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**Wiseway Group Limited**  
ABN 26 624 909 682

## ASX Announcement

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### 2022 Annual General Meeting – Chair’s and CEO’s Address

Wiseway Group Limited (ASX: WWG, “**Wiseway**”, or “**the Group**”), is pleased to release its Chair’s and CEO’s Address which will be delivered at the AGM today at 10:00am, Tuesday, 22 November 2022.

Good morning, I am Florence Tong, Executive Chair of the Board of Wiseway Group Limited.

May I start by acknowledging the Gadigal people of the Eora Nation, the traditional custodians of this land on which we gather today, and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

I would like to welcome you to Wiseway’s fourth Annual General Meeting.

After the recent disruption that has forced companies to turn to virtual AGMs, it is wonderful to be able to meet with so many of you face-to-face once again.

In attendance here in Sydney is fellow Non-Executive Director Astrid Raetze and Wiseway’s Co-Founder and CEO Roger Tong. Non-Executive Director Brandon Teo joins us remotely from Singapore while Non-Executive Director Ken Tong is an apology.

It is a particular pleasure to address you today because Wiseway sits at an exciting point in its journey of transformation from small road haulage firm to the integrated freight and logistics operator before you today.

Pursuit of this journey has driven our growth, prompted the establishment of a global network of transport hubs and business divisions, and powered the creation of a strong team, brimful of sector and regional expertise.

It is your effort which secures Wiseway’s bright future. Thank you all.

2022 marked another year of solid growth for Wiseway, with the Company recording a record Group Revenue of \$130.1 million – an improvement of 3.3% on the prior year.

This was accompanied by continued success in our diversification strategy, with revenue from key segments outside the traditional dry outbound air freight division increasing collectively by 43%.

Our international footprint continued to expand as we added new hubs to our global network – positioning Wiseway to capitalise on the promising opportunities presented across the Asian and North American markets.

During 2022, we have also achieved exciting milestones by completing our second cross-border acquisition, of SEAIR International in the Philippines, and by securing the lease of a new aircraft, which will form an essential asset on our logistics fleet.

These achievements are all the more remarkable as they have been delivered amid a very challenging macroeconomic environment. Like many organisations dependent on the free flow of commerce, Wiseway has not been immune to the turbulence which has played such a role in the past 12 months.

Profitability was hit by the expansion of COVID-19 measures imposed in China, the extraordinary flooding across New South Wales and Queensland and a reduction in air freight capacity.

The Company reported an EBITDA loss of \$200,000 over the period – and a Net Loss Before Tax of \$7.3 million for the full financial year.

In response, we have taken definitive steps to create a cost structure which is closely aligned to revenue streams and implement initiatives to intensify our optimisation of operational costs – improving productivity, strengthening margins and delivering superior value to our shareholders.

Our CEO will outline the detail around this undertaking shortly.

What is important to note is that while the sector has faced choppy waters, Wiseway has remained resolute in pursuing activities to futureproof its business.

The message here is clear – Wiseway emerges from the last 12 months stronger than when it entered.

I wish to assure you all Wiseway remains focused on delivering for our investors and protecting their interests through our journey forward.

Our capacity to address the specific needs of our customers has been enhanced, our ability to leverage emerging synergies and drive down operating costs has been bolstered, and our balance sheet and capital structure have been strengthened.

Our journey forward remains on track.

Turning to some of the key milestones in that journey, 2022 marked the successful integration of Singapore-based air freight company TAF E-Logistics.

This acquisition does not only provide us with a strategic cargo hub at the heart of Southeast Asia's logistics industry, but also provides Wiseway with the extensive and relevant regional expertise of Brandon Teo and his team.

The value of this integration is becoming increasingly clear – with \$2.3 million dollars in revenue generated in less than 10 months of full operation.

Wiseway Singapore is also delivering additional synergies to support the Group's global revenue while our network of clients and partnerships across the region continues to climb.

A key metric through which we wish to measure our journey of growth is the expertise we are adding to our ranks – a diversity of experience, expertise and capability driving the ongoing diversification of our revenue streams.

For example, the team leading our activities in non-traditional segments is solid with experience across freight forwarding, perishables, road transport and sea freight – and they are united by an ambition to meet the growing demand across these sectors.

Meanwhile this diversification of experience is not just sector-specific – it is also regional and international.

We have worked hard to secure the right people to set up our presence in new countries, to identify the unique opportunity each presents and to uphold Wiseway's reputation as a trusted partner.

As Wiseway has grown, the way we look after our team has had to adapt to meet the challenges that have emerged.

The Company has again invested in securing the right talent to build robust processes and uphold the safety and wellbeing of our employees.

It is right that we focus on this effort, and I am proud of the advances we have made.

Of course, our big news over the past few days has been that – subject to conditions and regulatory approvals – Wiseway has entered into an agreement to become the majority shareholder in Southeast Asian Airlines International, or SEAIR as it is commonly known.

This acquisition is a compelling and strategic opportunity for Wiseway to further diversify its income streams in the international air freight market – and build on SEAIR's established presence in a key cargo hub within Southeast Asia.

With Wiseway's strong legacy of operations across the China market and our established branch in Singapore serving Southeast Asia – the Philippines was the natural next step as the gateway between the two regions. Reasonable estimates judge the logistics sector in the Philippines reached 267 million tonnes in 2021, recording growth of 13.5% year on year. This agreement will specifically open up tremendous opportunities for Wiseway's expanding operations within distribution, road transportation, and last-mile delivery.

We are confident Wiseway will now have enhanced access to lucrative established markets in Japan, South Korea, Taiwan, and Hong Kong – as well as the opportunity to explore underserved markets such as Palau, Macau, and Vietnam.

So why SEAIR?

This agreement is the result of months of painstaking work to find the perfect partner.

SEAIR is a Philippines-based all-cargo airline headquartered at Clark International Airport, 80 kilometres northwest of the country's capital, Manila.

The Company operates two B-7-3-7 freighter aircraft across the key trade air routes linking Manila, Clark, Cebu, Davao and Palau – and offers charter services for the transportation of general cargo, perishables, and valuable goods to various major airports in the Philippines.

Established in 2011, it has strong partnerships and a trusted reputation – our agreement will pave the way for expansion, job creation and investment in the country, and allow the wider Wiseway Group to take full advantage of the synergies that emerge, and deliver a holistic and integrated freight and logistics offering.

Importantly, this acquisition will allow our Group to gain full value from our recently leased and future aircraft acquisitions, through access to SEAIR as an Air Operator Certificate holder in the Philippines.

It does not just add additional aircraft capacity and access to a strategically placed hub at the heart of the Southeast Asian market – it also adds invaluable sector-specific expertise and capability to the Wiseway family.

Founders Mr Irène Prosper Heinrich Dornier and Mr Nick Gitsis bring extensive sector experience and a history of driving profitable air cargo operations, and their addition empowers our ability to deliver innovation, resilience, and reliability to our customers.

They are two of a team full of talent – each and every one is a valued addition to our organisation.

The outcome is clear – this agreement will allow us to fly our customers' cargo to more destinations and offer faster, more reliable, and more cost-effective solutions.

In terms of the deal's structure, Wiseway has entered a conditional investment agreement subscribing for a 51% stake in SEAIR.

The Wiseway Board is convinced in the merits of this deal, and we are confident that this transaction will be earning-accretive in the first full year of operations.

Part of that merit is that through the staged nature of the purchase consideration and with a solid balance sheet in place, the Group has been able to fund this acquisition from its own funds, without requiring external financing.

The securing of a leasing agreement, providing Wiseway with exclusive access to a class-leading Boeing 737-800 cargo-freighter for the next eight years elevates the organisation's expansion efforts and marks a pivotal moment in Wiseway's growth journey.

The aircraft unlocks greater efficiencies across our network, allowing us to offer our customers enhanced services and the agility to meet with evolving international cargo requirements.

Of course, the value of this acquisition is supercharged by the agreement with SEAIR – which is subject to conditions and regulatory approvals – and our access to the certification will allow us to fly our customers' cargos to more destinations with increased flexibility and agility.

It also elevates Wiseway's status in terms of reliability and capability, and positions us among the world's top logistics agents.

While entry into the airline sector comes with high barriers of entry, it also brings the rewards of low competition and an additional flexibility in delivering for our customers – unlocking a long-term profit base and additional revenues which can, in turn, be amplified across our global network.

It opens up not only additional agility and opportunity, but also synergies which will sit at the heart of our cost optimisation initiatives, delivering increased capability, additional flexibility and superior outcomes.

The step-change in Wiseway's status driven by this addition is already becoming clear – influential companies who seek partners in control of their own resources are approaching us directly while airport operators are inviting us to open new routes.

This acquisition complements the work to broaden Wiseway's presence across other markets over the last year.

In April we announced our intention to establish a new cargo hub in Chicago – broadening Wiseway's truly integrated network of global hubs to encompass 11 cities across five countries.

The opening of the Company's second hub in the United States coincided with being awarded an Indirect Air Carrier (IAC) certificate by the U.S. Department of Homeland Security, Transportation Security Administration.

This accreditation will deliver the valuable competitive advantage of dealing with airlines directly and on preferential terms.

Resilience has always been central to Wiseway's business, alongside a dedication to delivering innovative and reliable logistics solutions to our customers.

We have an established reputation of delivering where others fall short, and Wiseway's team is united by a common desire to protect and enhance that reputation.

It is that passion that has driven our work to secure the exclusive use of a class-leading Boeing 737-800 Super Freighter through a 96-month leasing agreement, an asset which will supercharge our ability to deliver greater efficiencies across our expanded network.

Our journey forward remains on track.

This transformation has seen the Wiseway family expand to an organisation with over 160 employees spread across five countries and 11 logistics hubs.

Once again, I wish to remark on their endeavor and execution.

It is a source of great pride to be part of such an exceptional group of people.

I would also like to recognise the contribution of two members of the Wiseway Board who have departed over the past year – Chairman Michael Hughes and Non-Executive Director Rob McNutt.

Both provided significant contributions over a period of growth and expansion for the Company, and they leave with our gratitude.

Over the period we have welcomed Astrid Raetze as a Non-Executive Director, who brings with her an expertise spanning the sectors of law, banking, and fintech. She has already proven herself a valued addition to our Board. Astrid is standing for re-election today.

Finally, I would like to recognise the shareholders who continue to back our vision and support our ambitions.

Wiseway has always sought to act as our customers' trusted partner within the supply chain of the future; to build a lean operating platform and establish strategic partnerships that can adapt to disruption and cater for emerging consumer trends and preferences.

Wiseway enters 2023 ready to continue in this effort – strategically positioned and financially stable, with prudent debt levels and a healthy balance sheet from which to continue the progress we have made, setting up the business for success in the years to come.

It is a privilege act on behalf of a shareholder base that supports our purpose and values.

I would now like to introduce Roger Tong – our Co-Founder and CEO.

## **CEO Address**

2022 marks Wiseway's fourth full year as a listed company, and 17 years since it was first founded.

While the Company looks very different today, its mission remains a constant – driving us forward and fueling our 'first-mover' approach.

Being flexible, agile and in tune with the needs of our customers has always been at the heart of Wiseway's approach – and that in turn has played a key role in shaping the strategy that we have followed.

The last year has been a year of progress in our pursuit of increased resilience and diversification.

It marks the fifth year in a row in which revenue has increased year on year.

However, as our Executive Chair has already identified, over the period the financial performance of the Company has not followed the growth in revenues achieved.

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

Additional investments in growing the Company's team in the USA, China and Singapore also played a part in our results over the period.

This alignment in profitability with our growing revenue will come.

Indeed our business is increasingly prioritising meeting its profitability targets, with enhanced focus on individual division profitability to ensure margins are strong, costs are optimised and profit levels are sustainable.

Combining the benefits of scale and a resulting lowered cost to serve with stronger margins will sit at the heart of the Company's progress forward. Our growth strategy is in hand – with Wiseway having invested significantly in its freight network, in expenditure across the Imports business to open up future growth opportunities and strategic customer relationships established as part of our on-ground entrance to the US and Southeast Asian markets.

The foundations for this approach are already in place, our balance sheet is strong and the pursuit of greater synergies and efficiencies across our network will continue to gather pace over the coming months.

Our global expansion strategy has been under way for three years – with the organisation now situated in 11 cities across 5 countries.

Wiseway has strategically located operations in critical transport hubs across China, North America and Singapore – and are all poised to capitalise on the global expansion expected across the sector we operate in.

We now have a team of experts on the ground across the world, delivering industry-leading logistics solutions to our customers.

This has been achieved through considered growth, not growth for growth's sake.

When Wiseway first listed on the ASX, 92% of our revenue came from the division of outbound air freight. Today, that division provides only 40% of group revenues. This highlights our progress and success in diversifying Wiseway's offering.

Additionally, during that same past period, the majority of our business was driven by export freight volume with China-based shipping destinations. This export into China business now accounts for only 34% of our freight volume.

The potential of the global expansion linked to our diversification is clear – with our China, New Zealand, United States and Singapore-based operations contributing \$13.1 million dollars (10%) of total revenue over FY22.

A 43% increase in collective revenue from divisions outside of dry outbound air freight is a testament to the results of our diversification program – with some key highlights including a 51% increase in our perishables division, a 46% growth in interstate road transportation and a 34% increase in Imports and Distribution – once again driven by a surging demand for e-commerce transactions.

That is not to suggest we have missed the chance to maximise the revenues from the dry outbound air freight division – with this core business delivering \$52 million in revenue over the period.

These achievements demonstrate the progress in our overall strategic vision and mark the latest milestones in Wiseway's journey forward – bigger, better, brighter.



Wiseway is now several months into a thorough performance review of its divisions, seeking to ensure our cost structure best matches revenue contribution across each division and regional presence.

Our enhanced focus on cost optimisation in the coming periods will effectively control operating costs, identify under-utilised assets and harness integration synergies, driving us towards sustained profitability.

Examples include the right sizing of the number of trucks directly owned by the business and drivers employed by the Company, and using contractors to lock in positive margins on routes generating less demand and higher operational costs.

The exploration of alternative financing opportunities is a continuous process – already responsible for securing superior terms over the period under review.

Our goal remains clear – to focus Wiseway’s strategic investment on strengthening our global operating platform and logistics infrastructure and to continue creating a team capable of operating our business model at scale.

This program is targeted at increasing our reliability, providing additional capacity in periods of peak demand, and ensuring the resilience is there to protect Wiseway against future supply chain challenges.

Wiseway’s highly experienced and capable management team is optimistic that business performance will improve over the next 12 months – and that the care the Company has put into maintaining valuable and strategic partnerships amid the lockdowns which have disrupted supply chains will deliver considerable benefits.

In light of this investment – and the success it has delivered – we will continue to focus on solidifying the Group’s international footprint, securing the very best talent with local expertise at each location on the ground and delivering long-term value to our shareholders.

Wiseway has already made considerable inroads into this stream of work.

The Company will also continue its expansion activities outside of the traditional mainstay of dry air freight, pursuing new vectors in Perishables, Imports and Sea Freight.

We have already seen exceptional success in this, but progress must be maintained if we are to continue to pursue our diversified growth strategy.

So, we talk often about Wiseway being ‘uniquely positioned’ within the industry – but what do we mean by that?

Innovation, agility, and reliability lie at the heart of all Wiseway’s operations and everything we do.

As our global network of business divisions has grown, we have worked carefully to ensure this purpose is not lost.

To be truly integrated and to capitalise on our growth aspirations, we have to ensure that we never lose sight of our primary goal of delivering sophisticated logistics solutions in an ever-changing world.

This approach, and our heritage in the market, continues to win new clients and build loyalty among our existing customer base.

At last year’s AGM, we spoke of the challenging nature of the prevailing operating environment.

That environment continues to be challenging.

Wiseway however is stronger, more robust and better armed to seize on the opportunities that are presenting as the pressures around international supply chains ease.

Our network is well established, and we continue to add expertise to our ranks to accelerate our growth.

Strategic investment continues to create new avenues to serve our clients and additional pathways to more sustainable profitability.

A new loan facility agreement with more flexible covenants, a successful pro-rata non-renounceable entitlement offer to eligible shareholders and a solid cash position means the Company has a healthy balance sheet from which to add to our capabilities if the right opportunity arises.

As our Chair has said, our future is bright – and we are confident we have taken the right steps to ensure Wiseway continues to maximise outcomes – for our shareholders, for our staff and for our customers.

**Ends**

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

For further information, please contact:

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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](http://www.wiseway.com.au)**