |
| **Commencement date** | 15 April 2019 | 1 July 2017 | 22 September 2017 | 1 July 2020 |
| **Notice period** | 12 months | 3 months | 6 months | 3 months |

The employment contracts do not contain contractual termination benefits.

## Other statutory disclosures – Executive KMP remuneration

The following table of Executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period from 1 July 2020 to 30 June 2021 and the prior period:

| | | **Short-term benefits** | **Cash incentive** | **Post employment** | **Share-based payments** | **Long-term benefits** | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | | Base salary and benefits[1] | | Super-annuation | Share rights | Other[2] | | Performance-related |
| **Richard White** | **FY21** | **$978,306** | **–** | **$21,694** | **–** | **$41,762** | **$1,041,762** | **–** |
| | FY20 | $978,997 | – | $21,003 | – | $61,557 | $1,061,557 | – |
| **Maree Issacs** | **FY21** | **$383,306** | **$100,000** | **$21,694** | **–** | **$42,006** | **$547,006** | **18%** |
| | FY20 | $378,997 | $150,000 | $21,003 | – | $33,678 | $583,678 | 26% |
| **Andrew Cartledge** | **FY21** | **$611,116** | **–** | **$21,694** | **$744,126** | **$42,690** | **$1,419,626** | **46%** |
| | FY20 | $605,557 | – | $21,003 | $678,728 | $16,720 | $1,322,008 | 46% |
| **Brett Shearer** | **FY21** | **$454,746** | **–** | **$21,694** | **$477,487** | **$65,608** | **$1,019,535** | **32%** |
| | FY20 | $355,687 | – | $21,003 | $385,752 | $26,159 | $788,601 | 34% |
| **Total** | **FY21** | **$2,427,474** | **$100,000** | **$86,776** | **$1,221,613** | **$192,066** | **$4,027,929** | **N/A** |
| | FY20 | $2,319,239 | $150,000 | $84,010 | $1,064,481 | $138,114 | $3,755,844 | N/A |

1. Base salary and benefits included remuneration increases effective from 1 April 2021.
2. Other long-term benefits relates to annual and long service leave. The comparatives have been amended to a consistent basis with the current year, being the movement in the balance, rather than disclosing the annual and long service leave balance.

## Executive KMP share rights and conditions

- Share rights are rights to acquire ordinary shares at no cost to the participant.
- There are no further performance conditions after grant but share rights generally lapse on ceasing employment. No share rights under the grants below have lapsed.
- Except for IAYE Share Rights that automatically convert to shares on vesting, all other grants become exercisable on vesting and expire 10 years after grant date.
- Participants in the IAYE program receive 1 free share right for every 5 IAYE shares purchased and held. The face value of the free share rights in the tables below were calculated based on fair value at grant date.
- The plan rules grant the Board clawback powers. If, in the opinion of the Board, a participant acts fraudulently or dishonestly or is in breach of his or her obligations to any Group company, the Board may deem any award of share rights held by the participant to be forfeited. No clawbacks occurred in FY21.
- No dividends or dividend equivalents are paid on share rights.

## Details of share rights granted in FY21

| | Grant | Share rights granted | Grant date | Fair value at grant date | Face value of grant | Vesting schedule |
|---|---|---|---|---|---|---|
| **Andrew Cartledge** | FY21 Remuneration Equity | 4,890 | 1-Jul-20 | $18.55 | $100,001 | 4 annual tranches commencing 1-Jul-21 |
| | FY20 Performance Equity Incentives | 12,225 | 17-Aug-20 | $19.48 | $250,001 | 4 annual tranches commencing 17-Aug-20 |
| | 2020 IAYE Share Rights | 10 | 1-Feb-21 | $31.20 | $312 | 2 years after grant |
| | FY22 Remuneration Equity[1] | 3,536 | 7-Jun-21 | $29.43 | $112,480 | 4 annual tranches commencing 1-Jul-22 |
| **Brett Shearer** | FY21 Remuneration Equity | 7,335 | 1-Jul-20 | $18.55 | $150,001 | 4 annual tranches commencing 1-Jul-21 |
| | FY20 Performance Equity Incentives | 9,780 | 17-Aug-20 | $19.48 | $200,001 | 4 annual tranches commencing 17-Aug-20 |
| | FY22 Remuneration Equity[1] | 6,679 | 7-Jun-21 | $29.43 | $212,459 | 4 annual tranches commencing 1-Jul-22 |

Notes:

1. FY22 remuneration equity includes the increase of FY21 remuneration equity effective from 1 April 2021 and FY22 remuneration equity.

## Details of share rights affecting current and future remuneration

**Andrew Cartledge**

| Award | Grant date | Share rights granted | Fair value at grant date | Fair value of grant | Share rights vested prior years | Vesting date in FY21 | Share rights vested in FY21 | % of total grant vested | Value of share rights vested | Unvested rights at 30 June 2021 | Future vesting schedule |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY18 Performance Equity Incentives | 28-Sep-18 | 22,479 | $22.09 | $496,561 | (7,493) | 1-Jul-20 | (7,493) | 67% | 356,292 | 7,493 | Vesting on 1-Jul 21 |
| 2018 IAYE Share Rights | 25-Jan-19 | 16 | $20.30 | $325 | - | 15-Jan-21 | 16 | 100% | 444 | - | - |
| FY19 Performance Equity Incentives | 30-Aug-19 | 25,319 | $36.93 | $935,031 | (6,329) | 1-Jul-20 | (6,329) | 50% | 351,133 | 12,661 | 2 annual tranches from 1-Jul-21 |
| FY20 Remuneration Equity | 30-Aug-19 | 3,553 | $36.93 | $131,212 | - | 1-Jul-20 | (888) | 25% | 16,472 | 2,665 | 3 annual tranches from 1-Jul-21 |
| 2019 IAYE Share Rights | 24-Jan-20 | 8 | $24.74 | $198 | - | - | - | - | - | 8 | Vesting on 24-Jan-22 |
| FY21 Remuneration Equity | 1-Jul-20 | 4,890 | $18.55 | $90,710 | - | - | - | - | - | 4,890 | 4 annual tranches from 1-Jul-21 |
| FY20 Performance Equity Incentives | 17-Aug-20 | 12,225 | $19.48 | $238,143 | - | 17-Aug-20 | (3,056) | 25% | 59,531 | 9,169 | 3 annual tranches from 1-Jul-21 |
| 2020 IAYE Share Rights | 1-Feb-21 | 10 | $31.20 | $312 | - | - | - | - | - | 10 | Vesting on 1-Feb-23 |
| FY22 Remuneration Equity | 7-Jun-21 | 3,536 | $29.43 | $104,064 | - | - | - | - | - | 3,536 | 4 annual tranches from 1-Jul-22 |

**Brett Shearer**

| Award | Grant date | Share rights granted | Fair value at grant date | Fair value of grant | Share rights vested prior years | Vesting date in FY21 | Share rights vested in FY21 | % of total grant vested | Value of share rights vested | Unvested rights at 30 June 2021 | Future vesting schedule |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY18 Performance Equity Incentives | 28-Sep-18 | 14,197 | $22.09 | 313,612 | (4,732) | 1-Jul-20 | (4,732) | 67% | 225,007 | 4,733 | Vesting on 1-Jul-21 |
| FY19 Special Project Bonus | 01-May-19 | 1,787 | $22.64 | 40,458 | (446) | 1-Jul-20 | (446) | 50% | 21,207 | 895 | 2 annual tranches from 1-Jul-21 |
| FY19 Special Project Bonus | 30-Aug-19 | 51 | $36.93 | 1,883 | (12) | 1-Jul-20 | (12) | 47% | 666 | 27 | 2 annual tranches from 1-Jul-21 |
| FY19 Performance Equity Incentives | 30-Aug-19 | 10,660 | $36.93 | 393,674 | (2,665) | 1-Jul-20 | (2,665) | 50% | 147,854 | 5,330 | 2 annual tranches from 1-Jul-21 |
| FY20 Remuneration Equity | 30-Aug-19 | 5,330 | $36.93 | 196,837 | - | 1-Jul-20 | (1,332) | 25% | 24,709 | 3,998 | 3 annual tranches from 1-Jul-21 |
| FY21 Remuneration Equity | 01-Jul-20 | 7,335 | $18.55 | 136,064 | - | - | - | - | - | 7,335 | 4 annual tranches from 1-Jul-21 |
| FY20 Performance Equity Incentives | 17-Aug-20 | 9,780 | $19.48 | 190,514 | - | 17-Aug-20 | (2,445) | 25% | 47,629 | 7,335 | 3 annual tranches from 1-Jul-21 |
| FY22 Remuneration Equity | 07-Jun-21 | 6,679 | $29.43 | 196,563 | - | - | - | - | - | 6,679 | 4 annual tranches from 1-Jul-22 |

## Related party transactions

During FY21, the Group was party to ongoing arrangements with entities associated with Executive Director, Founder and CEO, Richard White. These transactions were negotiated and agreed on arms-length terms no more favourable than those it is reasonable to expect the entity would have adopted if dealing with an unrelated person at arm's length. Further details of these arrangements are disclosed in note 20 to the financial statements included in this report.

# Board of Directors

**Andrew Harrison** — Independent Chair and Non-Executive Director

Andrew joined the Board in 2015 and was appointed Chair in September 2018. Andrew is an experienced company director and corporate adviser.

Andrew has previously held executive roles and non-executive directorships with both public and private companies. He was the CFO of Seven Group Holdings and group finance director of Landis+Gyr, and has been a director of ASX-listed companies Estia Health Limited (November 2014 to October 2018), IVE Group Limited (November 2015 to November 2018), Xenith IP Limited (October 2015 to September 2018), Bapcor Limited (March 2014 to February 2021), as well as of Alesco Limited, Moorebank Intermodal Company Ltd and Vend Ltd. Andrew was a senior manager at Ernst & Young (Sydney and London) and Gresham Partners Limited, and an associate at Chase Manhattan Bank (New York).

Andrew holds a Bachelor of Economics from The University of Sydney and a Master of Business Administration from the Wharton School at the University of Pennsylvania. He is a Chartered Accountant.

**Richard White** — Executive Director, Founder and CEO

Richard has been CEO and an executive director of WiseTech Global since founding the company in 1994.

Richard has more than 30 years of experience in software development, embedded systems and business management and over 20 years of freight and logistics industry experience. Prior to founding WiseTech Global, Richard was the managing director of Real Tech Systems Integration (a provider of computer consulting and systems integrations services) and CEO of Clear Group (a distributor of computer related equipment).

Richard holds a Master of Business in Information Technology Management from the University of Technology, Sydney (UTS). Richard is a UTS Luminary and a Fellow of UTS.

**Teresa Engelhard** — Independent Non-Executive Director

Teresa joined the Board in 2018 and is Chair of the Nomination Committee and the People & Remuneration Committee. Teresa has more than 20 years' international experience as a director, executive and venture capitalist in the technology, software and energy sectors. Teresa is currently the CEO and Founder of stealth-stage startup StickyTek Pty Ltd and a non-executive director of non-profit organisation LaunchVic. She is also a former director of ASX-listed Redbubble Limited (August 2011 to October 2017) and Origin Energy Limited (May 2017 to October 2020).

Teresa holds a Bachelor of Science (Hons) from the California Institute of Technology (Caltech) and a Master of Business Administration from Stanford University. She is a graduate of the Australian Institute of Company Directors.

**Charles Gibbon** — Independent Non-Executive Director

Charles joined the Board in 2006, served as Chair from 2006 to 2018, and has been a shareholder since 2005. Charles is a director of Shearwater Capital Pty Ltd and has previously been a director of Monbeef Pty Ltd, Photolibrary Pty Ltd and the former ASX-listed Health Communication Network Limited. Charles has more than 20 years of experience in institutional funds management. He was a member of the Investment Committee of Quadrant Capital Funds I, II and III for Quadrant Private Equity, and has held roles as the CEO of Russell Private Equity, CEO of Risk Averse Money Managers Pty Ltd, a director of Morgan Grenfell Australia and an associate director of Schroders Australia.

Charles holds a Bachelor of Science in Mathematics from Otago University and a Master of Commerce (Hons) from the University of Canterbury.

## Michael Gregg

Independent Non-Executive Director

Michael joined the Board in 2006 and has been a shareholder since 2005. Michael is also Chair of the Related Party Committee. Michael is a non-executive director of Emudent Technologies Pty Ltd, Shearwater Capital Pty Ltd and Community Connections Australia. Previously, Michael was the managing director of the former ASX-listed Health Communication Network Limited. Michael has also held executive positions in the telecommunications, transport and retail industries.

He holds a Bachelor of Science from The University of Sydney, a Master of Business Administration from the Australian Graduate School of Management, and is a Graduate of the Australian Institute of Company Directors.

## Maree Isaacs

Executive Director, Co-founder and Head of Licence Management

Maree co-founded WiseTech Global with Richard White in 1994 and has been an Executive Director since 1996. Maree is focused on licence management, group operations, quality control and administration. Maree is also a Company Secretary of WiseTech Global. Prior to co-founding WiseTech Global, Maree worked at Real Tech Systems Integration and Clear Group.

## Arlene Tansey

Independent Non-Executive Director

Arlene joined the Board in June 2020 and is Chair of the Audit & Risk Committee. Arlene is an Australian-based professional director with more than 30 years' international experience in financial services and investment banking. Arlene is currently a non-executive director of ASX-listed Aristocrat Leisure Limited (since July 2016) and TPG Telecom Ltd (since July 2020). She is a former non-executive director of Adelaide Brighton Limited (April 2011 to October 2019) and Healius Limited (August 2012 to October 2020).

Arlene has a Juris Doctor from the University of Southern California Law Center and an MBA Finance and International Business from New York University. She is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women and the International Women's Forum Australia.

# Director attendance at meetings in FY21

The number of Directors' meetings and meetings of committees of Directors held during the financial year and the number of meetings attended by each Director are set out below. The table reflects the number of meetings held during the time the Director held office, or was a member of the committee, during the year. Directors also frequently attend meetings of committees of which they are not members.

| | **Board** | | Audit & Risk Committee | | Nomination Committee | | People & Remuneration Committee | | Related Party Committee | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Held** | **Attended** | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Andrew Harrison | **13** | **13** | 6 | 6 | 3 | 3 | – | – | 1 | 1 |
| Richard White | **13** | **13** | – | – | 3 | 3 | – | – | – | – |
| Teresa Engelhard | **13** | **13** | – | – | 3 | 3 | 5 | 5 | – | – |
| Charles Gibbon | **13** | **13** | 6 | 6 | – | – | 5 | 5 | 1 | 1 |
| Michael Gregg | **13** | **13** | 6 | 6 | – | – | 5 | 5 | 1 | 1 |
| Maree Isaacs | **13** | **13** | – | – | – | – | – | – | – | – |
| Arlene Tansey | **13** | **13** | 4 | 4 | – | – | – | – | – | – |

# Directors' Report

The Directors present their report together with the consolidated financial statements of the Group, comprising WiseTech Global Limited and its controlled entities, for the financial year ended 30 June 2021 and the auditor's report thereon. Information in the Financial Report referred to in this report, including the Operating and Financial Review and the Remuneration Report, or contained in a note to the financial statements referred to in this report, forms part of, and is to be read as part of, this report.

## Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period.

- Andrew Charles Harrison (Chair);
- Richard John White (Founder & CEO);
- Teresa Engelhard;
- Charles Llewlyn Gibbon;
- Michael John Gregg;
- Maree McDonald Isaacs; and
- Arlene Mary Tansey.

The qualifications, experience and special responsibilities of the Directors, including details of other listed company directorships held during the last three years, are detailed on pages 23 and 24 of this report.

Directors' meetings and their attendance at those meetings for FY21 (including meetings of committees of Directors) are detailed on page 24 of this report.

## Company Secretaries

**David Rippon**, Corporate Governance Executive & Company Secretary

BSc (Hons) Mathematics

As Company Secretary, David is responsible for company secretarial and corporate governance support for WiseTech Global Limited and the WiseTech Group. After an initial career in the UK as an actuary, David held senior corporate office roles at AMP Limited and Henderson Group (now Janus Henderson Group plc) in Australia, before joining WiseTech Global as Corporate Governance Executive & Company Secretary in 2017.

## Maree Isaacs

Details of Maree's qualifications and experience are disclosed on page 24 of this report.

## Review of operations

Information on the principal activities, operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 1 to 6 of this report.

## Dividends

Details of dividends paid during FY21 and the prior period are disclosed in note 6 to the financial statements included in this report.

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

## Events subsequent to balance date

On 28 July 2021, a new unsecured four-year bi-lateral debt facility was executed with six banks and the previous facility was retired. The new facility has a total commitment of $225.0m.

Since the period end, the Directors have declared a fully franked final dividend of 3.85 cents per share, payable on 8 October 2021. The dividend will be recognised in subsequent period financial statements.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the Directors of the Company, 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.

## Likely developments and expected results

For further information about likely developments in the operations of the Group, refer to the Operating and Financial Review on pages 1 to 6 of this report.

## Environmental regulation and performance

The operations of the Group are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law of Australia.

## Indemnification and insurance of Directors and other officers

WiseTech's constitution provides that every person who is, or has been, a Director or Company Secretary of the Company or a subsidiary of the Company is indemnified by the Company to the maximum extent permitted by law. The indemnity covers liabilities and legal costs incurred by the person as a director or company secretary.

In accordance with the Company's constitution, the Company has entered into deeds with each of the Directors providing indemnity, insurance and access. No Director has received benefits under an indemnity from the Company during or since the end of the financial year.

During FY21, the Company paid a premium under a contract insuring certain current and former officers of the Group (including the Directors) against liability that they may incur as an officer of the Company. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

## Share rights

At the date of this report, WiseTech had 2,411,754 share rights outstanding across 1,228 holders. The share rights relate to grants of deferred equity to employees under the Equity Incentives Plan and have a range of vesting dates through to July 2025. The share rights are not subject to further performance conditions, but are subject to employment conditions. On vesting, the holder is entitled to receive one ordinary share at no cost to the holder. 599,252 share rights were converted to ordinary shares during the financial year.

To meet the Company's obligations when share rights vest, the Board prefers to issue new shares (to a maximum of 1% of issued share capital in any 12-month period) while reserving the right to buy shares on-market and off-market where appropriate. During FY21, 55,661 shares were purchased on-market for the purpose of employee incentive schemes, at an average price of $28.59 per share, primarily on behalf of participants in the Invest As You Earn program.

## Proceedings on behalf of the Group

Under section 237 of the *Corporations Act 2001*, no application has been made in respect of the Group and no proceedings have been brought or intervened in or on behalf of the Group under that section.

## Remuneration Report

Information on WiseTech's remuneration framework and the FY21 outcomes for key management personnel, as well as the proposed framework for FY22, is included in the Remuneration Report on pages 7 to 22 of this report.

## Corporate governance

Our Corporate Governance Statement for FY20 is available from our website: https://www.wisetechglobal.com/investors/corporate-governance/

Our FY21 statement is expected to be published in October 2021.

## Non-audit services

During the year, KPMG, the Company's auditor, performed certain other services in addition to the audit and review of the financial statements. Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services are provided in note 21 to the financial statements included in this report.

The Board has considered the non-audit services provided during FY21 by the auditor and, in accordance with written advice provided by resolution of the Audit & Risk Committee, is satisfied that the provision of those non-audit services during FY21 by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Group or jointly sharing risks and rewards.

## Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 28 of this report and forms part of the Directors' Report for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.

**Andrew Harrison**
Chair

25 August 2021

**Richard White**
Executive Director, Founder and CEO

25 August 2021

KPMG

# 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 audit of WiseTech Global Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

*Partner*

Sydney

25 August 2021

# Consolidated statement of profit or loss and other comprehensive income

## For the year ended 30 June 2021

| | Notes | 2021 $M | 2020 $M |
|---|---|---|---|
| Revenue | 3 | 507.5 | 429.4 |
| Cost of revenues | | (85.6) | (83.5) |
| **Gross profit** | | **421.9** | **345.9** |
| Product design and development | | (128.9) | (115.4) |
| Sales and marketing | | (50.3) | (62.3) |
| General and administration[1] | | (92.9) | (87.7) |
| **Total operating expenses** | | **(272.1)** | **(265.4)** |
| **Operating profit** | | **149.8** | **80.5** |
| Finance income | | 1.4 | 3.1 |
| Finance costs | 24 | (5.5) | (12.9) |
| Fair value gain on contingent consideration | 24 | 2.2 | 111.0 |
| **Net finance (costs)/income** | | **(1.9)** | **101.3** |
| **Profit before income tax** | | **147.9** | **181.8** |
| Income tax expense | 4 | (39.9) | (21.0) |
| **Net profit for the year** | | **108.1** | **160.8** |
| **Other comprehensive income** | | | |
| *Items that are/or may be reclassified to profit or loss* | | | |
| Cash flow hedges - effective portion of changes in fair value, net of tax | | (5.7) | 3.2 |
| Exchange differences on translation of foreign operations | | (23.0) | (19.2) |
| **Other comprehensive loss for the year, net of tax** | | **(28.8)** | **(16.0)** |
| **Total comprehensive income for the year, net of tax** | | **79.3** | **144.7** |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 5 | 33.3 | 50.3 |
| Diluted earnings per share (cents) | 5 | 33.2 | 50.3 |

[1] For the year ended 30 June 2021 $8.2m of restructuring expenses are included in general and administration expenses (2020: nil).

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

# Consolidated statement of financial position

## As at 30 June 2021

| | Notes | 2021 $M | 2020 $M |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 315.0 | 223.7 |
| Trade receivables | 10 | 74.1 | 59.6 |
| Derivative financial instruments | 24 | 2.9 | 3.7 |
| Current tax receivables | | - | 3.6 |
| Other current assets | 11 | 22.6 | 18.7 |
| **Total current assets** | | **414.6** | **309.3** |
| **Non-current assets** | | | |
| Intangible assets | 7 | 904.5 | 885.0 |
| Property, plant and equipment | 8 | 64.1 | 70.0 |
| Deferred tax assets | 4 | 11.0 | 10.4 |
| Derivative financial instruments | 24 | 0.4 | 0.9 |
| Other non-current assets | 11 | 5.1 | 1.3 |
| **Total non-current assets** | | **985.2** | **967.6** |
| **Total assets** | | **1,399.8** | **1,276.9** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 59.3 | 47.9 |
| Borrowings | 15 | - | - |
| Lease liabilities | 16 | 9.8 | 10.4 |
| Deferred revenue | 13 | 25.8 | 22.7 |
| Employee benefits | 19 | 20.7 | 18.2 |
| Current tax liabilities | | 7.5 | 5.8 |
| Derivative financial instruments | 24 | 2.1 | - |
| Other current liabilities | 14 | 62.8 | 52.2 |
| **Total current liabilities** | | **188.0** | **157.2** |
| **Non-current liabilities** | | | |
| Lease liabilities | 16 | 25.2 | 35.4 |
| Employee benefits | 19 | 2.1 | 1.8 |
| Deferred tax liabilities | 4 | 58.3 | 47.1 |
| Derivative financial instruments | 24 | 4.3 | - |
| Other non-current liabilities | 14 | 16.0 | 32.0 |
| **Total non-current liabilities** | | **105.9** | **116.4** |
| **Total liabilities** | | **293.9** | **273.5** |
| **Net assets** | | **1,106.0** | **1,003.4** |
| **Equity** | | | |
| Share capital | 17 | 827.8 | 779.8 |
| Reserves | | (67.7) | (37.5) |
| Retained earnings | | 345.8 | 261.2 |
| **Total equity** | | **1,106.0** | **1,003.4** |

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

# Consolidated statement of changes in equity

## For the year ended 30 June 2021

| | Notes | Share capital | Treasury share reserve | Acquisition reserve | Cash flow hedge reserve | Share - based payment reserve | Foreign currency translation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | $M | $M | $M | $M | $M | $M | $M | $M |
| **Balance as at 1 July 2019** | | **668.5** | **(25.9)** | **(19.0)** | **-** | **17.6** | **1.6** | **123.8** | **766.6** |
| Initial application of AASB 16 Leases | | - | - | - | - | - | - | 0.1 | 0.1 |
| **As at 1 July 2019 (restated*)** | | 668.5 | (25.9) | (19.0) | - | 17.6 | 1.6 | 123.9 | 766.6 |
| Net profit for the year | | - | - | - | - | - | - | 160.8 | 160.8 |
| Other comprehensive (loss)/income | | - | - | - | 3.2 | - | (19.2) | - | (16.0) |
| Total comprehensive (loss)/income | | **-** | **-** | **-** | **3.2** | **-** | **(19.2)** | **160.8** | **144.7** |
| **Transactions with owners** | | | | | | | | | |
| Issue of share capital | 17 | 24.8 | (24.8) | - | - | - | - | - | - |
| Shares issued under acquisition | 17 | 86.0 | - | 3.1 | - | - | - | - | 89.1 |
| Dividends declared and paid | 6 | - | - | - | - | - | - | (11.6) | (11.6) |
| Shares issued under DRP | 17 | 0.5 | - | - | - | - | - | - | 0.5 |
| Transaction costs (net of tax) | | (0.1) | - | (0.3) | - | - | - | - | (0.4) |
| Vesting of share rights | 17 | - | 26.3 | - | - | (8.8) | - | (17.5) | - |
| Equity settled share-based payment | 19 | - | - | - | - | 17.2 | - | - | 17.2 |
| Tax benefit from equity remuneration - current year | | - | - | - | - | - | - | 5.5 | 5.5 |
| Tax benefit from equity remuneration | | - | (7.6) | - | - | - | - | - | (7.6) |
| Revaluation by subsidiary due to hyperinflationary economy | | - | - | - | - | - | - | 0.2 | 0.2 |
| **Total contributions and distributions** | | 111.3 | (6.1) | 2.7 | - | 8.4 | - | (23.5) | 92.8 |
| **Changes in ownership interest** | | | | | | | | | |
| Acquisition of non-controlling interest without a change in control | | - | - | (0.8) | - | - | - | - | (0.8) |
| **Balance as at 30 June 2020** | | **779.8** | **(32.1)** | **(17.0)** | **3.2** | **26.0** | **(17.6)** | **261.2** | **1,003.4** |

## Consolidated statement of changes in equity (continued)

| | Notes | Share capital $M | Treasury share reserve $M | Acquisition reserve $M | Cash flow hedge reserve $M | Share - based payment reserve $M | Foreign currency translation reserve $M | Retained earnings $M | Total equity $M |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 July 2020** | | **779.8** | **(32.1)** | **(17.0)** | **3.2** | **26.0** | **(17.6)** | **261.2** | **1,003.4** |
| Net profit/(loss) for the year | | - | - | - | - | - | - | 108.1 | 108.1 |
| Other comprehensive (loss)/income | | - | - | - | (5.7) | - | (23.0) | - | (28.8) |
| Total comprehensive income/(loss) | | **-** | **-** | **-** | **(5.7)** | **-** | **(23.0)** | **108.1** | **79.3** |
| **Transactions with owners** | | | | | | | | | |
| Issue of share capital | 17 | 35.8 | (35.8) | - | - | - | - | - | - |
| Shares issued under acquisition | 17 | 11.4 | - | 0.1 | - | - | - | - | 11.5 |
| Dividends declared and paid | 6 | - | - | - | - | - | - | (14.0) | (14.0) |
| Shares issued under DRP | 17 | 0.7 | - | - | - | - | - | - | 0.7 |
| Transaction costs (net of tax) | | (0.1) | - | - | - | - | - | - | (0.1) |
| Vesting of share rights | 17 | - | 12.9 | - | - | (13.4) | - | 0.5 | - |
| Equity settled share-based payment | 19 | - | - | - | - | 22.1 | - | - | 22.1 |
| Equity settled remuneration to Non-Executive Directors | | 0.1 | - | - | - | (0.1) | - | - | - |
| Tax benefit from equity remuneration | | - | - | - | - | 13.2 | - | (10.2) | 3.1 |
| Revaluation by subsidiary due to hyperinflationary economy | | - | - | - | - | - | - | 0.2 | 0.2 |
| **Total contributions and distributions** | | **48.0** | **(23.0)** | **0.1** | **-** | **21.9** | **-** | **(23.4)** | **23.6** |
| **Changes in ownership interest** | | | | | | | | | |
| Acquisition of non-controlling interest without a change in control | 18 | - | - | (0.3) | - | - | - | - | (0.3) |
| **Balance as at 30 June 2021** | | **827.8** | **(55.0)** | **(17.3)** | **(2.5)** | **47.9** | **(40.6)** | **345.8** | **1,106.0** |

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

# Consolidated statement of cash flows

## For the year ended 30 June 2021

| | Notes | 2021 $M | 2020 $M |
|---|---|---|---|
| **Operating activities** | | | |
| Receipts from customers | | 535.6 | 456.4 |
| Payments to suppliers and employees[1] | | (305.6) | (310.0) |
| Income tax paid | | (18.4) | (16.5) |
| **Net cash flows from operating activities** | 22 | **211.6** | **129.9** |
| **Investing activities** | | | |
| Acquisition of businesses, net of cash acquired | 18 | (5.8) | (57.0) |
| Payments for intangible assets | | (74.5) | (70.4) |
| Purchase of property, plant and equipment (net of disposal proceeds) | | (16.3) | (20.1) |
| Interest received | | 1.3 | 3.1 |
| **Net cash flows used in investing activities** | | **(95.2)** | **(144.4)** |
| **Financing activities** | | | |
| Proceeds from issue of shares | | 35.8 | 24.8 |
| Transaction costs on issue of shares | | (0.1) | (0.4) |
| Treasury shares acquired | | (35.8) | (24.8) |
| Repayment of borrowings | | - | (0.8) |
| Repayment of lease liabilities | | (8.7) | (5.9) |
| Interest paid | | (2.4) | (2.4) |
| Dividends paid | 6 | (13.2) | (11.1) |
| **Net cash flows used in financing activities** | | **(24.4)** | **(20.6)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **91.9** | **(35.2)** |
| Cash and cash equivalents at 1 July | 9 | 223.7 | 260.1 |
| Effect of exchange differences on cash balances | | (0.6) | (1.3) |
| **Net cash and cash equivalents at 30 June** | 9 | **315.0** | **223.7** |

[1]For the year ended 30 June 2021, $8.6m of payments related to restructuring programs are included in payments to suppliers and employees (2020: nil).

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

# Notes to the financial statements

## For the year ended 30 June 2021

## Contents of the notes to the financial statements

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 1. Corporate information

WiseTech Global Limited ("Company") is a company domiciled in Australia. These Consolidated financial statements comprise the Company and its controlled entities (collectively "Group") for the year ended 30 June 2021. 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.

### 2. Basis of preparation

**Statement of compliance**

These Consolidated financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AASBs) and other authoritative pronouncements of the Australian Accounting Standards Board. The Consolidated financial statements also comply with International Financial Reporting Standards (IFRS) and interpretations ("IFRICs") adopted by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented alongside the relevant notes and have been consistently applied unless stated otherwise. Other significant accounting policies which are relevant to understanding the basis of preparation of these Consolidated financial statements are included in note 28.

The Consolidated financial statements have been prepared on an accruals basis and are based on historical costs except for:

• Derivative financial instruments which are measured at fair value in accordance with AASB 9 *Financial Instruments*; and
• Contingent consideration which is measured at fair value in accordance with AASB 13 *Fair Value Measurement*.

The Consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated financial statements were authorised by the Board of Directors on 25 August 2021.

**Accounting policies**

The accounting policies applied in these Consolidated financial statements are the same as those applied in the Group's Consolidated financial statements as at, and for the year ended 30 June 2020.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 2. Basis of preparation (continued)

**Going concern**

The accompanying Consolidated financial statements have been prepared assuming the Company will continue as a going concern. The ability of the Company to continue as a going concern has not been impacted by the outbreak of the COVID-19 pandemic. The ultimate parent entity's financial position is strong with robust cash generation, and significant liquidity to support its strategic and operational initiatives. As such, the accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities pertaining to COVID-19.

The Company supplies software as a service ("SaaS") to the logistics industry, which is a critical service to that market sector. The logistics sector continues to be a critical element of the global economy. The Company's customer base is significant and comprises large, medium and small operators. The Company is not subject to concentration of credit risk. The Company has no borrowings as at 30 June 2021 and has sufficient cash to meet all committed liabilities and future expected liabilities.

**Key accounting estimates and judgements**

In preparing these Consolidated 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 expenses including accompanying disclosures. Changes in these judgements, estimates and assumptions could result in outcomes that require a material adjustment in future periods. Information on key accounting estimates and judgements can be found in the following notes:

| Accounting judgements, estimates and assumptions | Note | Page |
|---|---|---|
| Income tax determination in relation to assets and liabilities | 4 | 43 |
| Recognition and recoverability of other intangible assets | 7 | 47 |
| Recoverability of goodwill | 7 | 47 |
| Trade receivables expected credit losses | 10 | 52 |
| Lease terms | 16 | 56 |
| Valuation of contingent consideration | 24 | 73 |

Revenue recognition is excluded on the grounds that the policy adopted in the area is sufficiently objective.

**Functional and presentational currency**

These Consolidated financial statements are presented in Australian dollars.

**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 the Consolidated financial statements due to rounding in millions to one place of decimals.

**Presentation of results**

The Group has presented the expense categories within the Consolidated statement of profit or loss on a functional basis. The categories used are cost of revenues, product design and development, sales and marketing and general and administration. This presentation style provides insight into the Company's business model and enables users to consider the results of the Group compared to other major SaaS companies. The methodology and the nature of costs within each category are further described on the next page.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 2. Basis of preparation (continued)

*Cost of revenues*

Cost of revenues consists of expenses directly associated with securely hosting the Group's services and providing support to customers. Costs include data centre costs, personnel and related costs (including salaries, benefits, bonuses and share-based payments) directly associated with cloud infrastructure and customer consulting, implementation and customer support, contracted third party costs, related depreciation and amortisation and allocated overheads.

*Product design and development expenses*

Product design and development expenses consist primarily of personnel and related costs (including salaries, benefits, bonuses and share-based payments) directly associated with the Company's product design and development employees, as well as allocated overheads. When future economic benefits from development of an intangible asset are determined probable and the development activities are capable of being reliably measured, the costs are capitalised as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. The development activities comprise the design, coding and testing of a chosen alternative for new or improved software products, processes, systems and services. The amortisation of those costs capitalised is included as a product design and development expense.

*Sales and marketing expenses*

Sales and marketing expenses consist of personnel and related costs (including salaries, benefits, bonuses, commissions and share-based payments) directly associated with the sales and marketing team's activities to acquire new customers and grow revenue from existing customers. Other costs included are external advertising, digital platforms, marketing and promotional events, as well as allocated overheads.

*General and administration expenses*

General and administration expenses consist of personnel and related costs (including salaries, benefits, bonuses and share-based payments) for the Company's executive, Board of Directors, finance, legal, people and culture, mergers and acquisitions and administration employees. They also include legal, accounting and other professional services fees, insurance premiums, acquisition and integration costs, restructuring expenses, other corporate expenses and allocated overheads.

*Overhead allocation*

The presentation of the Consolidated statement of profit or loss and other comprehensive income by function requires certain overhead costs to be allocated to functions. These allocations require management to apply judgement. The costs associated with Group's facilities, internal information technology and non-product related depreciation and amortisation are allocated to each function based on respective headcount.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 3. Revenue

**Disaggregation of revenue from contracts with customers**

The Company has concluded that disclosing a disaggregation of revenue types amongst 'Recurring On-demand revenue', 'Recurring OTL maintenance revenue' and 'OTL and support services' best reflects how the nature, amount, timing and uncertainty of the Group's revenues and cash flows are affected by economic factors, and that further disaggregation is not required to achieve this objective. Revenue by geographic location is disclosed in note 23.

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| **Revenue** | | |
| Recurring On-Demand revenue | 383.0 | 309.2 |
| Recurring One-Time Licence ("OTL") maintenance revenue | 75.1 | 72.8 |
| OTL and support services | 49.4 | 47.4 |
| **Total revenue** | **507.5** | **429.4** |

The Group applies the following five steps in recognising revenue from contracts with customers:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to performance obligations based on their relative standalone selling price; and
5. Recognise revenue when, or as, performance obligations are satisfied.

Revenue is recognised upon transfer of control of promised products and services to customers in the amount that reflects the consideration expected to be received in exchange.

The Group’s revenue primarily consists of licence fees from customers to access or use computing software.

**Revenue recognition approach**

*Recurring On-Demand Licence revenue*

The majority of revenue is derived from recurring On-Demand Licences, where customers are provided the right to access the Group’s software as a service, without taking possession of the software. These arrangements include the ongoing provision of standard customer support and software maintenance services.

Revenue is recognised over the contract period and is based on the utilisation of the software (numbers of users and transactions). Customers are typically billed on a monthly basis in arrears and revenue is recognised for the amount billed.

*Recurring One-Time-Licence ("OTL") maintenance revenue*

Additional recurring revenue is derived from the recurring maintenance fees charged to customers on OTL arrangements and is recognised over time during the maintenance period.

*OTL and support services*

OTL fee revenue is derived when the Group sells, in a one-off transaction, the perpetual right to use the software. This licence revenue is recognised at the point in time when access is granted to the customer and the one-off billing is raised.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 3. Revenue (continued)

Support services revenue mainly consists of fees charged for business consultancy and paid feature services delivered upon specific customer requests. These contracts are typically short-term (less than 12 months) and are charged on a fixed-fee basis. Consulting revenue is recognised on a proportional performance basis and ratably over the contract term. Paid features service revenue is recognised at the time when the requested feature is completed and can be accessed by customers.

*Contracts with multiple performance obligations*

The Company enters into contracts with its customers that can include promises to transfer multiple performance obligations. A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct.

Revenue (including any discounts) is allocated between separate goods and services on a relative basis of standalone selling prices. The standalone selling prices reflects the price that would be charged for a specific product or service if it was sold separately and is calculated using standard list prices.

For On-Demand licensing contracts, there are a series of distinct goods and services, including access to software maintenance and support provided to customers, that are treated as a single performance obligation because they are delivered in the same pattern over a period of time.

*Material rights in the form of contract renewal options or incremental discounts*

Contracts may involve customers having the option to obtain discounts upon renewal of existing arrangements. AASB 15 *Revenue from contracts with customers* considers a material right to be a separate performance obligation in a customer contract, which gives the customer an option to acquire additional goods or services at a discount or free of charge. The inclusion of these clauses may give rise to a change in the timing of revenue recognition.

The Group assessed renewal options on current contracts. Based on this assessment; there were no renewal options which gave rise to material rights, that would need to be accounted for as separate performance obligations.

*Costs of obtaining a customer contract*

AASB 15 requires that incremental costs associated with acquiring a customer contract, such as sales commissions, be recognised as an asset and amortised over a period that corresponds with the period of benefit.

An assessment of commissions paid by the Group was performed in connection with the sale of software products. This assessment concluded that as these commissions were conditional on future performance or service by the recipient of the commission, and therefore were not incremental to obtaining the contract. Consequently, under current arrangements, costs of obtaining a contract are expensed in the period incurred.

*Principal versus agent*

Where the Group has arrangements involving multiple parties to provide goods and services to customers, judgement is required to determine if the Group acts as a principal or an agent.

The Group is an agent if its role is to arrange a third party to provide the goods or service; or it is to deliver a third party's goods or service on its behalf. The Group is a principal if it has the primary responsibility for fulfilling the promised goods or service delivery; and has the discretion to establish the price for the specified goods or service.

Where the Group is acting as a principal, revenue is recognised on a gross basis in accordance with the transaction price defined in contracts with customers. Where the Group is acting as an agent, revenue is recognised at a net amount reflecting the commission or margin earned.

### 3. Revenue (continued)

*Contract balances*

The timing of revenue recognition, customer billings and cash collections results in trade receivables, unbilled receivables (contract assets) and deferred revenue (contract liabilities) recognised on the Group's Consolidated statement of financial position.

Generally, the Group invoices customers as service is provided in accordance with the agreed-upon contract terms, either at periodic intervals (e.g. monthly or quarterly) or upon completion. At times, billing occurs after the revenue recognition, resulting in contract assets (unbilled receivables). For certain customer contracts, the Group receives advance payments before revenue is recognised, resulting in contract liabilities (deferred revenue). These balances, as well as their movements from the prior reporting period, are disclosed in notes 11 and 13 respectively.

### 4. Income tax

**(a) Income tax expense**

Income tax expense/(benefit) comprises current and deferred tax expense/(benefit) and is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Income tax expense comprises:

| | 2021 $M | 2020 $M |
|---|---|---|
| Current tax | 27.7 | 10.6 |
| Deferred tax | 13.1 | 10.0 |
| Adjustment for prior years - current tax | (3.5) | 4.4 |
| Adjustment for prior years - deferred tax | 2.5 | (4.0) |
| **Income tax expense** | **39.9** | **21.0** |

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

| | 2021 $M | 2020 $M |
|---|---|---|
| Accounting profit before income tax | **147.9** | **181.8** |
| At Australia's statutory income tax rate of 30% (2020:30%) | 44.4 | 54.5 |
| Adjusted for: | | |
| Other assessable income | 1.1 | 0.7 |
| Non-deductible expenses | 1.4 | 1.3 |
| Non-deductible acquisition expense | 0.1 | 0.4 |
| (Over)/under provision for income tax in prior year | (0.9) | 0.1 |
| | 46.0 | 57.0 |
| Adjusted for: | | |
| Tax effect of: | | |
| Earnout adjustments | (0.7) | (33.3) |
| Different tax rates in overseas jurisdictions | (1.2) | 0.5 |
| Research and development | (3.8) | (2.5) |
| Non-taxable income | (0.5) | (0.6) |
| **Income tax expense** | **39.9** | **21.0** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 4. Income tax (continued)

**Significant accounting policies**

**Current tax**

Current tax comprises the expected payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes.

It is measured using tax rates for each jurisdiction enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences are considered, based on the business plans for the individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are revised when the profitability of future taxable profit improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 4. Income tax (continued)

**(b) Movement in deferred tax balances**

| 2020 | Opening balance $M | Charged to profit or loss $M | Charged to goodwill $M | Exchange differences $M | Charged to equity $M | Total $M |
|---|---|---|---|---|---|---|
| Software development costs | 35.3 | 14.4 | - | - | - | 49.7 |
| Customer relationships and brands | 5.2 | (0.8) | 0.3 | (0.1) | - | 4.6 |
| Intellectual property | 2.8 | (3.3) | 0.5 | 0.1 | - | (0.1) |
| Goodwill | - | 1.1 | - | (0.1) | - | 1.0 |
| Property, plant and equipment | (0.9) | (0.4) | - | - | - | (1.3) |
| Future income tax benefits attributable to tax losses and offsets | (4.0) | (5.8) | - | 0.1 | - | (9.7) |
| Provisions | (5.5) | (3.5) | 0.8 | 0.1 | - | (8.0) |
| Revenue timing | 0.1 | (1.0) | - | - | - | (0.8) |
| Cash flow hedge | - | - | - | - | 1.4 | 1.4 |
| Transaction costs | (3.0) | 0.8 | 0.7 | - | - | (1.5) |
| Employee equity compensation | (2.5) | 4.8 | - | - | - | 2.3 |
| Unrealised foreign exchange | (0.3) | (0.4) | - | - | - | (0.8) |
| Other | - | 0.1 | - | - | (0.1) | - |
| **Net tax liabilities** | **27.2** | **6.0** | **2.3** | **0.1** | **1.3** | **36.7** |

| 2021 | Opening balance $M | Charged to profit or loss $M | Charged to goodwill $M | Exchange differences $M | Charged to equity $M | Total $M |
|---|---|---|---|---|---|---|
| Software development costs | 49.7 | 12.4 | - | (0.1) | - | 62.0 |
| Customer relationships and brands | 4.6 | (1.9) | - | (0.1) | - | 2.6 |
| Intellectual property | (0.1) | 0.7 | - | (0.1) | - | 0.5 |
| Goodwill | 1.0 | 0.9 | - | (0.2) | - | 1.8 |
| Property, plant and equipment | (1.3) | 1.6 | - | (0.1) | - | 0.2 |
| Future income tax benefits attributable to tax losses and offsets | (9.7) | (0.2) | - | 0.8 | (3.3) | (12.3) |
| Provisions | (8.0) | (3.5) | - | - | - | (11.6) |
| Revenue timing | (0.8) | (0.1) | - | - | - | (0.9) |
| Cash flow hedge | 1.4 | 0.3 | - | - | (2.5) | (0.8) |
| Transaction costs | (1.5) | 0.5 | - | - | - | (1.0) |
| Employee equity compensation | 2.3 | 4.3 | - | - | 0.2 | 6.8 |
| Unrealised foreign exchange | (0.8) | 0.5 | - | - | - | (0.2) |
| Other | - | 0.2 | - | 0.1 | - | 0.3 |
| **Net tax liabilities** | **36.7** | **15.7** | **-** | **0.4** | **(5.6)** | **47.3** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 4. Income tax (continued)

**Key accounting estimates and judgements - Income tax**

The Group is subject to tax in numerous jurisdictions. Significant judgement is required in determining the related assets or provisions as there are transactions in the ordinary course of business and calculations for which the ultimate tax determination is uncertain. The Group is currently reviewing the application of legislation that could result in a tax deduction for payments relating to historical acquisitions. Due to uncertainties in the application of the legislation, management has not treated these payments as tax deductible at 30 June 2021.

The Group recognises liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amount that was initially recognised, such differences will impact on the results for the year and the respective income tax and deferred tax assets or provisions in the year in which such determination is made. The Group recognises tax assets based on forecasts of future profits against which those assets may be utilised; tax losses in subsidiaries of $5.6m (FY20: $8.7m) have not been recognised.

### 5. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share ("EPS") computations:

| | 2021 | 2020 |
|---|---|---|
| Net profit for the year ($M) | 108.1 | 160.8 |
| Basic weighted average number of ordinary shares (in millions) | 324.9 | 319.7 |
| Basic EPS (cents) | 33.3 | 50.3 |
| | | |
| Net profit for the year ($M) | 108.1 | 160.8 |
| Basic weighted average number of ordinary shares (in millions) | 324.9 | 319.7 |
| Shares issuable in relation to equity-based compensation schemes (in millions) | 0.1 | 0.1 |
| Diluted weighted average number of ordinary shares (in millions) | 325.0 | 319.8 |
| Diluted EPS (cents) | 33.2 | 50.3 |

**Significant accounting policies**

Basic EPS is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 6. Dividends

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the reporting date.

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

| | 2021<br>$M | 2020<br>$M |
|---|---|---|
| **Dividends on ordinary shares declared and paid:** | | |
| **Final dividend in respect of previous reporting period** | | |
| **(FY20: 1.60 cents per share, FY19: 1.95 cents per share)** | | |
| - Paid in cash | 5.0 | 5.9 |
| - Paid via DRP | 0.2 | 0.3 |
| **Interim dividend for the current reporting period** | | |
| **(FY21: 2.70 cents per share, FY20: 1.70 cents per share)** | | |
| - Paid in cash | 8.2 | 5.2 |
| - Paid via DRP | 0.6 | 0.2 |
| | **14.0** | **11.6** |

| | 2021 | 2020 |
|---|---|---|
| **Franking credit balance** | | |
| Franking amount balance as at the end of the financial year | 36.3 | 28.1 |
| **Final dividend on ordinary shares** | | |
| Final dividend for FY21: 3.85 cents per share (FY20: 1.60 cents per share) | 12.5 | 5.2 |

After the reporting date, a dividend of 3.85 cents per share was declared by the Board of Directors. The dividend has not been recognised as a liability and will be franked at 100%.

## For the year ended 30 June 2021

### 7. Intangible assets

| | Computer software | Development costs (WIP) | External software licences | Goodwill | Intellectual property | Customer relationships | Trade names | Patents and other intangibles | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $M | $M | $M | $M | $M | $M | $M | $M | $M |
| **At 30 June 2019** | | | | | | | | | |
| Cost | 116.2 | 48.7 | 4.7 | 601.6 | 38.6 | 24.3 | 13.8 | 0.3 | 848.2 |
| Accumulated amortisation and impairment | (35.2) | - | (2.9) | (0.1) | (17.9) | (6.9) | (1.6) | - | (64.5) |
| **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 | - | 71.5[1] | 2.8 | - | - | - | - | 0.1 | 74.4 |
| Transfers/reclassifications | 101.2 | (101.2) | - | - | - | - | - | - | - |
| Acquisition via business combination | - | - | - | 60.0 | 3.4 | 0.2 | 1.6 | - | 65.1 |
| Amortisation | (17.4) | - | (1.0) | - | (6.5) | (2.5) | (1.6) | - | (29.0) |
| Exchange differences | (0.3) | 0.1 | - | (8.5) | (0.3) | (0.2) | 0.1 | - | (9.1) |
| **Net book value at 30 June 2020** | **164.5** | **19.1** | **3.6** | **652.9** | **17.4** | **14.9** | **12.2** | **0.4** | **885.0** |
| **At 30 June 2020** | | | | | | | | | |
| Cost | 217.1 | 19.1 | 6.6 | 653.0 | 41.6 | 24.1 | 15.2 | 0.4 | 977.0 |
| Accumulated amortisation and impairment | (52.6) | - | (3.0) | (0.1) | (24.2) | (9.1) | (3.0) | (0.1) | (92.0) |
| **Net book value** | **164.5** | **19.1** | **3.6** | **652.9** | **17.4** | **14.9** | **12.2** | **0.3** | **885.0** |
| At 1 July 2020 | 164.5 | 19.1 | 3.6 | 652.9 | 17.4 | 14.9 | 12.2 | 0.4 | 885.0 |
| Additions | - | 77.6[1] | 1.9 | - | - | - | - | 0.8 | 80.3 |
| Transfers/reclassifications | 79.9 | (79.9) | (0.7) | 0.7 | - | - | - | - | - |
| Acquisition via business combination | - | - | - | 1.8 | 0.1 | - | 0.1 | - | 2.0 |
| Amortisation | (26.5) | - | (1.2) | - | (5.6) | (2.3) | (1.5) | (0.1) | (37.2) |
| Exchange differences | (0.8) | - | - | (23.4) | (0.4) | (0.6) | (0.4) | - | (25.6) |
| **Net book value at 30 June 2021** | **217.1** | **16.8** | **3.6** | **632.0** | **11.5** | **12.0** | **10.4** | **1.1** | **904.5** |
| **At 30 June 2021** | | | | | | | | | |
| Cost | 296.1 | 16.8 | 7.8 | 632.1 | 41.0 | 23.3 | 14.8 | 1.2 | 1,033.1 |
| Accumulated amortisation and impairment | (79.0) | - | (4.2) | (0.1) | (29.5) | (11.3) | (4.4) | (0.1) | (128.6) |
| **Net book value** | **217.1** | **16.8** | **3.6** | **632.0** | **11.5** | **12.0** | **10.4** | **1.1** | **904.5** |

[1]For FY21, Development costs (WIP) includes $2.4m (FY20: $2.6m) of depreciation charges on right-of-use (ROU) assets and $0.3m (FY20: $0.4m) of interest costs.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 7. Intangible assets (continued)

| Intangible Assets | Useful Life | Amortisation method | Recognition and measurement |
|---|---|---|---|
| Computer software | 5 to 10 years | Straight-line | Computer software comprises the historic cost of development activities for products transferred from development costs (WIP) when project/products are considered ready for intended use and the historic cost of acquired software. Computer software is carried at historic cost less accumulated amortisation and impairment losses. |
| Development costs (WIP) | Not applicable | Not amortised | Development costs are costs incurred on internal software development projects. Development costs are only capitalised when they relate to the creation of an asset that can be used or sold to generate benefits and can be reliably measured. |
| External software licences | 1 to 10 years | Straight-line | External software licences are carried at historic cost or fair value at the date of acquisition less accumulated amortisation and impairment losses. |
| Goodwill | Indefinite | Not amortised | Goodwill acquired in a business combination is measured at cost and subsequently at cost less any impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets and liabilities acquired. |
| Intellectual property | Up to 10 years | Straight-line | Intellectual property assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. |
| Customer relationships | 10 years | Straight-line | Customer relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. |
| Trade names | Up to 15 years | Straight-line | Trade names are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. |
| Patents and other intangibles | 10 years | Straight-line | Patents and other intangibles are carried at historic cost less accumulated amortisation and impairment losses. |

**Subsequent expenditure**
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 7. Intangible assets (continued)

**Key accounting estimates and judgements - Measurement of other finite life intangible assets**
Management has made judgements in respect of intangible assets when assessing whether an internal project in the development phase meets the criteria to be capitalised, and on measuring the costs and economic life attributed to such projects. On acquisition, specific intangible assets are identified and amortised over their estimated useful lives. The capitalisation of these assets and the related amortisation charges are based on judgements about their value and economic life.

Management also makes judgements and assumptions when assessing the economic life of intangible assets and the pattern of consumption of the economic benefits embodied in the assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.The economic lives for internal projects, which includes internal use software and internally generated software, and acquired intangibles are between five and 10 years.

**Recoverability of other finite life intangible assets**
Other intangible assets with finite life are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use.

If an impairment occurs, a loss is recognised in profit or loss for the amount by which an asset's carrying amount exceeds its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

**Impairment testing of goodwill**
The carrying amount of goodwill is tested for impairment annually at 30 June and whenever there is an indicator that the asset may be impaired. If an asset is deemed to be impaired, it is written down to its recoverable amount.

For the purposes of impairment testing, goodwill is allocated to each of the CGUs, or group of CGUs, expected to benefit from the synergies of the business combination. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

At 30 June 2021, the lowest level within the Group for which information about goodwill is monitored for internal management purposes is the consolidated Group, which comprises a group of CGUs. All acquisitions are made with the intention of delivering benefits of revenue growth and synergy to the Group. All CGUs are expected to benefit from synergies and sharing of expertise from these acquisitions.

**Key accounting estimates and judgements - Impairment testing of goodwill**
Determining whether goodwill is impaired requires judgement to allocate goodwill to CGUs and judgement and assumptions to estimate the fair value of a CGU or group of CGUs. The Group has determined that goodwill is tested at a single group of CGU level. The valuation model (being a value in use model) which is used to estimate the recoverable amount of the group of CGUs, requires an estimate of the future cash flows expected to arise from the group of CGUs and a suitable discount rate in order to calculate net present value.

## For the year ended 30 June 2021

### 7. Intangible assets (continued)

**Key assumptions in the Group's discounted cash flow model as at 30 June 2021**
A value-in-use discounted cash flow model has been used at 30 June 2021 to value the Group's CGUs incorporating financial plans approved by the Board for year ending 30 June 2022 and management projections for years ending 30 June 2023 to 30 June 2026. These include projected revenues, gross margins and expenses and have been determined with reference to historical company experience, industry data and management's expectation for the future. Management has considered the impacts of COVID-19 on forecasted cash flows and long-term projects.

The following inputs and assumptions have been adopted:

| | 2021 | 2020 |
|---|---|---|
| Post-tax discount rate per annum | 9.3% | 9.4% |
| Pre-tax discount rate per annum | 11.9% | 12.0% |
| Terminal value growth rate | 2.5% | 2.5% |

**Sensitivity analysis**
Management has performed sensitivity analysis and assessed reasonable changes for key assumptions and has not identified any instances that could cause the carrying amount of the group of CGUs, over which goodwill is monitored, to exceed its recoverable amount.

## For the year ended 30 June 2021

### 8. Property, plant and equipment

| | Plant and equipment | Leasehold improvements | Right-of-use (ROU) assets | Total |
|---|---|---|---|---|
| | $M | $M | $M | $M |
| **At 30 June 2019** | | | | |
| Cost | 39.1 | 8.1 | - | 47.2 |
| Accumulated depreciation | (27.1) | (4.3) | - | (31.3) |
| **Net book value** | **12.0** | **3.8** | **-** | **15.8** |
| At 1 July 2019 | 12.0 | 3.8 | - | 15.8 |
| Recognition of right-of-use assets on initial application of AASB 16 | (0.4) | (0.2) | 42.1 | 41.5 |
| Additions | 21.7 | 0.2 | 9.5 | 31.4 |
| Acquisition via business combination | (0.1) | 0.8 | 2.5 | 3.3 |
| Remeasurement of ROU assets | - | - | (0.1) | (0.1) |
| Transfers | 0.1 | (0.1) | - | - |
| Depreciation | (7.7) | (1.0) | (10.9) | (19.6) |
| Exchange differences | (0.4) | (0.1) | (0.6) | (1.1) |
| Disposals | (0.7) | (0.3) | (0.2) | (1.1) |
| **Net book value at 30 June 2020** | **24.5** | **3.2** | **42.3** | **70.0** |
| **At 30 June 2020** | | | | |
| Cost | 58.1 | 8.1 | 52.8 | 119.0 |
| Accumulated depreciation | (33.5) | (4.9) | (10.5) | (49.0) |
| **Net book value** | **24.5** | **3.2** | **42.3** | **70.0** |
| At 1 July 2020 | 24.5 | 3.2 | 42.3 | 70.0 |
| Additions | 15.8 | 1.5 | 0.9 | 18.1 |
| Acquisition via business combination | - | - | 0.1 | 0.1 |
| Remeasurement of ROU assets | - | - | 0.2 | 0.2 |
| Depreciation | (10.1) | (0.9) | (11.3) | (22.2) |
| Exchange differences | (0.7) | (0.1) | (0.9) | (1.7) |
| Disposals | (0.2) | (0.1) | - | (0.2) |
| **Net book value at 30 June 2021** | **29.4** | **3.6** | **31.2** | **64.1** |
| **At 30 June 2021** | | | | |
| Cost | 70.9 | 9.3 | 51.1 | 131.3 |
| Accumulated depreciation | (41.6) | (5.7) | (19.9) | (67.1) |
| **Net book value** | **29.4** | **3.6** | **31.2** | **64.1** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 8. Property, plant and equipment (continued)

**Significant accounting policies**

Refer to note 16 for the accounting policy for right-of-use assets.

Plant and equipment and leasehold improvements are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Consolidated statement of profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the Consolidated statement of profit or loss during the financial period in which they are incurred.

**Depreciation**

Items of property, plant and equipment are depreciated on a straight-line basis calculated using the cost of the item less its estimated residual values over its estimated useful life. Prior to adoption of AASB 16 on 1 July 2019, leased assets were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain the ownership by the end of the lease term.

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The annual depreciation rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rate |
|---|---|
| Plant and equipment | 5% - 50%; |
| Leasehold improvements | 10% - 20%; and |
| Right-of-use assets | Term of lease[1] |

[1]Lease terms range between 1-10 years

### 9. Cash and cash equivalents

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Cash at bank and on hand | 315.0 | 223.7 |

The effective interest rate on cash and cash equivalents was 0.54% per annum (2020: 1.09% per annum).

**Significant accounting policies**

Cash comprises cash on hand and on-demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 10. Trade receivables

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Trade receivables | 77.7 | 61.7 |
| Provision for impairment of trade receivables | (3.6) | (2.1) |
| | **74.1** | **59.6** |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The movements in the provision for impairment of trade receivables during the year were as follows:

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Opening balance | 2.1 | 1.7 |
| Acquisition via business combination | - | - |
| Impairment loss recognised | 2.5 | 1.4 |
| Amount written off | (1.0) | (1.0) |
| Closing balance | **3.6** | **2.1** |

Trade receivables that were considered recoverable as at 30 June 2021 were as follows:

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Not past due | 62.0 | 45.7 |
| Past due 0 - 30 days | 9.0 | 7.0 |
| Past due 31 - 60 days | 0.9 | 1.5 |
| Past due more than 60 days | 2.3 | 5.3 |
| | **74.1** | **59.6** |

**Significant accounting policies**

Trade receivables include amounts due from customers for services performed in the ordinary course of business. Trade receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. Other trade receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value. A specific provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. An expected credit loss provision is recognised in respect of all other receivables.

The Group does not hold any collateral as security over any trade receivable balances.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 10. Trade receivables (continued)

**Key accounting estimate and judgements on trade receivables - Expected credit losses ("ECL")**

The Group recognises loss allowances for ECL on trade receivables.

When estimating ECL, the Group considers reasonable and supportable information that is relevant and available. This includes qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment.

The Group assumes that credit risk on an individual trade receivable has increased if it is more than 30 days past due.

The Group considers a trade receivable to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

*Measurement of ECL*

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the customer contract and the cash flows that the Group expects to receive). At 30 June 2021, the ECL model also incorporated estimates of potential credit losses resulting from the impact of COVID-19.

*Presentation of allowance for ECL in the Consolidated statement of financial position*

Loss allowances for trade receivables are deducted from the gross carrying amount of trade receivables.

*Write-off*

The gross carrying amount of a trade receivable is written off when the Group has no reasonable expectations of recovering the balance in its entirety or a portion thereof. For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, trade receivables that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 11. Other assets

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| **Current** | | |
| Prepayments | 16.0 | 12.5 |
| Unbilled receivables | 2.8 | 2.8 |
| Deposits | 1.5 | 1.6 |
| Indirect tax receivables | 1.4 | 0.6 |
| Contract assets | 0.1 | - |
| Other | 0.8 | 1.2 |
| | **22.6** | **18.7** |

| | 2021 | 2020 |
|---|---|---|
| **Non-current** | | |
| Prepayments | 2.0 | 0.5 |
| Contract assets | 1.6 | - |
| Other | 1.6 | 0.9 |
| | **5.1** | **1.3** |

Movements in unbilled receivables:

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Opening balance | 2.8 | 3.0 |
| Acquisition via business combination | - | 0.5 |
| Accrued revenue recognised | 1.3 | 2.5 |
| Subsequently invoiced and transferred to trade receivables | (1.2) | (3.5) |
| Exchange differences | (0.1) | 0.3 |
| | **2.8** | **2.8** |

**Significant accounting policies**

Unbilled receivables represent the revenue recognised to date but not yet invoiced to customers due to the timing of the accounting invoicing cycle.

### 12. Trade and other payables

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Trade payables | 34.0 | 19.9 |
| Other payables and accrued expenses | 25.3 | 27.9 |
| | **59.3** | **47.9** |

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

**Significant accounting policies**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 13. Deferred revenue

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Deferred revenue | 25.8 | 22.7 |
| | **25.8** | **22.7** |

Deferred revenue reflects the value of advance payments made by customers who have been invoiced for services that will be provided in the future.

Movements in deferred revenue:

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| Opening balance | 22.7 | 19.0 |
| Acquisition via business combination | - | 4.2 |
| Revenue recognised in current year | (34.0) | (33.0) |
| Advanced payments received | 37.2 | 32.4 |
| Exchange differences | (0.1) | 0.1 |
| | **25.8** | **22.7** |

The Group does not disclose further qualitative information related to remaining performance obligations, as they are either part of a contract that has an original expected duration of one year or less; or the associated revenue is recognised in the amount to which the Group has a right to invoice.

### 14. Other liabilities

| | 2021 | 2020 |
|---|---|---|
| | $M | $M |
| **Current** | | |
| Customer deposits | 30.9 | 25.4 |
| Contingent consideration | 21.4 | 23.7 |
| Indirect taxes payable | 7.9 | 1.8 |
| Customer payables | 0.6 | 0.5 |
| Other current liabilities | 1.9 | 0.8 |
| | **62.8** | **52.2** |
| **Non-current** | | |
| Contingent consideration | 15.0 | 30.5 |
| Other non-current liabilities | 1.0 | 1.5 |
| | **16.0** | **32.0** |
| | **78.8** | **84.2** |

Customer deposits represent amounts paid in advance by customers to prepay for services in exchange for price discounts.

See note 24 for accounting policy and measurement of contingent consideration.

Included in indirect taxes payable is a provisional amount related to indirect tax liabilities in overseas jurisdictions, which is likely to be finalised and settled in FY22.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 15. 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 was undrawn at 30 June 2021. Please refer to note 28(f), events after reporting period, for details of new debt facility.

### 16. Lease liabilities

| | 2021<br>$M | 2020<br>$M |
|---|---|---|
| **Current** | | |
| Lease liabilities | 9.8 | 10.4 |
| | **9.8** | **10.4** |
| **Non-current** | | |
| Lease liabilities | 25.2 | 35.4 |
| | **25.2** | **35.4** |
| | **35.0** | **45.8** |

***(i) Definition of a lease***

The Group assesses whether a contract is, or contains, a lease based on the 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 standalone prices.

*(ii)* ***As a lessee***

The Group leases properties, motor vehicles and office equipment. As a lessee, prior to 1 July 2019, 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 leases of low-value assets (e.g. office equipment) and leases with lease terms of less than 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over 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 financial statements (continued)

## For the year ended 30 June 2021

### 16. Lease liabilities (continued)

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, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, 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 Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

• Fixed payments, including in substance fixed payments;
• Variable lease payments that depend on an index variation, initially measured using the index or value as at the commencement date;
• Amounts expected to be payable under a residual value guarantee; and
• The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in a optional renewal period of the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the right-of-use asset carrying amount, or is recorded in profit or loss if the right-of-use carrying amount has been reduced to nil.

**Key accounting estimates and judgements - Lease term**

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.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 16. Lease liabilities (continued)

**Impacts for the year**
The movements during the year ended 30 June 2021 in lease liability balances are described below:

| **Lease liabilities** | **2021** | **2020** |
|---|---|---|
| | **$M** | **$M** |
| Opening balance | 45.8 | - |
| Lease liabilities recognised | - | 43.4 |
| Additions[1] | 1.3 | 9.2 |
| Additions through business combinations | 0.1 | 2.5 |
| Payments | (12.8) | (10.1) |
| Unwinding interest on lease liabilities | 1.6 | 1.8 |
| Exchange difference | (1.0) | (1.1) |
| Closing balance | **35.0** | **45.8** |

[1]Additions to lease liabilities also includes remeasurement and modification of existing leases.

### 17. Share capital and reserves

| ***Ordinary shares issued and fully paid*** | **Shares (thousands)** | **$M** |
|---|---|---|
| At 1 July 2019 | 318,161 | 668.5 |
| Shares issued for acquisition of subsidiaries | 3,845 | 86.0 |
| Shares issued to employee share trust | 1,250 | 24.8 |
| Shares issued under DRP | 24 | 0.5 |
| Transaction costs (net of tax) | - | (0.1) |
| **At 30 June 2020** | **323,280** | **779.8** |
| At 1 July 2020 | 323,280 | **779.8** |
| Shares issued for acquisition of subsidiaries | 505 | 11.4 |
| Shares issued to employee share trust | 1,100 | 35.8 |
| Shares issued to Non-Executive Directors for fee sacrifice | 2 | 0.1 |
| Shares issued under DRP | 27 | 0.7 |
| Transaction costs (net of tax) | - | (0.1) |
| **At 30 June 2021** | **324,914** | **827.8** |

Ordinary shares participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called; otherwise, each shareholder has one vote on a show of hands.

The Company does not have a par value in respect of its issued shares.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 17. Share capital and reserves (continued)

**Nature and purpose of reserves**

**(i) Treasury share reserve**

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the WiseTech Global Limited Employee Share Trust. At 30 June 2021, the Trust held 1,978,217 shares of the Company (2020:1,474,894 shares).

**(ii) Acquisition reserve**

The acquisition reserve comprises the cumulative consideration paid to acquire minority interests in excess of the fair value of the net assets when attaining control, in addition to the difference between the share price at the time of the agreement to issue shares and the share price on the date of issue when the Group's shares are issued under acquisition agreements.

**(iii) Cash flow hedge reserve**

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cashflow hedging instruments.

**(iv) Share-based payment reserve**

The share-based payment reserve represents the value of unvested shares and unissued shares as part of the share-based payment scheme.

**(v) Foreign currency translation reserve**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements not in Australian dollar functional currency.

**Capital management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group’s capital and debt include ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group’s capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Throughout FY21, the Group issued $11.4m in shares to pay for obligations under acquisition agreements. In addition, at 30 June 2021 the Group had an undrawn debt facility of $190.0m, to apply towards future strategic initiatives. The total equity of the Group at 30 June 2021 was $1,106.0m (2020: $1,003.4m) and total cash and cash equivalents at 30 June 2021 were $315.0m (2020: $223.7m). The total bank loans at 30 June 2021 were $nil (2020: $nil).

The Group is not subject to any externally imposed capital requirements.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 18. Business combinations and acquisition of non-controlling interests

**Acquisitions in 2021**

On 2 November 2020, the Group acquired 100% of the shares and voting interests in Kabushiki Kaisha Exas (“EXA”). EXA is a leading customs and freight forwarding solutions provider in Japan.

Details of the fair value of identifiable assets acquired, liabilities assumed, and goodwill determined are set out below. The identification and fair value measurement of the assets and liabilities acquired are provisional and 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 the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

| | **$M** |
|---|---|
| Cash and cash equivalents | 0.2 |
| Trade receivables | 0.1 |
| Intangible assets | 0.2 |
| Property, plant and equipment | 0.1 |
| Trade and other payables | (0.2) |
| Other current liabilities | (0.1) |
| Lease liabilities | (0.1) |
| **Fair value of net assets acquired** | **0.2** |
| Total consideration paid and payable | 2.0 |
| Less: Fair value of net identifiable assets acquired | (0.2) |
| **Goodwill** | **1.8** |

*Goodwill*

The total goodwill arising on acquisition is $1.8m 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.

*Consideration*

The upfront consideration was $1.4m payable in cash, with further contingent consideration payable of $0.7m. Contingent consideration is based on a number of milestones, including the successful integration of acquired intellectual property. At acquisition, the discounted fair value of these arrangements is $0.6m. The acquisition included $0.2m of cash and cash equivalents acquired.

The Group incurred acquisition-related costs of $0.2m (FY20: $1.3m) to external service providers in addition to internal costs which are recorded within general and administration expenses.

*Contribution of acquisitions to revenue and profits*

EXA contributed $0.4m to Group revenue and had no impact on net profit from the date of acquisition. If EXA had been acquired from 1 July 2020, the contribution to the Group revenue would have been $0.6m and no impact on net profit.

**Additional investment in Softship GmbH (formerly 'Softship AG')**

During the year ended 30 June 2021, the Group made payments of $0.3m towards obligations under previously announced share purchase agreements for the acquisition of Softship GmbH shares. This resulted in an increase in the acquisition reserve of $0.3m.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

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

### Acquisitions in 2020

During the year ended 30 June 2020, the Group completed the following five acquisitions:

| Business acquired | Date of acquisition | Description of acquisition |
|---|---|---|
| Cypress[1] | 16 Sep 2019 | Tariff management software provider in the USA |
| Depot Systems[1] | 1 Oct 2019 | Leading US-based container yard and terminal management logistics solutions provider |
| Ready Korea | 31 Dec 2019 | Leading customs, bonded warehouse and trade compliance solutions provider in South Korea |
| Sisa | 3 Feb 2020 | Leading customs and freight forwarding solutions provider in Switzerland |
| SAD EC[1] | 2 Mar 2020 | Customs solutions provider in Poland |

[1]Asset acquisitions

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.

Details of the fair value of identifiable assets acquired, liabilities assumed, and goodwill determined are set out in the following tables. The identification and fair value measurement of the assets and liabilities acquired are provisional and 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 the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

| | **Total acquisitions $M** |
|---|---|
| Cash and cash equivalents | 12.8 |
| Trade receivables | 5.4 |
| Other current assets | 2.4 |
| Intangible assets | 5.2 |
| Property, plant and equipment | 3.7 |
| Trade and other payables | (1.9) |
| Deferred revenue | (4.2) |
| Current tax liabilities | (0.9) |
| Other current liabilities | (0.9) |
| Lease liabilities | (2.5) |
| Deferred tax liabilities | (1.6) |
| **Fair value of net identifiable assets acquired (100%)** | **17.5** |

| | **Total acquisitions $M** |
|---|---|
| Total consideration paid and payable | 76.3 |
| Less: Fair value of net identifiable assets acquired | (17.5) |
| **Goodwill** | **58.8** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

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

### Acquisitions in 2020 (continued)

***Other acquisitions (continued)***
*Goodwill*

The total goodwill arising on acquisitions is $58.8m, 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 upfront consideration was $48.2m (cash paid $45.2m and equity shares issued $3.0m) with further contingent consideration payable of $31.0m. Contingent consideration is based on a number of milestones including the successful integration of acquired intellectual property and transfer of customers into CargoWise and in certain acquisitions performance in future periods based on selected revenue and profitability targets of the acquisition. These targets take account of the performance expectations of the acquired business in the context of their contribution across the Group. At acquisition, the discounted fair value of these arrangements is $28.1m. These acquisitions included $12.8m of cash and cash equivalents acquired.

In addition to consideration paid, an additional $0.7m of debt-like items were settled by the Group following the completion of the acquisition and are recorded in the Consolidated statement of cash flows as investing activities, acquisition of businesses, net of cash acquired.

The Group incurred acquisition-related costs of $1.3m (FY19: $4.7m) to external service providers, in addition to internal costs which are recorded within general and administration expenses.

*Contribution of acquisitions to revenue and profits*

In total, these acquisitions contributed $10.3m to Group revenue and a reduction to net profit of $0.2m from their respective dates of acquisition. If the acquisitions had been acquired from 1 July 2019, the contribution to the Group revenue would have been $22.4m and a reduction to net profit of $0.8m.

*Additional investment in Softship*

During the year ended 30 June 2020, the Group made payments of $0.8m towards obligations under previously announced share purchase agreements for the acquisition of Softship shares. This resulted in an increase in the acquisition reserve of $0.8m.

### Significant accounting policy

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. Under the acquisition method, the business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

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

### Significant accounting policy (continued)

Consideration transferred, including any contingent consideration is required to be measured at fair value on the date of acquisition, which takes into account the perspective of a ‘market participant’ and is a measurement of the amount that the Group would have to pay to such a participant for them to assume the remaining obligations under the contracts to acquire these businesses.

Contingent consideration obligations are classified as equity or liability in accordance with AASB 132 *Financial Instruments: Presentation.* If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Where the accounting standards require that an obligation to be settled in shares is classified as a liability, changes in measurement from the point of initial recognition through to when the milestone is achieved and the number of shares to be granted is determined, are recognised in profit or loss. Subsequently, once the number of shares is fixed and determined, any changes in the value of the shares to be granted between the milestone being achieved and the point of settlement, are recognised in acquisition reserve within equity (see note 17).

The Group only has contingent consideration obligations classified as liabilities at the reporting date.

As a consequence, any changes in the fair value of contingent consideration that do not meet the requirements above, such as a subsequent renegotiation and settlement of the obligation, does not result in any change to the measurement of goodwill. Instead, changes to the fair value of contingent consideration classified as a liability are recognised in the profit or loss.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Consolidated statement of profit or loss.

## For the year ended 30 June 2021

### 19. Employee benefits

| | 2021<br>$M | 2020<br>$M |
|---|---|---|
| Wages and salaries | 233.0 | 236.4 |
| Share-based payment expense | 22.0 | 17.2 |
| Defined contribution superannuation expense | 18.3 | 17.3 |
| **Total employee benefit expense (gross before capitalisation)** | **273.3** | **270.9** |

**Annual leave and long service leave**

| | 2021<br>$M | 2020<br>$M |
|---|---|---|
| **Current** | | |
| Annual leave | 17.0 | 15.0 |
| Long service leave | 3.7 | 3.2 |
| | **20.7** | **18.2** |
| **Non-current** | | |
| Long service leave | 2.1 | 1.8 |
| | **2.1** | **1.8** |
| **Total annual leave and long service leave** | **22.8** | **20.0** |

**Significant accounting policies**

**Short-term employee benefits**

Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Consolidated statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as employee benefits in the Consolidated statement of financial position.

**Long-term employee benefits**

Provision is made for employees' long service leave and not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 19. Employee benefits (continued)

The Group's obligations for long-term employee benefits are presented as non-current employee benefits in its Consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee benefits.

**Defined contribution superannuation benefits**

All obligations for contributions in respect of employees' defined contribution superannuation benefits are recognised as an expense as the related service is provided.

**Share-based payment transactions**

The Company has a number of share-based payment arrangements that were granted to employees during FY21. These related to shares or share rights granted as part of employee remuneration packages (base remuneration and performance incentives) and arrangements following completion of business acquisitions. The awards were granted on various dates in FY21, based on a specified monetary value to each recipient and a share price at the time the offer is determined. The fair value of these arrangements was deemed to be the function of the number of share rights granted and the share price at grant date. Share rights granted may vest in predetermined tranches. Share rights were also granted as part of the employee Invest As You Earn program which operated during the year. Vesting is dependent on continued employment with the Group. The fair value of the grant is recognised in profit or loss to match to each employee's service period until vesting. Generally, upon cessation of employment unvested rights are forfeited. The cost recognised in prior periods in respect of forfeited rights is credited to the consolidated statement of profit and loss.

The total value of share-based payments was $22.0m for employees and $0.1m for Non-Executive Directors (2020: $17.2m), which was also recognised in the consolidated statement of profit and loss. Subsequently, $5.8m (2020: $3.9m) was capitalised as part of directly attributable development costs, which are required to be recognised as internally developed intangibles (refer note 7).

### 20. Key management personnel transactions

**Key management personnel ("KMP") compensation**
The total remuneration of the KMP of the Company are as follows:

| | 2021 | 2020 |
|---|---|---|
| | **$000** | **$000** |
| Short-term employee benefits | 3,306 | 3,293 |
| Post-employment benefits | 163 | 158 |
| Other long-term benefits | 192 | 138[1] |
| Share-based payments | 1,369 | 1,064 |
| **Total KMP compensation** | **5,030** | **4,654** |

[1]Other long-term benefits relates to annual and long service leave. The comparatives have been amended to a consistent basis with the current year, being the movement in the balance, rather than disclosing the annual and long service leave balance.

Short-term benefits comprise salary, fringe benefits and cash bonuses awarded. Post-employment benefits consist of superannuation contributions made during the year. Other long-term benefits comprise accruals for annual leave and long service leave. Share-based payments represents the expensing over the period to vesting of the fair value at grant date of share rights granted.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 20. Key management personnel transactions (continued)

**KMP transactions**
A 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 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 Richard White (CEO) and entities over which he has control or significant influence were as follows:

| | | Transaction values for year ended 30 June | | Balance outstanding as at 30 June | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| **Director** | **Transactions** | **$000** | **$000** | **$000** | **$000** |
| R White | Office leases[1] | 2,860 | 1,583 | - | -[1] |
| R White | Staff training facility[2] | - | 102 | - | - |
| R White | Office services agreement[3] | (18) | (18) | - | - |
| R White | Company apartments rent[4] | - | 73 | - | - |
| R White | US data centre services[5] | - | 1,000 | - | - |
| R White | Plant and equipment[5] | - | 53 | - | - |

The above transactions are made at normal market rates and approved by the Related Party Committee.

[1]The Group leases an office owned by R White, in Chicago, USA which has a term ending September 2024 with an annual rent of US Dollars 0.6m. The Group leased an office owned by R White in Alexandria, Australia with a term ending April 2025 and annual rent of Australian Dollars 2.5m. In May 2021, R White completed the sale of the Alexandria property to an unrelated party. Both leases were determined in accordance with advice from independent property valuers. In the prior period, the Group utilised storage space owned by R White. During FY20 the Group stopped using this storage space.

[2]Staff training courses run by a third-party service provider were held at a facility owned by R White. The charge for usage of the facility was embedded in the service provider fees. During FY20 the Group stopped using this facility.

[3]The Group provided office accommodation and related services to a company controlled by R White. The service agreement was terminated in FY21.

[4]The Group had agreements for apartment leases. During FY20, the Group stopped renting these units.

[5] The Group procured data centre services from a company controlled by R White. The service agreement was terminated in FY20.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 21. Auditor's remuneration

| | 2021 | 2020 |
|---|---|---|
| | $000 | $000 |
| ***Audit and assurance related services*** | | |
| *KPMG Australia* | | |
| Audit and review of the financial reports | 959.0 | 863.2 |
| | **959.0** | **863.2** |
| ***Audit and assurance related services*** | | |
| *KPMG and non-KPMG overseas* | | |
| Audit of statutory financial reports KPMG overseas | 765.1 | 769.6 |
| Audit of statutory financial reports by Non-KPMG firms | 79.2 | 65.7 |
| Total audit and assurance related services KPMG and non-KPMG overseas | **844.3** | **835.3** |
| **Total audit and assurance related services** | **1,803.3** | **1,698.5** |
| ***Other services*** | | |
| *KPMG Australia* | | |
| Other assurance, advisory and taxation services | - | 5.0 |
| Total other services KPMG Australia | **-** | **5.0** |
| ***Other services*** | | |
| *KPMG overseas and Non-KPMG* | | |
| Other assurance, advisory and taxation services-KPMG overseas | 5.5 | 7.5 |
| Other assurance, advisory and taxation services-Non KPMG | 11.7 | 14.7 |
| Total other services KPMG overseas and non-KPMG | **17.1** | **22.2** |
| **Total other services** | **17.1** | **27.2** |
| **Total auditor's remuneration** | **1,820.4** | **1,725.7** |

## For the year ended 30 June 2021

### 22. Reconciliation of net cash flows from operating activities

| | 2021<br>$M | 2020<br>$M |
|---|---|---|
| **Cash flow reconciliation** | | |
| Reconciliation of net profit after tax to net cash flows from operating activities: | | |
| Profit after tax from continuing operations | 108.1 | 160.8 |
| Net Profit after tax | 108.1 | 160.8 |
| Adjustments to reconcile profit before tax to net cash flows from operating activities: | | |
| Share-based payment expense | 22.1 | 17.2 |
| Depreciation | 22.2 | 19.6 |
| Net gain on asset disposals | (0.2) | - |
| Capitalisation of share-based payment expense and depreciation | (8.2) | (6.5) |
| Amortisation | 37.2 | 29.1 |
| Doubtful debt expense | 2.5 | 1.4 |
| Net finance costs/(income) | 1.9 | (101.3) |
| Exchange differences | 0.9 | 1.2 |
| Change in assets and liabilities: | | |
| Increase in trade receivables | (18.1) | (4.6) |
| Increase in other current and non-current assets | (7.6) | (8.4) |
| increase in trade and other payables | 11.2 | 11.1 |
| Increase in current tax liabilities | 5.5 | 0.7 |
| increase in deferred tax payable | 16.1 | 3.9 |
| Increase in other liabilities | 10.8 | 0.7 |
| Increase/(decrease) in deferred revenue | 4.0 | (0.7) |
| Increase in provisions | 3.1 | 5.7 |
| **Net cash flows from operating activities** | **211.6** | **129.9** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 23. 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 Board (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:

| **Continuing operations** | **2021** | **2020** |
|---|---|---|
| | **$M** | **$M** |
| Recurring On-Demand revenue | 383.0 | 309.2 |
| Recurring OTL maintenance revenue | 75.1 | 72.8 |
| OTL and support services | 49.4 | 47.4 |
| **Total revenue** | **507.5** | **429.4** |
| Segment EBITDA[1] | 206.7 | 126.7 |
| Depreciation and amortisation | (56.8) | (46.2) |
| Other finance income/(cost) | (1.9) | 101.3 |
| **Profit before income tax** | **147.9** | **181.8** |
| Income tax expense | (39.9) | (21.0) |
| **Net profit for the year** | **108.1** | **160.8** |

[1]Earnings before interest, tax, depreciation and amortisation

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. The CODM does not review or assess financial performance on a geographical basis.

There were no customers contributing more than 10% of revenue during the current and comparative period.

**Geographic information**
Revenue generated by location of customer (invoicing location):

| | **2021** | **2020** |
|---|---|---|
| | **$M** | **$M** |
| Americas | 144.2 | 128.9 |
| Asia Pacific | 154.5 | 134.5 |
| Europe, Middle East and Africa ("EMEA") | 208.8 | 166.1 |
| **Total revenue** | **507.5** | **429.4** |

Non-current assets by geographic location:

| | **2021** | **2020** |
|---|---|---|
| | **$M** | **$M** |
| Americas | 237.7 | 244.8 |
| Asia Pacific | 469.1 | 458.7 |
| EMEA | 278.4 | 264.2 |
| **Total non-current assets** | **985.2** | **967.6** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments

**(i) Recognition and initial measurement**

Trade receivables are initially recognised when customers are invoiced. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual obligations.

A financial asset (unless it is a trade receivable) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition. Trade receivables are initially measured at the transaction price.

**(ii) Derecognition**

*Financial assets*
The Group derecognises a financial asset when the contractual rights to the cash flows from a financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

*Financial liabilities*
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified financial liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iii) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(iv) Derivative financial instruments and hedge accounting**

The Group holds derivative financial instruments to hedge some of its foreign currency risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecasted transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income ("OCI") and accumulated in the cash flow hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit and loss.

The Group has designated foreign exchange forward contracts and foreign exchange collars as hedging instruments in cash flow hedge relationships with highly probable forecasted foreign exchange sales. The change in fair value of the foreign exchange instruments is recognised in a hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the hedging reserve are immediately reclassified to profit or loss.

**(v) Credit-impaired trade receivables**

At each reporting date, the Group assesses whether trade receivables are credit-impaired. A trade receivable is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.

Evidence that a trade receivable is credit-impaired includes the following observable data:

• Significant financial difficulty of the debtor;
• A breach of contract such as a default; or
• It is probable that the debtor will enter bankruptcy or other financial reorganisation.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

**(vi) 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 value 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).

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.

**Fair value hierarchy**

Significant valuation issues are reported to the Audit & Risk 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 following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy as detailed above, based on the lowest level of input that is significant to the entire fair value measurement.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

| **Group - 2021** | **Level 1 $M** | **Level 2 $M** | **Level 3 $M** | **Total $M** |
|---|---|---|---|---|
| *Assets* | | | | |
| Forward foreign exchange contracts | - | 2.9 | - | 2.9 |
| Foreign exchange collars | - | 0.4 | - | 0.4 |
| Total assets | - | 3.3 | - | 3.3 |
| *Liabilities* | | | | |
| Forward foreign exchange contracts | - | 4.0 | - | **4.0** |
| Foreign exchange collars | - | 2.3 | - | **2.3** |
| Contingent consideration | - | - | 36.5 | **36.5** |
| Total liabilities | - | 6.3 | **36.5** | **42.8** |

| **Group - 2020** | **Level 1 $M** | **Level 2 $M** | **Level 3 $M** | **Total $M** |
|---|---|---|---|---|
| *Assets* | | | | |
| Forward foreign exchange contracts | - | 4.6 | - | 4.6 |
| Total assets | - | **4.6** | - | **4.6** |
| *Liabilities* | | | | |
| Contingent consideration | - | - | 54.2 | 54.2 |
| Total liabilities | - | - | **54.2** | **54.2** |

**Fair value of assets**

*Hedging instruments*
The Group has recognised an asset measured at fair value in relation to derivative financial instrument (i.e. forward foreign exchange contracts - cash flow hedges and options). The derivative financial instrument is designated as a financial asset and deemed to be a level 2 measurement of fair value. Changes in the fair value of derivative financial instrument are recognised in 'other comprehensive income'.

| | **2021 $M** | **2020 $M** |
|---|---|---|
| Opening balance (pre-tax) | 4.6 | - |
| New contracts entered during the year | (3.4) | 4.6 |
| Contracts settled during the year | (4.3) | - |
| Revaluation | 0.1 | - |
| Closing balance (pre-tax) | **(3.0)** | **4.6** |

**Fair value of liabilities**

*Contingent consideration*
The Group has recognised liabilities measured at fair value in relation to contingent consideration arising out of acquisitions made by the Group. The contingent consideration is designated as a financial liability and deemed to be a Level 3 measurement of fair value. It has been discounted accordingly based on estimated time to complete a number of milestones. As part of the assessment at each reporting date, the Group has considered a range of reasonably possible changes for key assumptions and has not identified instances that could cause the fair value of contingent consideration to change significantly. Changes in the fair value of contingent consideration after the acquisition date are recognised in profit or loss, unless the changes are measurement period adjustments.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 and the end of the measurement period of the hierarchy is provided below.

| | 2021 $M | 2020 $M |
|---|---|---|
| Opening balance | 54.2 | 226.9 |
| Change in fair value estimate[1] | (2.2) | (111.0) |
| Equity payments | (11.4) | (86.4) |
| Cash payments | (4.2) | (22.8) |
| Additions | 0.6 | 28.1 |
| Unwinding interest[1] | 1.3 | 10.0 |
| Foreign exchange differences[1] | (1.8) | 9.4 |
| Closing balance | **36.5** | **54.2** |

[1]The effect on 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.

**Key accounting estimates and judgements - contingent consideration**
Contingent Consideration is measured at fair value, which requires management to estimate the amount likely to be paid in the future and the timing of the payment, to assess the present value using appropriate discount rates. The determination of fair value involves judgement about the probability of an acquired business achieving certain performance milestones, which include both financial and non-financial results.

### Financial risk management objectives and policies

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

**(a) Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board is responsible for developing and monitoring the Group’s risk management policies. The Board has delegated day-to-day responsibility for implementation of the risk management framework to the risk committee. The risk committee is a management committee comprising senior executives and is chaired by the CEO. The aim of the risk committee is to provide our Board with assurance that the major business risks are being identified and consistently assessed and that plans are in place to address risk.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board, in conjunction with the Board's Audit & Risk Committee, oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

In FY21, an internal audit and risk management function was established. Detailed work of the function is executed by internal resources and also by external service providers.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

**(b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's standard payment and delivery terms and conditions are that payment is generally due within 30 days on receipt of any invoice and the preferred payment options are by direct debit from a bank account or credit card. No limits are used and the Group's receivables are carefully managed by the credit management team. This role includes establishing customer deposits (refer to note 14).

*Trade receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base including the default risk of the industry and country in which customers operate.

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provision for impairment of those assets, as disclosed in the Consolidated statement of financial position. These predominantly relate to trade receivables. Refer to note 10 for further details.

*Cash and cash equivalents*

The Group held cash and cash equivalents of $315.0m at 30 June 2021 (2020: $223.7m).

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring net cash balances, actual and forecasted operating cash flows and unutilised debt facilities.

*Exposure to liquidity risk*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts of contractual cash flows are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

| 2021 | Carrying amount $M | Contractual cash flow Total $M | Less than 1 year $M | 1 - 5 years $M |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Contingent consideration[1] | 8.2 | (8.6) | (5.9) | (2.7) |
| Lease liabilities | 35.0 | (38.7) | (11.0) | (27.7) |
| Trade payables | 34.0 | (34.0) | (34.0) | - |
| Other payables and accrued expenses | 25.3 | (25.3) | (25.3) | - |
| Other liabilities | 42.3 | (42.3) | (41.3) | (1.0) |
| **Total** | **144.8** | **(148.9)** | **(117.6)** | **(31.3)** |

[1]The total carrying value of contingent consideration is $36.5m, which includes $28.3m to be settled for an equivalent value of shares once milestones are achieved and become payable and $8.2m in the table above, which will be cash settled.

| 2020 | Carrying amount $M | Contractual cash flow Total $M | Less than 1 year $M | 1 - 5 years $M |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Contingent consideration[2] | 14.8 | (15.4) | (7.4) | (8.0) |
| Lease liabilities | 45.7 | (46.0) | (12.0) | (34.1) |
| Trade payables | 19.9 | (19.9) | (19.9) | - |
| Other payables and accrued expenses | 27.9 | (27.9) | (27.9) | - |
| Other liabilities | 30.0 | (30.0) | (28.5) | (1.5) |
| **Total** | **138.4** | **(139.3)** | **(95.7)** | **(43.6)** |

[2]The total carrying value of contingent consideration is $54.2m, which includes $39.4m to be settled for an equivalent value of shares once milestones are achieved and become payable and $14.8m in the table above, which will be cash settled.

*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 was undrawn at 30 June 2021. Please refer to note 28(f), events after reporting period, for details of new debt facility.

Finance costs are broken down as follows:

| | 2021 $M | 2020 $M |
|---|---|---|
| Unwinding interest on contingent consideration | 1.3 | 10.0 |
| Unwinding interest on lease liabilities | 1.6 | 1.8 |
| Lease liability interest capitalised to intangible assets | (0.3) | (0.4) |
| Interest expense and facility fees | 1.6 | 1.3 |
| Other | 1.3 | 0.1 |
| **Total finance costs** | **5.5** | **12.9** |

## 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

**(d) Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will adversely affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of this risk arise from operations and translation risks.

The Company's reporting currency is Australian dollars. However, international operations give rise to an exposure to changes in foreign exchange rates as the majority of revenue from outside Australia is denominated in currencies other than Australian dollars, most significantly US dollars ("USD"), pounds sterling ("GBP"), and euros ("EUR").

The Group has exposures surrounding foreign currencies due to non-functional currency transactions within operations in overseas jurisdictions.

The Group has hedged approximately 45% of its estimated foreign currency exposure in respect of forecasted sales over the following 12 months. The Group uses forward exchange contracts and foreign currency collars to hedge its currency risk. These instruments are generally designated as cash flow hedges.

The Group designates the spot element of foreign exchange instruments to hedge its currency risk and applies a hedge ratio of 1:1. Any forward elements of forward exchange contracts is excluded from the designation of the hedging instrument and is separately accounted for in equity in a cash flow hedge reserve.

The Group's policy is for the critical terms of the foreign exchange instruments to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedged relationships, the main sources of the ineffectiveness are the effect of the counterparties and the Group's own credit risk on the fair value of the foreign exchange instruments, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and changes in the timing of the hedged transactions.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

Details of total outstanding cash flow hedges as at 30 June 2021:

| **Foreign exchange contracts** | **Average exchange rates** | **Contract value LC[1] (Millions)** | **Asset AUD (Millions)** | **Liability AUD (Millions)** |
|---|---|---|---|---|
| **EUR** | | | | |
| Up to 1 year | 0.6199 | 22.9 | 0.7 | (0.2) |
| 1 - 5 years | 0.6261 | 25.1 | 0.2 | (0.4) |
| **Total** | | 48.0 | 1.0 | (0.5) |
| **USD** | | | | |
| Up to 1 year | 0.7538 | 111.7 | 1.7 | (1.9) |
| 1 - 5 years | 0.7660 | 58.0 | 0.2 | (1.5) |
| **Total** | | 169.7 | 1.9 | (3.4) |

| **FX Collars** | **Average put rates** | **Average call rates** | **Contract value LC[1] (Millions)** | **Asset AUD (Millions)** | **Liability AUD (Millions)** |
|---|---|---|---|---|---|
| **EUR** | | | | | |
| Up to 1 year | 0.6000 | 0.6315 | 4.2 | 0.1 | - |
| **Total** | | | 4.2 | 0.1 | - |
| **USD** | | | | | |
| Up to 1 year | 0.7125 | 0.7480 | 18.2 | 0.4 | - |
| 1 - 5 years | 0.7665 | 0.7845 | 64.8 | - | (2.3) |
| **Total** | | | 83.0 | 0.4 | (2.3) |

Details of total outstanding cash flow hedges as at 30 June 2020:

| **Foreign exchange contracts** | **Average exchange rates** | | | |
|---|---|---|---|---|
| **EUR** | | | | |
| Up to 1 year | 0.5421 | 7.0 | 1.4 | - |
| 1 - 5 years | 0.5395 | 2.0 | 0.4 | - |
| **Total** | | 9.0 | 1.8 | - |
| **USD** | | | | |
| Up to 1 year | 0.5950 | 10.3 | 2.3 | - |
| 1 - 5 years | 0.5953 | 2.1 | 0.5 | - |
| **Total** | | 12.4 | 2.8 | - |

[1]LC - Local currency

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

**Variance analysis - FY21**

A reasonably possible strengthening (weakening) of the USD or EUR weighted average exchange rate against AUD at 30 June 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity by the amounts shown below. This analysis assumes hedge designations as at 30 June 2021 remain unchanged and that all designations are effective.

| Foreign currency forward contracts | Average exchange rate | +10% | -10% | Effect on equity (pre-tax) Change (+10%) AUD (Millions) | Effect on equity (pre-tax) Change (-10%) AUD (Millions) | Profit (pre-tax) Change (+10%) AUD (Millions) | Profit (pre-tax) Change (-10%) AUD (Millions) |
|---|---|---|---|---|---|---|---|
| AUD / EUR | 0.6231 | 0.6854 | 0.5608 | - | - | - | - |
| AUD / USD | 0.7579 | 0.8337 | 0.6821 | 0.2 | (0.2) | - | - |

Forward contracts with maturity dates greater than 12 months hedge revenues for July 2022 to December 2023.

**Variance analysis - FY20**

A reasonably possible strengthening (weakening) of the USD or EUR weighted average exchange rate against AUD at 30 June 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity by the amounts shown below. This analysis assumes hedge designations as at 30 June 2020 remain unchanged and that all designations are effective.

| Foreign currency forward contracts | Average exchange rate | +10% | -10% | Effect on equity (pre-tax) Change (+10%) AUD (Millions) | Effect on equity (pre-tax) Change (-10%) AUD (Millions) | Profit (pre-tax) Change (+10%) AUD (Millions) | Profit (pre-tax) Change (-10%) AUD (Millions) |
|---|---|---|---|---|---|---|---|
| AUD / EUR | 0.5415 | 0.5957 | 0.4874 | 0.2 | (0.2) | - | - |
| AUD / USD | 0.5951 | 0.6546 | 0.5356 | 0.3 | (0.3) | - | - |

Forward contracts with maturity dates greater than 12 months hedge revenues for April 2020 to June 2020.

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

A reasonably possible strengthening (weakening) of the USD, GBP or EUR against all other currencies at 30 June 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | | Profit or loss (pre-tax) | | Equity | |
|---|---|---|---|---|---|
| | 30 June 2021 LC (Millions) | Change (+10%) LC (Millions) | Change (-10%) LC (Millions) | Change (+10%) LC (Millions) | Change (-10%) LC (Millions) |
| **USD** | | | | | |
| Net trade receivables/(payables) exposure | 12.5 | (1.1) | 1.4 | - | - |
| **GBP** | | | | | |
| Net trade receivables/(payables) exposure | 0.3 | - | - | - | - |
| **EUR** | | | | | |
| Net trade receivables/(payables) exposure | 2.3 | (0.2) | 0.3 | - | - |

| | | Profit or loss (pre-tax) | | Equity | |
|---|---|---|---|---|---|
| | 30 June 2020 LC (Millions) | Change (+10%) LC (Millions) | Change (-10%) LC (Millions) | Change (+10%) LC (Millions) | Change (-10%) LC (Millions) |
| **USD** | | | | | |
| Net trade receivables/(payables) exposure | 7.7 | (0.7) | 0.9 | - | - |
| **GBP** | | | | | |
| Net trade receivables/(payables) exposure | 0.3 | - | - | - | - |
| **EUR** | | | | | |
| Net trade receivables/(payables) exposure | 1.9 | (0.2) | 0.2 | - | - |

LC - Local currency

## For the year ended 30 June 2021

### 24. Financial instruments (continued)

### Financial risk management objectives and policies (continued)

*Interest rate risk and cash flow sensitivity*

At 30 June 2021, the Group held no interest bearing financial liabilities (i.e. bank loans) (2020: nil) and held interest bearing financial assets (i.e. cash and short-term deposits) of $315.0m (2020: $223.7m).

Based on the cash balance at 30 June, a reasonably possible change of 100 basis points in interest rates at the reporting date would increase the profit or loss after tax by $2.2m (2020: increase by $1.6m). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 25. Group information

| Parent entity | Country of incorporation |
|---|---|
| WiseTech Global Limited | Australia |

| Subsidiaries | Country of incorporation | % Equity interest 2021 | % Equity interest 2020 |
|---|---|---|---|
| Candent Australia Pty Ltd | Australia | 100.0 | 100.0 |
| Cargo Community Network Pty Ltd | Australia | 100.0 | 100.0 |
| CMS Transport Systems Pty Ltd | Australia | 100.0 | 100.0 |
| Compdata Technology Services Pty Ltd | Australia | 100.0 | 100.0 |
| Container Chain Pty Ltd | Australia | 100.0 | 100.0 |
| Containerchain Australia Pty Ltd | Australia | 100.0 | 100.0 |
| Containerchain Australia Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| Containerchain Unit Trust | Australia | 100.0 | 100.0 |
| IFS Global Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| IFS Global Pty Ltd[1] | Australia | - | 100.0 |
| IFS NZ Pty Ltd[1] | Australia | - | 100.0 |
| Interactive Freight Systems Pty Ltd | Australia | 100.0 | 100.0 |
| Maximas Pty Ltd | Australia | 100.0 | 100.0 |
| Microlistics International Pty Ltd[1] | Australia | - | 100.0 |
| Microlistics Pty Ltd | Australia | 100.0 | 100.0 |
| Tankstream Systems Pty Ltd | Australia | 100.0 | 100.0 |
| Translogix (Australia) Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Academy Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global (Australia) Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global (Europe) Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global (Financing) Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global (Licensing) Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global (Holdings 2) Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global (Trading) Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global Holdings Pty Ltd | Australia | 100.0 | 100.0 |
| WiseTech Global Limited Employee Share Trust | Australia | 100.0 | 100.0 |
| WiseTech Global (Argentina) S.A.U. | Argentina | 100.0 | 100.0 |
| Intris N.V. | Belgium | 100.0 | 100.0 |
| Bysoft Solucoes em Sistemas Para Comercio Exterior Ltda [1] | Brazil | - | 100.0 |
| CargoWise Brasil Solucoes em Sistemas Ltda | Brazil | 100.0 | 100.0 |
| Fenix Data Systems Inc.[1] | Canada | - | 100.0 |
| WiseTech Global (CA) Ltd | Canada | 100.0 | 100.0 |
| Softcargo Chile SpA | Chile | 100.0 | 100.0 |
| WiseTech Global (China) Information Technology Ltd | China | 100.0 | 100.0 |
| Pierbridge Finland Oy | Finland | 100.0 | 100.0 |
| EasyLog SAS | France | 100.0 | 100.0 |
| CargoWise GmbH | Germany | 100.0 | 100.0 |
| Containerchain Germany GmbH | Germany | 100.0 | 100.0 |
| Softship GmbH (formerly Softship AG) | Germany | 100.0 | 100.0 |
| znet group GmbH | Germany | 100.0 | 100.0 |
| Containerchain Hong Kong Ltd | Hong Kong | 100.0 | 100.0 |
| WiseTech Global (HK) Ltd | Hong Kong | 100.0 | 100.0 |
| WiseTech Global (India) Private Limited | India | 100.0 | 100.0 |
| ABM Data Systems Ltd | Ireland | 100.0 | 100.0 |
| Cargo Community Systems Ltd | Ireland | 100.0 | 100.0 |

## For the year ended 30 June 2021

### 25. Group information (continued)

| Subsidiaries | Country of incorporation | % Equity interest 2021 | 2020 |
|---|---|---|---|
| CargoWise (Ireland) Ltd | Ireland | 100.0 | 100.0 |
| A.C.O. Informatica S.r.l. | Italy | 100.0 | 100.0 |
| Kabushiki Kaisha Exas | Japan | 100.0 | - |
| WiseTech Global (Japan) K.K. | Japan | 100.0 | 100.0 |
| Containerchain Malaysia Sdn Bhd | Malaysia | 100.0 | 100.0 |
| Maxfame Technologies Sdn Bhd | Malaysia | 100.0 | 100.0 |
| Cargoguide International B.V. | Netherlands | 100.0 | 100.0 |
| Containerchain Netherlands B.V. | Netherlands | 100.0 | 100.0 |
| LSP Solutions B.V. | Netherlands | 100.0 | 100.0 |
| Containerchain New Zealand Ltd | New Zealand | 100.0 | 100.0 |
| WiseTech Global (NZ) Ltd | New Zealand | 100.0 | 100.0 |
| Systema AS | Norway | 100.0 | 100.0 |
| Softship Inc. | Philippines | 100.0 | 100.0 |
| Candent Singapore Pte Ltd | Singapore | 100.0 | 100.0 |
| Containerchain Global Holdings Pte Ltd | Singapore | 100.0 | 100.0 |
| Containerchain (Singapore) Pte Ltd | Singapore | 100.0 | 100.0 |
| Softship Dataprocessing Pte Ltd | Singapore | 100.0 | 100.0 |
| WiseTech Global (SG) Pte Ltd | Singapore | 100.0 | 100.0 |
| Compu-Clearing (Pty) Ltd | South Africa | 100.0 | 100.0 |
| Compu-Clearing Drome Road Property (Pty) Ltd | South Africa | 100.0 | 100.0 |
| Compu-Clearing Outsourcing Ltd | South Africa | 100.0 | 100.0 |
| Core Freight Systems (Pty) Ltd | South Africa | 100.0 | 100.0 |
| Drome Road Share Block (Pty) Ltd | South Africa | 100.0 | 100.0 |
| Wisetechglobal (Pty) Ltd | South Africa | 100.0 | 100.0 |
| WiseTech Global LLC | South Korea | 100.0 | 100.0 |
| Ready Korea Co., Ltd. | South Korea | 100.0 | 100.0 |
| Taric Canarias S.A. | Spain | 100.0 | 100.0 |
| Taric S.A.U. | Spain | 100.0 | 100.0 |
| Taric Trans S.L. | Spain | 100.0 | 100.0 |
| CargoIT i Skandinavien AB | Sweden | 100.0 | 100.0 |
| X Ware Aktiebolag | Sweden | 100.0 | 100.0 |
| Sisa Studio Informatica SA | Switzerland | 100.0 | 100.0 |
| WiseTech Global (Taiwan) Ltd | Taiwan | 100.0 | 100.0 |
| Containerchain (Thailand) Pte Ltd | Thailand | 100.0 | 100.0 |
| Ulukom Bilgisayar Yazılım Donanım Danışmanlık ve Ticaret A.Ş. | Turkey | 100.0 | 100.0 |
| WiseTech Global FZ-LLC | UAE | 100.0 | 100.0 |
| LSI - Sigma Software Limited | UK | 100.0 | 100.0 |
| Pierbridge Ltd | UK | 100.0 | 100.0 |
| WiseTech Global (International) Ltd | UK | 100.0 | 100.0 |
| WiseTech Global (UK) Ltd | UK | 100.0 | 100.0 |
| Eyalir S.A. | Uruguay | 100.0 | 100.0 |
| Ilun S.A. | Uruguay | 100.0 | 100.0 |
| Pierbridge Holdings Inc. | USA | 100.0 | 100.0 |
| Pierbridge Inc. | USA | 100.0 | 100.0 |
| Planet Traders Inc. | USA | 100.0 | 100.0 |
| Softship America Inc. | USA | 100.0 | 100.0 |
| WiseTech Global (US) Inc. | USA | 100.0 | 100.0 |

[1]Entity de-registered, merged or amalgamated in 2021.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 26. Deed of Cross Guarantee

Pursuant to the relief provided under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the ten wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

In order to receive the benefit of the relief provided under the Instrument, the Company and each subsidiary must be a party to the Deed of Cross Guarantee. The effect of the Deed of Cross Guarantee is that each party guarantees to each creditor of each other party, payment in full of any debt in the event of winding up of another party to the Deed of Cross Guarantee under certain provisions of the *Corporations Act 2001*.

Details of entities entering and exiting the Deed of Cross Guarantee, which represent a 'Closed Group' for the purposes of the Instruments are as follows:

| **Parent entity** | **Assumption date** | **Revocation date** |
|---|---|---|
| WiseTech Global Limited | 20 Jun 2017 | - |
| **Subsidiary entities** | | |
| Microlistics International Pty Ltd | 15 Jun 2018 | 5 Dec 2020 |
| Microlistics Pty Ltd | 15 Jun 2018 | - |
| Translogix (Australia) Pty Ltd | 6 Jun 2019 | - |
| WiseTech Academy Pty Ltd | 6 Jun 2019 | - |
| WiseTech Global (Australia) Pty Ltd | 20 Jun 2017 | - |
| WiseTech Global (Europe) Holdings Pty Ltd | 6 Jun 2019 | - |
| WiseTech Global (Financing) Pty Ltd | 6 Jun 2019 | - |
| WiseTech Global (Licensing) Pty Ltd | 15 Jun 2018 | - |
| WiseTech Global Holdings Pty Ltd | 5 May 2021 | - |
| WiseTech Global (Holdings 2) Pty Ltd | 5 May 2021 | - |
| WiseTech Global (Trading) Pty Ltd | 20 Jun 2017 | - |

The Consolidated statement of profit or loss and other comprehensive income and Consolidated statement of financial position of the entities that are members of the Closed Group, after eliminating all transactions between members of the Closed Group, are as follows:

| | **Closed Group** | |
|---|---|---|
| | **2021** | **2020** |
| | **$M** | **$M** |
| Profit from continuing operations before income tax | 131.5 | 132.3 |
| Income tax expense | (34.7) | (25.3) |
| Profit after tax from continuing operations | **96.7** | **106.9** |
| | | |
| Retained earnings at the beginning of the period | 213.3 | 130.2 |
| Opening retained earnings of entities added to the deed | 1.5 | - |
| Net profit for the period | 96.7 | 106.9 |
| Dividend declared and paid | (14.0) | (11.6) |
| Vesting of share rights | 0.5 | (17.5) |
| Tax benefit from equity remuneration | 3.1 | 5.2 |
| Retained earnings at the end of the period | **301.1** | **213.3** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 26. Deed of Cross Guarantee (continued)

| | Closed Group 2021 | 2020 |
|---|---|---|
| | $M | $M |
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | 222.5 | 165.6 |
| Trade and other receivables | 39.6 | 29.8 |
| Intercompany receivables | 8.7 | 16.6 |
| Derivative financial instruments | 2.9 | 3.7 |
| Current tax receivables | - | 2.0 |
| Other current assets | 15.3 | 12.9 |
| **Total current assets** | **289.0** | **230.7** |
| | | |
| **Non-current assets** | | |
| Investments in subsidiaries | 750.7 | 693.9 |
| Intangible assets | 229.7 | 189.4 |
| Property, plant and equipment | 24.0 | 27.3 |
| Derivative financial instruments | 0.4 | 0.9 |
| Other non-current assets | 3.8 | 1.1 |
| **Total non-current assets** | **1,008.6** | **912.5** |
| **Total assets** | **1,297.6** | **1,143.2** |
| | | |
| **Liabilities** | | |
| **Current liabilities** | | |
| Trade and other payables | 26.3 | 18.6 |
| Intercompany payables | 9.6 | - |
| Lease liabilities | 4.1 | 3.8 |
| Deferred revenue | 7.5 | 5.3 |
| Employee benefits | 13.8 | 11.3 |
| Current tax liabilities | 2.3 | - |
| Derivative financial instruments | 2.1 | - |
| Other current liabilities | 43.2 | 25.6 |
| **Total current liabilities** | **108.8** | **64.6** |
| | | |
| **Non-current liabilities** | | |
| Lease liabilities | 9.8 | 14.4 |
| Employee benefits | 2.1 | 1.7 |
| Deferred tax liabilities | 58.0 | 42.6 |
| Derivative financial instruments | 4.3 | - |
| Other non-current liabilities | 7.4 | 28.5 |
| **Total non-current liabilities** | **81.5** | **87.2** |
| **Total liabilities** | **190.3** | **151.8** |
| **Net assets** | **1,107.4** | **991.4** |
| | | |
| **Equity** | | |
| Share capital | 827.8 | 779.8 |
| Reserves | (21.6) | (1.7) |
| Retained earnings | 301.1 | 213.3 |
| **Total equity** | **1,107.4** | **991.4** |

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 27. Parent entity information

As at, and throughout the financial year ended, 30 June 2021 the parent entity of the Group was WiseTech Global Limited.

| | 2021 | 2020 |
|---|---|---|
| | **$M** | **$M** |
| **Result of parent entity** | | |
| Net profit for the year | 113.1 | 48.8 |
| **Total comprehensive income for the year** | **113.1** | **48.8** |

| | 2021 | 2020 |
|---|---|---|
| | **$M** | **$M** |
| **Financial position of parent entity at year end** | | |
| Current assets | 592.5 | 537.7 |
| Total assets | 1,241.2 | 1,097.3 |
| Current liabilities | 41.9 | 39.2 |
| Total liabilities | 113.5 | 103.0 |
| **Net assets** | **1,127.6** | **994.3** |

| | 2021 | 2020 |
|---|---|---|
| | **$M** | **$M** |
| **Total equity of parent entity comprising:** | | |
| Share capital | 827.8 | 779.8 |
| Reserves | (7.7) | (2.7) |
| Retained earnings | 307.5 | 217.3 |
| **Total equity** | **1,127.6** | **994.3** |

**(a) Parent entity contingent liabilities**

The parent entity has provided guarantees for the future settlement of a portion of contingent consideration (cash and shares) recognised in subsidiaries of the Group. There are no other contingent liabilities as at 30 June 2021 or 30 June 2020.

**(b) Parent entity capital commitments for acquisition of property, plant and equipment**

The parent entity had no capital commitments as at 30 June 2021 or 30 June 2020.

**(c) Parent entity guarantees in respect of the debts of its subsidiaries**

The parent entity has entered into a Deed of Cross Guarantee. Refer to note 26 for further details.

# Notes to the financial statements (continued)

## For the year ended 30 June 2021

### 28. Other policies and disclosures

**(a) Principles of consolidation**

The Consolidated financial statements incorporate all of the assets, liabilities and results of WiseTech Global Limited and all of the subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

**(b) Foreign currency transactions and balances**

**Transactions and balances**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the exchange rate at the reporting date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

**Group companies**

The financial results and position of foreign operations whose functional currency is different from the Group’s presentation currency are translated as follows:

- assets and liabilities including goodwill and fair value adjustments arising on acquisition are translated at exchange rates prevailing at the reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transactions.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the Consolidated statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

## For the year ended 30 June 2021

### 28. Other policies and disclosures (continued)

**Currency of hyperinflationary economy**

If the functional currency of a foreign operation is the currency of a hyperinflationary economy, then its financial information is first adjusted to reflect the purchasing power at the current reporting date and then translated into the presentation currency, using the exchange rate at the current reporting date.

**(c) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(d) Standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been applied in preparing these Consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's Consolidated financial statements:

- AASB 2021-3 amendments to COVID-19 related rent concessions beyond 30 June 2021;
- AASB 2014-10 Sale or contribution of assets between an investor and its associate or joint venture.

**(e) Commitments and contingencies**

**Guarantees**

The Group has not provided for any material guarantees at 30 June 2021 (2020: nil).

**Contingent assets and contingent liabilities**

There were no contingent assets or liabilities of the Group in relation to FY21 or FY20.

**(f) Events after reporting period**

*New debt facility*

On 28 July 2021, a new unsecured four-year bi-lateral debt facility was executed with six banks and the previous facility was retired. The new facility has a total commitment of $225.0m.

*Dividend*

Since the period end, the Directors have declared a fully franked final dividend of 3.85 cents per share, payable 8 October 2021. The dividend will be recognised in subsequent financial statements.

# Directors' declaration

In accordance with a resolution of the Directors of WiseTech Global Limited, we state that:

1. In the opinion of the Directors:

   (a) the consolidated financial statements and notes that are set out on pages 29 to 87 and the Remuneration report on pages 7 to 22 in the report are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 26 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

3. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

4. The Directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with the International Financial Reporting Standards.

On behalf of the board

Andrew Harrison
Chair
25 August 2021

Richard White
Executive Director, Founder and CEO
25 August 2021

# Independent Auditor's Report

## To the shareholders of WiseTech Global Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the ***Financial Report*** of WiseTech Global Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recognition of revenue;
- Capitalisation of software development costs;
- Accounting for contingent consideration; and
- Testing for impairment of goodwill and intangible assets.

***Key Audit Matters*** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Recognition of revenue ($507.5m)</th></tr>
<tr><td colspan="2">Refer to Note 3 ‘Revenue,’ and Note 13 ‘Deferred revenue’ of the financial report</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr>
<td>The recognition of revenue is considered to be a key audit matter due to:
<ul>
<li>The significance of revenue to the financial statements;</li>
<li>Recurring CargoWise One revenue that is earned in relation to customer usage is determined by the Group with reference to price lists and complex discount structures. It involves high volumes of customer transaction data recorded using a highly automated billing system. Auditing the revenue recognised based on this transactional data requires significant effort, including the use of IT and Data Specialists to supplement our senior audit team members; and</li>
<li>Remaining revenue is recorded across a large number of different billing systems as a result of multiple acquisitions. Auditing this revenue requires significant audit effort with extensive sample sizes, and involving multiple overseas KPMG teams.</li>
</ul>
</td>
<td>Our procedures included:
<ul>
<li>We stratified the revenue population into homogenous revenue streams for the purposes of performing our testing;</li>
<li>For key recurring CargoWise One revenue streams, where revenue is recognised based on customer usage of the software, with the assistance of our IT and Data Specialists, we developed an expectation of the revenue for the year and compared this to the amount recorded by the Company. The formation of our expectation involved:
<ul>
<li>understanding the Group’s process for collection of transaction data, and the application of price lists and discount structures to this data;</li>
<li>assessing the completeness, existence and accuracy of transaction data interfaced with the billing module;</li>
<li>inspecting transaction data which is not subject to billing for consistency with our understanding of the process;</li>
<li>testing controls over access to the billing module, price lists and discount structures;</li>
<li>testing the interface of the output from the billing module to the general ledger; and</li>
<li>assessing for a sample of customers the appropriateness of price list records and discount structures based on their underlying contract</li>
</ul>
</li>
</ul>
</td>
</tr>
</table>

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| | |
|---|---|
| | documentation.<br>• We tested the Group's key manual revenue recognition controls including;<br>- approval of new customer contracts;<br>- review and approval of customers initial billing invoice, including checking prices to underlying signed customer contracts;<br>- review of monthly billing data.<br>• For other revenue, we selected a statistical sample of revenue across the Group's subsidiaries. We tested revenue recognition and related deferred revenue, by obtaining and inspecting revenue contracts and invoices, checking against cash receipts recorded in bank statements, and using the conditions of the contract to check appropriateness of the timing of revenue. We evaluated the adequacy of disclosures included in the financial report against the requirements of the accounting standards. |

**Capitalisation of software development costs ($77.6m)**

Refer to Note 7 'Intangible assets' of the financial report

| **The key audit matter** | **How the matter was addressed in our audit** |
|---|---|
| Capitalisation of software costs is considered to be a key audit matter due to:<br>• The high volume of software developer hours;<br>• The Group's calculation of the amount of hours capitalised is reliant on data extracts from the Company's automated software workflow tool (PAVE) used for monitoring and recording the activities of software developers for the majority of its capitalised software development;<br>• The Group develops its software products using an iterative development methodology. This approach requires more judgement in assessing the Group's application of the requirements of the accounting | Our procedures included:<br>• We inspected the Group's documentation on the status of projects and the evaluation of the future economic return of the software under development;<br>• We assessed the Group's positions using our knowledge of the business and projects, and through discussions with various stakeholders, including: Project Managers, the Chief Technology Officer, the Chief Executive Officer and the Chief Financial Officer. We also inspected price lists and Board of Director's papers to evaluate these assertions;<br>• We obtained an understanding of the Group's software development processes and how software developers use PAVE to record activities;<br>• We inspected the information recorded in PAVE and assessed the Group's identification of activities that constitute development; |

| | |
|---|---|
| standards to capitalise the development costs. These assessments include:<br>- Whether a project can be completed and produce a viable software product;<br>- whether an activity is eligible for capitalisation;<br>- determination of the appropriate rate per hour for developers' time eligible for capitalisation; and<br>- whether a project is available for its intended use and, accordingly, commence amortisation.<br>We involved IT specialists to supplement our senior audit team members in assessing this key audit matter | • Working with our IT specialists we tested the computer system controls designed to safeguard information recorded in PAVE;<br>• We tested a statistical sample of PAVE and non-PAVE recorded developer time capitalised, to check the activities being performed related to a project in development or an enhancement to an existing software product as opposed to research or maintenance;<br>• We tested the capitalisation of developer hours to projects on a sample basis;<br>- evaluating task descriptions logged against the criteria in the accounting standards;<br>- assessing, for the sampled activity, the hours recorded for coding relates to an employee with a developer related role; and<br>- investigated task nature with Project Managers.<br>• We assessed the rate per hour calculations applied to time eligible for capitalisation by testing a sample of key inputs to underlying records. We also assessed the Group's allocation of directly attributable overhead costs against the criteria within the accounting standards.<br>• We considered the appropriateness of the amortisation period including the commencement date of amortisation for completed projects for the capitalised software development costs.<br>• We evaluated the adequacy of the disclosures included in the financial report against the requirements of the accounting standards. |

| **Accounting for contingent consideration ($36.4m)** | |
|---|---|
| Refer to Note 14 'Other liabilities' and Note 24 'Financial instruments' of the financial report. | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| In accordance with the accounting standards and the Group's policy, contingent consideration payable is initially recognised at fair value in connection with a business combination, and subsequently assessed at each reporting period. During the measurement period (maximum 12 | Our procedures included:<br>• We assessed the Group's determination of the contingent consideration against the contractual terms of the underlying sale and purchase agreements and the criteria in the accounting standards; |

| | |
|---|---|
| months following the acquisition), if new information is obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of amounts recognised as of that date, then fair values are reassessed and adjusted against goodwill. After the measurement period, all reassessments, settlements and fair value adjustments are made through the profit or loss. There is uncertainty regarding the actual contingent consideration payments that will be made by the Group, as they are subject to financial and non-financial metrics and targets occurring in the future.<br><br>The fair value of contingent consideration is a key audit matter due to the judgement applied by us when evaluating the Group's assessment of fair value of these arrangements. We focused on:<br><br>• assessing the feasibility of forward looking assumptions in relation to the achievement of financial and non-financial metrics;<br>• assessing whether for accounting purposes contingent consideration obligations that are settled in shares, are classified as either a liability or equity; and<br>• assessing whether remeasurement of the liability is to be accounted for as a measurement period adjustment to business combination accounting. | • We checked the integrity of the Group's fair value of contingent consideration models including accuracy of the underlying calculation formula;<br><br>• We evaluated the forward looking assumptions underpinning the significant judgements used by the Group including examining the basis for the Group's expectation that remaining contingent consideration will be paid. We did this by considering the performance assumptions (financial and non-financial) against the actual performance achieved to date and our understanding of the business and economic environment relevant in the forecast period;<br><br>• Where contingent consideration obligations are to be settled through the issuance of shares, we assessed the Group's classification of those obligations as either a liability or equity for appropriateness. We did this by inspecting the terms of the sale and purchase agreement and considering the application of the criteria in the accounting standards. We evaluated the amounts recognised in the acquisition reserve and the profit or loss by assessing contractual terms and amended agreement terms, and applying relevant share prices and foreign exchange rates, with reference to the requirements of the accounting standards;<br><br>• We assessed the remeasurement of contingent consideration not being treated as a measurement period adjustment to business combination accounting (i.e. which would have been adjusted against goodwill), by evaluating the factors giving rise to the remeasurement;<br><br>• We evaluated the adequacy of the disclosures included in the financial report against the requirements of the accounting standards. |

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| Testing for impairment of goodwill and other intangible assets ($904.5m) | |
|---|---|
| Refer to Note 7 'Intangible assets' of the financial report. | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| The Group's annual testing of goodwill and intangible assets for impairment is a key audit matter, given the size of the balance relative to total assets and the judgements applied by us in assessing the Group's identification of Cash Generating Units (CGUs), allocation of goodwill and the forward-looking assumptions that the Group applied in their value in use models.<br><br>We focused on:<br><br>• Identification of CGUs – non-financial assets (other than goodwill) are required to be assessed for impairment separately, or as part of a CGU where the assets do not generate independent cash inflows. As the Group is pursuing a strategy for the integration of acquired businesses, assessing whether an acquired business generates substantially independent cash inflows during the process of integration with the global platform requires judgement;<br><br>• Allocation of goodwill to CGUs – goodwill is required to be allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination. As the Group is acquiring businesses for the purposes of integrating functionality into a global platform, determining which of the CGUs that these synergies will be obtained, and the amount of goodwill to be allocated to them requires judgement; and<br><br>• Forward looking assumptions - forecast cash flows, growth rates, discount rates and terminal growth rates used by the Group given their inherent uncertainty.<br><br>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter. | Our procedures included:<br><br>• We assessed the Group's determination of the CGUs used in the impairment model and the determination that goodwill is tested at the single group of CGU level with other intangible and operating assets test at a lower level, based on our understanding of the Group's business, acquisition strategy, and examination of cash inflows. We assessed these against the criteria in the accounting standards. We also considered internal reporting of the Group's results to assess how earnings and goodwill are monitored and reported;<br><br>• We assessed the impairment testing methodology used by the Group against the requirements of Australian Accounting Standards;<br><br>• We tested the mathematical accuracy of the Group's value in use models;<br><br>• We assessed the Group's cash flow forecasts including;<br>- Consideration of the historical accuracy of previous estimates<br>- Reconciled the underlying cash flow projections to Board approved forecasts<br><br>• We assessed the cash flows and related growth rates applied in the models by comparing them to external analysts' reports. We checked the consistency of the growth rates to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry in which they operate;<br><br>• Working with our valuation specialists we assessed the Group's assumptions for terminal growth rates in comparison to economic and industry forecasts;<br><br>• Working with our valuation specialists we analysed the discount rates against publicly |

| | |
|---|---|
| | available data of a group of comparable entities, adjusted by risk factors specific to the Group;<br>• We performed sensitivity analyses on the key assumptions used in the models and applied other values within a range that we assessed as being reasonably possible, to focus our further work; and<br>• We assessed the disclosures in the financial report using our understanding of the Group's testing for impairment obtained from our procedures and against the requirements of the accounting standards. |

## Other Information

Other Information is financial and non-financial information in WiseTech Global Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Operating and Financial Review, Board of Directors, and the Directors' Report. The Financial Highlights, Strategic highlights, Chair's Letter, CEO's message, Our business, Sustainability report (Environmental, social and governance), Five year financial summary, Risk management, Shareholder information, Glossary and Corporate Directory are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they

either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of WiseTech Global Limited for the year ended 30 June 2021, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 7 to 22 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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KPMG

Caoimhe Toouli

Caoimhe Toouli

*Partner*

Sydney

25 August 2021