Australian Shareholders' Association Limited
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Culture and creativity driven by mantras and values

Company/ASX Code	WiseTech Global Limited
AGM time and date	10:00am AEDT Friday, 24 November
Location	https://meetings.linkgroup.com/WTC23
Registry	Link Group
Type of meeting	Virtual only
Monitor	Allan Goldin assisted by John Lin
Pre-AGM Meeting	Andrew Harrison Chair and Ross Moffat Head of Investor Relations

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

1. How we intend to vote

No.	Resolution Description	
2	Adoption of the Remuneration Report	For
3	Re-Election of Charles Gibbon	For
4	Grant of share rights to Executive Director Maree Isaacs	For
5	Amendments to Constitution	For
6	Reinsertion of Proportional Takeover Provisions	For

2. Summary of Issues

- Can the margins return to previous levels?
- Is there growth opportunities?
- Will the Board be refreshed?

Another very good year financially with revenue up 29% and happily, WiseTech (WTC) which has often been criticised for growing only by acquisitions, reported that more than 85% was organic growth.

The majority of growth came from CargoWise, with revenue up 41% to $659.6 million. This increase reflects growing usage by existing customers and new customer signings. This result was underpinned by a 96% recurring revenue base, and a low attrition rate of less than 1%, where it has been for the last 11 years, making the existing business very stable and predictable. CargoWise recurring revenue growth has been 33% cumulative average growth rate (CAGR) from FY16 to FY23 with its major growth drivers being large Global Freight Forwarder rollouts, new & existing customer growth, new product enhancements reflected in price, major new product releases and market growth.

In FY23, the R&D investment increased by 45% on FY22 to $261.9 million, with 1,130 new CargoWise application suite product enhancements. Over the past five years, WTC has invested over $880 million in R&D delivering more than 5,300 product enhancements. This expenditure on R&D will continue at the same percentage of revenue, approximately 30%, for a number of years. Part of the success of Wisetech has been the continual enhancements to the existing suite of products plus the introduction of new complimentary modules.

The fact that there has been a loss of margin has resulted, at the time of writing, in a 32% decrease in the share price from the 12-month high. That still reflects a very high PE of 77, which will need evidence that margins are being restored to previous levels to continue or lift.

The main reason for this reduction in margins was the two large purchases, Envase Technologies and Blume Global. As these two companies are trading at comparatively low margins, WTC is confident based on past experience that they can make a number of cost savings based on people and procedures. Plus, the company expects to return the margins will be back to the levels seen in 2022, by transferring these two companies existing systems to CargoWise and other WiseTech software. It should be noted although the margin will likely increase in 2024, the effect of a full year reporting of the two new purchases means that it will not be as large as otherwise.

WiseTech Global has guided for FY24 revenue of $1.04 billion to $1.095 billion, representing revenue growth of 27% to 34%, with CargoWise revenue expected to grow by approximately 34% to 43% overall. In terms of FY24 EBITDA, they expect to deliver $455 million to $490 million, representing EBITDA growth of between 18% and 27%.

Wisetech says they are able to provide such guidance (with the usual disclaimers about it not being guaranteed) in advance because the large customers using their products are very sticky as WTC solutions provide a core part of their logistic business. With the top 10 customers providing 24% of revenue and knowing that at the top end of the logistics business, there is not a great deal of competition from providers of software who can provide a product with the same amount of sophistication.

It is very unfortunate that WiseTech is not having a physical AGM. ASA strong preference is for a hybrid AGM which means a physical AGM with a live interactive digital component. We feel this allows the greatest interaction for shareholders and the company.

By ASA's definitions of independence excluding 12 years or more of board tenure, the board is currently made up of 4 independent and 3 non-independent directors. ASA would be more comfortable if there was a greater majority of independent Directors. As well for a Company which is a strong advocate for women in technology and in senior roles, the current board is slightly below where they would like to be in terms of female representation which we are sure will be addressing shortly.

(As at FYE)	**2023**	**2022**	**2021**	**2020**	**2019**
NPAT ($m)	212.20	194.60	108.10	160.80	54.10
UNPAT ($m)	247.60	189.80	114.20	69.40	67.30
Share price ($)	79.81	37.85	31.93	19.35	27.71
Dividend (cents)	15.00	11.5	6.55	3.30	3.45
Simple TSR (%)	111.30	18.70	65.00	(30.10)	77.10
EPS (cents)	64.80	59.70	33.30	50.30	17.70
CEO total remuneration, actual ($m)	1.00	1.00	1.00	1.00	1.00

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

The 24 pages of the Annual Report devoted to Sustainability- People – Community- Marketplace- Environment finishing off with Performance Data tables is easy to read while being very informative.

Two quotes sum up WTC belief in regard to culture and the workplace:

"We continue to operate a hybrid rhythm for our teams globally. Our approach is less about 'doing a day's work in the office', and more about coming to the office with purpose;

"WiseTech is a company that creates enormous value. The purpose of a company can't be just profit, it's got to be something more meaningful. Our social responsibility, particularly around education, is beneficial to society but also for WiseTech's long term." Richard White, Executive Director, Founder and CEO

Key events

The signing of the first global customs rollout with the #1 Top 25 Global Freight Forwarder, Kuehne+Nagel, in the second half of FY23. FedEx Trade Networks also confirmed, after 30 June 2023, that they intend to roll out CargoWise global customs alongside their ongoing global forwarding rollout.

Buying US firms Envase Technologies for $US230 million and Blume Global for $US414 million to gain a greater presence in the landside logistics market.

Bolstered its investment in landside logistics products, buying an Australian online marketplace called MatchBox Exchange which allows logistics companies to reuse and exchange shipping containers**.**

The 10-page Corporate Governance Report contains some good detail and philosophy, with two notable exceptions. Firstly, it would be more informative to list the skills of the board by an individual director than as a whole. Secondly, we consider Charles Gibbon as non-independent Director due to his long tenure and 5% shareholding, in contrast to the board (excluding Mr Gibbons) considering that his interests will be no different to those of shareholders with smaller stakes.

Sustainability/ESG

The substantial, 24-page Sustainability report has been informed by the internationally recognized Global Reporting Initiative (GRI) Framework and the SASB Software and IT Services Sector Standard. Over time, the Company will continue to develop and build on their ESG disclosures in alignment with new sustainability accounting standards.

Rationale for Voting Intentions

Resolution 2 - Adoption of the Remuneration Report FOR

Good alignment with shareholders with a minimum holding requirement of 100% of fixed remuneration for Executive KMP, in the form of shares or share rights, within five years of appointment, and 100% of base fees for Non-Executive Directors, in the form of shares, within three years of their appointment to the Board.

A great employee plan, that many more should adopt, is called Invest As You Earn (IAYE). Employees can invest up to 20% of post-tax salary on a monthly basis during a calendar year to acquire shares, receiving one share right for every five shares acquired – Available to all employees (subject to local regulations).

The Company wants as many employees as possible to have a shareholding in WTC, and excluding the two new purchases, 85% do. This ownership drive results from IAYE combined with the fact that throughout the Company Fixed Annual Remuneration (FAR) includes an equity component, which is paid out over 4 years. It should be noted this is also a retention mechanism as it is only paid as long as the employee is with the Company.

A very good plan for non-executive Directors to forgo pre-tax remuneration in order to increase their equity in the Company.

What is very poor, is that the Company has no Long-Term Incentive (LTI) plan. WTC obviously has long-term strategies, plans and goals. But not having key management incentivised to make sure that those medium and long-term future plans are met, may lead to executives to concentrate on immediate short-term areas for which they receive bonuses.

The executive KMPs do have a short-term equity-based performance incentive plan, vesting over a 4 year period but only based on hurdles achieved in one year, with the option to clawback the awards should the board deem it appropriate. 70% of this Short Term Incentive (STI) is based on financial and operational targets which make it easy to measure the achievements. The only question that can arise is whether the targets are set too low. There is variation in the amounts awarded from year to year,

The remuneration payments seem to be well aligned with the Company's financial results, so even though we see the absence of an LTI plan as a substantial weakness – it is not claiming the incentives are long-term - so we will be voting our undirected proxies in favour of the Remuneration report.

Resolution 3 - Re-Election of Charles Gibbon - FOR

Charles Gibbon joined the Board in 2006, served as Chair from 2006 to September 2018 and has been a shareholder since 2005. He has more than 20 years of experience in institutional funds management. Mr. Gibbon is currently a director of ASX-listed Health Communication Network Limited.

The Board considers Charles to be an independent director. ASA definitely does not consider him independent, as he has been a Director of WiseTech prior to and after listing for a total of 17 years. With 17,349,014 shares he controls 5.47% of the Company's voting power.

As the 7-person board has 4 independent Directors re-electing Mr. Gibbon means the Company still maintains a majority of independent Directors, therefore ASA will vote any open proxies it receives in favour of his re-election.

Resolution 4 - Grant of share rights to Executive Director Maree Isaacs

This grant of 3,071 share rights or the cash equivalent was earned by Maree Isaacs as her participant in the performance incentive scheme in her executive role. As ASA is in favour of the remuneration scheme we will be voting any undirected proxies in favour of her receiving this payment.

Resolution 5 - Amendments to Constitution – FOR

As ASA, on its reading of the constitutional changes, does not believe they act against the interests of retail shareholders they will vote their undirected proxies in favour of the constitutional changes.

Resolution 6 - Reinsertion of Proportional Takeover Provisions - FOR

ASA believes that the Proportional Takeover Provision is of benefit to shareholders and will be voting its open proxies in favour of its reinsertion.

Appendix 1
Remuneration framework detail

As the CEO owns 40% of the Company he receives a fixed salary. The remuneration framework is best shown by looking at the CFO Andrew Cartledge

CFO rem. Framework for 2023	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	0.760	50%	0.760	42%
FR - Equity	0.175	10%	0.175	8%
STI - Equity	0.600	40%	0.900	50%
LTI	0	%	0	%
Total	1.535	100.0%	1.835	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.
*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CFO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.