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ASX Announcement

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1H23: Results announcement

Wiseway Group Limited (ASX: WWG, “**Wiseway**”, “**the Company**” or “**the Group**”), one of Australia’s leading integrated freight and logistics operators, today announced its financial results for the six months ended 31 December 2022 (‘1H23’).

The Company has seen an encouraging turnaround in its Australian business compared to the previous six-month period between 1 January 2022-30 June 2022 (2H22). Wiseway has also observed a positive rebound in the Group’s imports operations and has recorded growth in its perishables divisions, a result of the Company’s continued efforts to diversify its revenue streams.

The rebound seen in 1H23 has been a result of an improving business environment, strong client relationships, a focus on cost management and margin improvement, and a diversified business model.

Overview of results:

- Group Revenue of \$55.0 million.
- EBITDA of \$506,000.
- Net Loss Before Tax of (\$3.7 million).
- Underlying EBITDA of \$2.1 million¹.
- Underlying EBITDA margin of 4%¹.
- Net Tangible Assets per Security of 10.71 cents
- Cash and Cash Equivalents of \$10.3 million

Operational highlights – (comparisons with 2H22):

- Solid performance in Wiseway’s core Australian divisions, with a reported EBITDA of \$2.4 million
- Within the Australian divisions, revenue growth has been led by perishables (+79% increase), sea freight (+23% increase) and imports (+23% increase)
- Mixed profitability in Wiseway’s overseas divisions, as the Company continues to invest in building its global network

Commentary:

Ms Florence Tong, Wiseway Co-Founder and Managing Director, commented: “There has been a significant turnaround in profitability compared to the previous period.

“Our Australian business has consistently performed and delivered profits and value for our shareholders. It is pleasing to see the Company’s imports operations rebound and our perishables divisions doing very well throughout the period.

“Wiseway’s overseas operations have seen mixed results in 1H23, as the Company continues to invest in building its global network. Achieving growth and profitability in Wiseway’s overseas operations will be a key focus for management in the coming months.”

¹ Underlying EBITDA is a non-IFRS measure that the Group uses to assess performance as it excludes one-off and non-operational items.

Ms Tong continued: "Management believes that business performance will improve in the next 12 months as these impacts abate. Importantly, we are seeing early indications that sales volumes are rising across the board. With China's reopening this calendar year we should see a marked pick-up across relevant sectors.

"Furthermore, management has started implementing measures to cut costs and improve productivity and margins, following investments for growth in recent years. These initiatives include rightsizing assets and staff, consolidating contracted services and exploring additional financing opportunities.

"The Group has maintained solid revenue growth in our Australian business division. This provides a springboard for Wiseway's international business divisions to gain momentum and attract more customers, as we work towards sustainable profitability in our new growth segments.

"With the tactical investments and foundations in place, we will focus on untapped and underserviced markets in the Asia Pacific region, and gain enhanced access to the fast-growing markets in North America and Asia.

"Our diversified business model, growing customer base, strategic industry partnerships, and expanding global footprint will enable Wiseway to benefit from growing demand for returning global trade and integrated logistics solutions."

1H23 financial results overview and business update:

\$'000	1H2022	2H2022	1H2023
Key metrics			
Revenue	77,887	52,781	54,991
Reported EBITDA	5,835	(6,021)	506
Net Loss Before Tax	1,753	(9,849)	(3,652)

Revenue breakdown by division and location:

\$'000	1H2022	2H2022	1H2023
Division breakdown			
Air freight – General cargo	44,287	30,341	22,105
Air freight – Perishables	19,497	9,808	17,597
Sea freight	3,052	3,090	3,813
Road freight	3,178	3,111	2,890
Imports	7,562	6,204	7,651
Total	77,576	52,554	54,056
Location breakdown			
Australia	73,750	43,248	49,109
New Zealand	805	1,627	1,696
China	521	6,582	1,533
Singapore	1,500	379	928
USA	1,000	718	790
Total	77,576	52,554	54,056

EBITDA by location:

\$'000	1H2022	2H2022	1H2023
Australia	5,661	(4,511)	2,417
New Zealand	40	(219)	(180)
China	(97)	(1,077)	(1,410)
Singapore	247	(90)	95
USA	(15)	(124)	(416)
Group	5,835	(6,021)	506

As Wiseway's business turnaround and streamlining efforts accelerate, the Group has focused on revenue alignment and cost management.

In February 2023, the Group provided an update after changes were made to the composition of its Board. A separate update also made in February 2023 announced the appointment of Mr Ken Tong as Wiseway's Chief Operating Officer and Company Secretary.

Commenting on the latest appointments, Ms Tong said: "These changes come at an exciting moment in our journey and were carried out to reflect our growth ambitions and investment in Wiseway's future. The contributions of Ms Astrid Raetze, Mr Ken Tong and Mr Jim Tong in their new roles will bring fresh passion and insights to our turnaround efforts and future growth plans."

Outlook:

In 1H23, the Group has taken the necessary steps to accelerate its business turnaround efforts, improve its management capabilities, and take advantage of the opportunities that have followed Wiseway's strategic investment program.

A detailed analysis of revenue streams and associated costs has been conducted by the Company's new Chief Financial Officer and finance team on a weekly basis over the period, and adjustments continue to be made to act on the detailed picture that this work presents.

Looking ahead, Ms Tong said: "Our strategic investment program has allowed our operations to expand to include 11 cities across five countries. Wiseway's local expertise at each location is unparalleled and the Group continues to cement its reputation of delivering where others fall short.

"The Company has benefited from a strengthening of geopolitical relations between Australia and China under the new Australian Federal Government. This, combined with China's reopening from its 'Zero COVID' policy, has resulted in Wiseway observing encouraging increased demand from China for Australian products and for the Group's highly regarded integrated freight and logistics offerings.

"Wiseway's strategic investment program has also enabled the Group to reap the benefits associated with shifts in consumer preferences and the ongoing rise of the e-commerce industry. Our proprietary technology is the foundation of an ongoing integration of our operations with those of our business partners and other entities across the supply chain.

"A streamlined labelling and customs clearance service is also driving increased demand in e-commerce imports through our Australian bonded warehouse facilities. There is an expanding understanding around our client base of the value of fully utilising our global network, and this is proving a solid platform for new organic growth.

"Wiseway remains strategically positioned and financially stable, with a healthy balance sheet and prudent levels of debt. As such, the Group remains open to the consideration of acquisitions and other investment opportunities should they prove value accretive and in line with our priority to deliver shareholder value.

"Wiseway's future is bright, and we are eager to continue and build upon the progress made in 1H23.

"We continue to strive to remain flexible, agile and in sync with our customers' needs, and this has – and always will be – at the heart of Wiseway's approach to everything we do."

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

Ends

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About Wiseway Group Limited (the Company)

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

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

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