

MARKET RELEASE

30 May 2023

2023 Full Year Results Announcement

Total trading revenue up 27%, demand increasing

TradeWindow (NZX: TWL) today announced its financial results for the full year to 31 March 2023¹, delivering a 27% increase in trading revenue driven by solid organic growth.

Key highlights include:

- **Trading revenue** \$4.9 million, up 27%
- **Annual recurring revenue**² \$5.2 million, up 39%
- **Total income**³ \$5.7 million, up 18%
- **Gross margin** 46%, down 4ppt
- **Total operating expenses** \$17.4 million, up 21%
- **EBITDA loss** \$11.7 million, up 22%
- **Net loss after tax** \$9.8 million, down 10%
- **Cash and cash equivalents** \$6.1 million

Trading revenue and total income were within the revised guidance ranges of \$4.8m-\$5.1m and \$5.5m-\$5.8m respectively.

TradeWindow Chief Executive AJ Smith said: “TradeWindow’s strong growth reflects increasing demand for our digital trade solutions. Exporters, importers and freight forwarders are seeing the benefits of moving from manual processes to digital trade and are selecting TradeWindow solutions to be more efficient, connected and transparent.

“Our comprehensive solutions, underpinned by our global trade platform, mean we are well positioned to take advantage of the growing opportunities in digital trade in existing and new markets.”

Financial update

Trading revenue was \$4.9 million, up 27% from \$3.9 million, reflecting solid organic growth and the full-year impact of prior acquisitions. Revenue growth reflected increased sales across all product lines with revenue for Cube (the cornerstone of the global trade platform) up 341%. Total income was \$5.7 million, up 18% from \$4.9 million.

Annualised recurring revenue (ARR) grew by 39% to \$5.2 million, the result of strong sales growth and 93% customer retention.

Recurring revenue as a percentage of trading revenue was 90%, up from 83% in FY22.

¹ All comparisons are to the twelve month period to 31 March 2022 unless otherwise stated

² Annual recurring revenue is calculated using subscription revenue for March 2023 and the monthly average of transaction revenue for Q4 2023 annualised.

³ Total income includes government R&D grants and NZTE growth grant.

TradeWindow's monthly average revenue per customer was up 9% to \$1,289 for exporters and importers and up 22% to \$595 for freight forwarders.

Total operating expenses were \$17.4 million, up 21% from \$14.4 million, reflecting planned investments in market development and the global trade platform.

TradeWindow's EBITDA loss was \$11.7 million, up 22% from \$9.5 million, and its net loss after tax reduced to \$9.8 million⁴ from \$10.8 million.

In March, TradeWindow announced cost reductions to put the business on a more sustainable footing as it balances growth, profitability and available funding. These reductions will be visible in FY24.

Business highlights

Mr Smith said: "Business momentum is continuing to build with a particularly strong final quarter of 2023.

"We have seen growth in products used by exporters and importers, with revenue up 23%, and by freight forwarders, up 36%. Our key Australasian market performed strongly, with trading revenue up 27%.

"During the second half, we successfully implemented new processes to increase the speed of onboarding. This minimises the time between sales conversions and receipt of revenue as well as improves customer experience."

Capital management

At 31 March, TradeWindow's cash balance was \$6.1 million.

During the second half, TradeWindow raised \$5.4 million under a capital raising. Acknowledging the challenging funding market, TradeWindow announced cost reductions to reduce cash usage to a more sustainable level, with a more conservative approach to its R&D investments. Following the cost reductions, TradeWindow anticipates sufficient funding for the FY24 year, without any new capital receipts⁵.

TradeWindow continues to consider its capital requirements for FY24 and beyond. On 31 March, TradeWindow announced a heads of agreement with nChain for an \$11.1 million strategic investment including a combination of \$2.4 million cash, and product and services to the value of \$8.7 million, which will be used to complete the global trade platform. The agreement is subject to agreeing long-form documentation setting out full details for the strategic partnership, and approval of those final terms by TradeWindow shareholders. The parties are actively engaged in reaching agreement on the long-form documentation and TradeWindow will keep the market updated as required.

⁴ The amount includes a fair value gain on contingent consideration revaluation. Further detail is provided in the investor presentation.

⁵ Further detail on the Company's going concern assumption are on page 10 of the 2023 Financial Statements. Note these assumptions relate to the 12 months from today's date.

Outlook

Mr Smith said: "TradeWindow is well positioned to maximise opportunities in digital trade and food traceability. We anticipate that demand will be driven by exporters, importers, and freight forwarders seeking cost efficiencies from technology and needing to meet new regulatory standards, especially in food traceability.

TradeWindow confirms guidance for FY24 trading revenue at \$7.0 million to \$8.0 million.

TradeWindow continues to focus on cost discipline and anticipates average monthly cash outflow to reduce from \$1.0 million for the second half of FY23 to \$400,000 for the second half of FY24.

TradeWindow anticipates achieving monthly EBITDA breakeven by the end of FY25 and monthly cashflow breakeven in FY26.

Guidance for FY24 is subject to ongoing geopolitical and environmental uncertainty including the impact of ongoing supply chain challenges, and the timing of customer decisions and implementation of Cube and other solutions.

Webcast

TradeWindow will host a webcast at 11am this morning NZT on the full year results. Participants can register for the conference by navigating to <https://s1.conf.com/diamondpass/10031011-mtqeu7.html>

The webcast can be accessed using the same link.

Released for and on behalf of TradeWindow by:

Deidre Campbell
Chief Financial Officer

ENDS

About TradeWindow:

Founded in December 2018, TradeWindow is an NZX-listed software company that provides digital solutions for exporters, importers, freight forwarders, and customs brokers to drive productivity, increase connectivity, and enhance visibility. TradeWindow's software solutions integrate to form a cohesive digital trade platform that enables customers to more efficiently run their back-end operations, share information and securely collaborate with a global supply chain made up of customers, ports, terminals, shipping lines, banks, insurance companies, and government authorities.

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