

## 2023 annual shareholder meeting addresses

### ALASDAIR MACLEOD, INDEPENDENT CHAIR ADDRESS

Tena koutou, tena koutou, tena koutou katoa.

Kia ora and good morning, and welcome to TradeWindow's Annual Meeting. My name is Alasdair MacLeod, I am the Chair of the company.

On behalf of the Board, thank you for attending the 2023 Annual Meeting.

I would first direct your attention to this slide 3 and this important notice on the presentation.

We will be presenting a series of slides that have been released to the NZX this morning and are also now available on TradeWindow's investor website.

Before we start with the formal business of the meeting, I have a couple of housekeeping points.

I am on slide 4

Today's meeting is being held online via the Computershare Online Meetings platform.

If you have a question to submit during the live meeting, the Q&A is always open so please feel free to submit questions throughout the meeting, these will be addressed at the relevant time.

Questions may be moderated or if we receive multiple questions on one topic, amalgamated together. Any questions not answered in time will receive an email response after the meeting.

Voting today will be conducted by way of a poll on all items of business. I will shortly open the voting for all resolutions.

I am on slide 5

If you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. Once the voting has opened, the resolutions will allow votes to be submitted.

You can change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business. I will give you a warning before I move to close voting.

Turning to slide 6

Let me introduce you to my fellow directors who are joining me today:

AJ Smith, our Managing Director and Chief Executive Officer

Independent Director Diana Puketapu

Executive Director Kerry Friend, and

Independent Director Phil Norman

Also joining us online are:

Aaron Woolsey representing our Auditors KPMG who will be available to respond to questions later in the meeting;

Ian Beaumont from our lawyers Russell McVeagh, and members of our senior management team:

Andrew Balgarnie our Chief Strategy Officer and company secretary

Deidre Campbell – our CFO

You can find details of all directors and the senior management team in our annual report and on our website.

The Company's constitution prescribes a quorum of ten shareholders. I can confirm this requirement has been met. Accordingly, I declare the meeting formally open.

The items of business for this meeting and the resolutions to be considered by shareholders are contained in the Notice of Meeting which was sent to shareholders on 8 August 2023.

In terms of the Order of the Meeting, I will say a few words on the results for the 2023 financial year. Following this AJ will give a presentation covering a review of the 2023 financial year, the trading update we released to the market earlier this month and an overview of the nChain transaction on which we will vote upon today.

We will then consider the formal business and resolutions of the meeting.

In relation to the resolutions, there will be opportunities for shareholders to ask specific questions as we address each resolution in the formal part of the meeting, and there will also be an opportunity to ask general questions after AJ and I have completed our addresses.

I am now on slide 8

I would like first to turn to our performance in the 2023 financial year.

The board is proud of the company's achievements. On all our key performance indicators, we delivered a pleasing result.

Trading revenue, average revenue per customer and absolute customer numbers all grew. And - as AJ will detail in his address - we have seen an improvement in these measures in the first quarter of the new financial year.

In the second half of the year, we introduced a new measure of annual recurring revenue or ARR as a more insightful measure of our revenue position. ARR is a commonly used metric among 'Software as a Service' businesses, particularly growth companies.

With its focus on current or recent revenue levels as the starting point, it is regarded as a reliable indicator of expected revenue for the coming twelve months.

The percentage of expenses on R&D and commercialization reflected the planned investment programme for FY23. In March we began to implement plans to reduce costs.

AJ will outline the benefits of these initiatives shortly.

Turning to our financial performance on slide 9

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

Consequently, our EBITDA loss was \$11.7 million, up 22% from \$9.5 million last year, but our net loss reduced 10% to \$9.8 million after accounting for the revaluation of an acquisition contingent earnout.

Expenses and EBITDA reflect FY23 figures prior to the cost reductions.

Into the new financial year, we have continued to take a disciplined approach to operational expenditure, while ensuring targeted investments where necessary to achieve our goals.

The nChain agreement, as we will discuss shortly, supports our aspirations in this respect.

Our funding position – slide 10 - has been at the top of mind through the last year. Our efforts to secure long-term funding, have been limited by the difficult and competitive capital markets we faced through the year.

In an environment of rising interest rates, growth companies such as TradeWindow always face hurdles, but the extent of the interest rate rises we have seen over the last year have made this challenge especially difficult.

It is a credit to the team and the strength of the TradeWindow business model that we have weathered these conditions well. It also reflects the strength of our cornerstone shareholders and their determination to see us succeed. We thank you all for your ongoing support.

During the second half, we raised \$5.4 million under a capital raising, while we cut costs to ensure we could continue to fund our growth.

Our cash balance as at 30 June 2023 was \$3.5 million, down from \$6.1 million at the end of March.

Assuming shareholder approval of the nChain agreement today, we will receive an additional \$2.4 million to support our reserves.

It is also worth noting that nChain's agreement to provide services in exchange for equity puts us on track to complete our global trade platform within 24 months.

I am now on slide 11

TradeWindow understands the increased requirement from investors that we report on our sustainability strategies.

We are moving progressively to deliver on these commitments, while recognizing our priority is financial sustainability and managing the risks to our business – a focus that sits firmly under the heading of governance.

As an early-stage technology company we have a low carbon footprint relative to many other companies on the market.

For the moment at least, we are not required to report against the new climate reporting standards. That said, through a variety of practices that are embedded in our culture and operations we seek to minimize our environmental footprint.

We foster a high-performance team culture that embraces diversity and inclusion, recognizing that such a culture is pivotal to delivering a strong performance and plays a key role in attracting and retaining talent.

We are proud of the way AJ and the team has embraced the challenges of the last year and delivered for all of our stakeholders. On behalf of the Board and shareholders we thank them for their efforts.

Before closing I would also like to acknowledge the support and guidance of my fellow directors and on behalf of all shareholders thank them for their efforts on behalf of the company.

I would now like to hand you over to AJ for a review of our progress against strategy and our recent performance.

## **AJ SMITH, EXECUTIVE DIRECTOR ADDRESS**

Thank You Alasdair, and welcome everyone, joining us today.

Before I turn to the strategic achievements of the last year, and our performance in the most recent quarter,

I think it is first useful to dwell on our purpose; the problems we solve, and then the changes we see in international markets, that give us confidence in our prospects.

Slide 13 sets out the sheer complexity of the global trade system and the network of organisations which make up global supply chains.

The nodes in white are the points representing the physical flow of goods in global supply chains, the green elements cover the exchange of finance and finance documentation, while the blue shows information exchanges.

The sharing of data underpins all activities in this network, whether it is forming a sales contract, coordinating the physical movement of goods, or making a payment.

Global consulting firm, BCG, reports that a single transaction often requires the interaction of more than 20 entities, and involves between 10 and 20 paper documents and 5,000 data field exchanges.

TradeWindow is successfully digitalising these information workflows, delivering on its vision to provide end to end connectivity across global supply chains by building digital trade infrastructure, which means data straight through from beginning to end.

Despite the challenges of the last year nothing has more dis-saused us from pressing on with our goal. Indeed, we are more convinced than ever, about our proposition.

As you can see on Slide 14 the digitalisation of global trade is being driven by three major trends: macroeconomic, customer demand and market-enabling trends.

Market forces are converging to create the perfect environment for the widespread adoption of digital trade solutions.

Macroeconomic trends, including continued supply chain disruptions, inflation, and the global skills shortages, are pushing businesses in all countries to be more efficient and innovative.

Market enabling trends, include the opening of market access brought about through free trade agreements. Specifically, new free trade agreements with the UK, include provisions for electronic trade facilitation through interoperable systems.

Regulatory change is allowing for the legal recognition of electronic documents or instruments, playing into the hands of our technology.

The UK's Electronic Trade Documents Act passed into law in July, has for example given trade documents, including bills of lading, promissory notes, and bills of exchange, the same legal status as their paper equivalents. It sets a standard for the

UK's trading partners, including the New Zealand and Australian Governments to follow.

Food traceability solutions are also increasingly sought after as tighter regulatory standards are being introduced in major export markets including the USA and the EU.

Exporting food producers around the world, will need to implement a traceability solution if they're to continue to enjoy unhindered market access, although we are early in the technology adoption curve.

Our strategy as set out on slide 15 is robust, although given the constraints on funding we have shifted the emphasis to focus our resources on the Land and Grow pillars - as we believe this will provide a faster path to a self-sustaining model.

These pillars are essentially aimed at building our customer base and growing the average revenue per customer.

Unifying solutions into a highly scalable global trade platform remains a priority and, as I will discuss shortly, our efforts will be accelerated by the nChain deal.

Over the last year we have delivered against all these pillars as you can see on slide 16

We have extended our market penetration by consolidating our market share among large New Zealand exporters.

Our efforts to deliver increased value to our existing customers have been supported by the release of new features, which have strengthened the value proposition to customers.

I will expand on these achievements shortly.

The 'unify' element of our strategy involves converging the proprietary and acquired software solutions into a highly scalable global trade platform or trade management system.

It has seen the acquisition of Rfider last year, providing us with a food-traceability solution for our New Zealand primary sector clients.

For People, we are focused on productivity and a high-performance culture. Increasing our international presence - specifically expanding our presence in the Philippines -

has provided access to a deep pool of talent, as well as provided the impetus for TradeWindow to implement the systems and processes which enable the efficient and effective coordination of a globally focused team.

Turning to the 'unify' pillar of our strategy - slide 16 - how we are evolving our technology stack so we can continue to capitalise on the trends we are seeing in international markets.

We remain committed to targeted investments to ensure we grow and scale at the right pace. We made progress during the prior financial year in building key elements of the global trade platform.

It's important to note that we are already monetising these and prior investments.

The top horizontal line highlights how the global trade platform will service the end-to-end workflow of our customers.

This will be supported by TradeWindow's applications in place and future functionality highlighted in the second line. Additions over the past year have included multiple new integrations to Cube building our eco system,

Bookings and Schedules, as well as container Visibility functionality which have just gone live.

Our achievements have translated into continuing improvements in our key performance measures as we set out on slide 17

As we highlighted in our first quarterly shareholder update released to the market 22 August 2023, we've continued to win new customers, the majority of these

are freight forwarders switching from competing solutions in search of a more cost-effective solution to manage their operations.

We have been focused on streamlining our onboarding processes to provide a more seamless transition for our customers into the world of digital trade.

These efforts have contributed to an improvement in gross margin in the quarter, which - at 48% - is up two percentage points up FY' 23 result.

Growth in both the shipper and forwarder segments saw the team deliver a record month in a quarter which totalled \$1.5 million in trading revenue (unaudited) for the period 1 April to 30 June 2023.

On a forward-looking basis we expect current customer contracts to produce \$5.9 million in recurring revenue over the next 12 months.

This is tracking towards our guidance for FY24 revenue to range between \$7 million and \$8 million.

We are focused on maintaining a customer retention rate over 90%.

The high level of customer retention reflects the business-critical nature of our solutions and customers' growing reliance on our solutions to run their operations.

Our solutions help our customers meet their trade compliance obligations; we're focused on removing friction from what our customers must do.

I want to return briefly to our achievements against our Land, Grow and Unify pillars on slide 18 since it is our success in these areas, that give us the greatest confidence in our outlook.

At the end of June some 481 customers were using our technology with significant diversity, by revenue and industry.

We serve many of Australasia's leading export sector brands. We're proud to serve the majority of New Zealand's red meat sector, having onboarded Alliance in the past year.

Shortly after balance date, we announced a strategic partnership with Buy New Zealand Made, to verify and deliver enhanced supply-chain visibility for their 1400-strong pool of licensees.

Growing our customer base in Australia remains a priority.

In January, we received approval from the Australian Department of Foreign Affairs and Trade to issue Certificates of Origin to the Australian market.

Since receiving the accreditation, the team have been hard at work to implement the changes needed to ensure we can issue COO;s in line with local market requirements.

We plan to commercially launch our Australia Certificate of Origin offering during this quarter. The inclusion of Certificates of Origin within TradeWindow Cube - the solution at the heart of our global trade platform – is a real boost to exporters in terms of cost savings, efficiency, automation, and all-hours trade to keep globally traded goods moving.

It makes Cube even more attractive to Australian exporters.

We've been working to strengthen the value proposition of our Freight solution with the beta release during Q1 of Freight 'Web', a modular platform designed for freight forwarders to execute logistics transactions and manage backend operations.

The release includes a fresh new look to the user interface providing a more user-friendly experience.

Other key features include data validation which helps reduce operator errors by ensuring data is entered in the correct format.

I now want to turn to the nChain transaction and set out why we believe it represents a significant opportunity to accelerate our strategy and – importantly – why we believe it deserves your support in the shareholder vote today.

I am now on slide 21

The proposed transaction with nChain aims to create a long-term strategic partnership with a global leader in advisory, and research and development of blockchain technologies and solutions.

It provides TradeWindow with funding to support our growth strategy. It gives us access to the capabilities we need to complete the global trade platform and do so within 24

months which will enable us to monetise more products much faster, help us to localise and target new markets.

It also offers a capital efficient entry into the UK and Scandinavian markets and broadens TradeWindow's international network.

Perhaps most importantly for shareholders it aligns nChain's and TradeWindow's interests.

When we succeed nChain succeeds.

I will cover each of these points on the following slides.

So, who is nChain? Slide 22

Founded in 2015, nChain is a tech company offering software, IP licensing, consultancy services and venture capital, and offers deep domain expertise with a highly skilled team based in the UK, Switzerland, and Slovenia.

It is the developer behind the highly scalable open-source BSV Node, blockchain infrastructure designed for enterprise applications.

Moving to the transaction – slide 23

The detail is included in the Notice of Meeting, but the substantive points are as follows:

nChain has committed to a strategic investment in TradeWindow valued at \$11.1m comprised of cash, software licenses and services in exchange for 28 million TradeWindow shares at \$0.3952 each.

The share price of the deal represents an 18% premium on the closing price on 31 March 2023, the day the Heads of Agreement was announced.

Shortly following shareholder approval of the agreement:

nChain will make a \$2.4 million cash investment in exchange for 6 million shares;

it will provide a \$2.0 million credit for enterprise architecture services in exchange for 5 million shares; and it will provide a \$2.7 million credit for software licenses in exchange for 7 million shares.

Moving to slide 24 TradeWindow will issue a further 10 million shares to nChain.

However, these shares will be held in escrow and released as it delivers on an agreed programme of software development to complete our Global Trade platform.

The scope of work includes the refresh of legacy solutions, the consolidation of our technology stacks, upgrades to features and functionality, and integrations with key supply chain ecosystem platforms.

The transaction also sees nChain and TradeWindow enter into a strategic sales and marketing agreement as set out here on slide 25

nChain gains the exclusive right to sell TradeWindow's solutions in the UK and Scandinavia and will share recurring revenue generated in these markets 50/50 with us.

These are both significant markets with total cross-border merchandise trade of \$3.8 trillion.

The agreement means TradeWindow will be able to leverage to nChain's enterprise sales capability and reach and allow us to cost effectively enter new markets.

It will also accelerate TradeWindow's entry into the UK, a trade partner with growing trade links to economies in the Asia Pacific.

Finally, slide 26 - nChain is entitled to nominate a director to take a seat on TradeWindow's board so long as it maintains a 15% shareholding in TradeWindow.

The company has indicated, subject to today's shareholder approval of the transaction, that it will nominate its Chief Revenue Officer Leandro Nunes as a director.

We are delighted with the nomination.



Leandro brings more than 20 years' experience in corporate finance, product development, and sales across global organisations, including Mastercard and IBM.

His appointment would create further alignment between nChain and TradeWindow and it offers us opportunities to leverage his international network.

To summarise – slide 27

We are committed to our strategy, and we are pleased with our strategic progress, as I have outlined in the presentation.

We are targeting strong revenue growth for the new financial year, and this is supported by high degrees of recurring revenue.

The strategic agreement with nChain strengthens our balance sheet and accelerates our strategy. Importantly, it also further diversifies TradeWindow's shareholder base to include another high-quality institutional investor.

We remain focused on continued discipline on costs while making targeted investments to achieve our goals.

Before closing I would like to echo Alasdair's comments on the commitment and resilience of our team.

It has been a challenging year, with the constraints we have faced on funding, increasing the demands on our team.

The board and the senior management team are grateful for their commitment and their continuing enthusiasm they have demonstrated for our long-term goals, we thank them for their efforts.

Personally, I would also like to thank my fellow directors for the advice and support this year.

We maintain our guidance for FY24 trading revenue to range between \$7.0 million to \$8.0 million. As our quarterly figures show we are tracking towards that goal.

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

We continue to target EBITDA monthly breakeven by the end of FY25, before accounting for nChain, and monthly cashflow breakeven in FY26.

However, guidance for FY24 is subject to the uncertainty in the macro-economic environment and particularly the trajectory of the Chinese economy as well as the timing of customer decisions and the implementation of Cube and other solutions.

With that I would now like to hand you back to Alasdair to take you through the formal proceedings of the meeting.

**/Ends**

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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