

MARKET RELEASE

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FY22 Full Year Results Announcement***Strong organic growth, accelerated with targeted acquisitions***

TradeWindow (NZX: TWL) today announces financial results for the full year to 31 March 2022, demonstrating strong progress in building a connected global trade platform for exporters, importers, freightforwarders and customs brokers¹. This includes further growth and scale in New Zealand and foundations for continued growth in Australia. Key highlights include:

- € **Total income \$4.9m, up 108%**
- € **Trading revenue \$3.9m, up 136% from \$1.6m in FY21** (up \$0.5m or 32% excluding acquisitions)
- € **Gross margin 50%, up from 36%**
- € **Total operating expenses \$14.4m, up 76%**
- € **EBITDA loss increased to \$9.5m, up 63%**
- € **Net loss after tax \$10.8m, up 64%**
- € **Cash and cash equivalents \$5.9m, up from \$1.4m**

Total income² was \$4.9 million, up 108% (FY21: \$2.3 million) while trading revenue was \$3.9 million, up 136% (FY21: \$1.6 million). When acquisitions completed during FY22 were excluded, total income was up 35% and trading revenue was up 32%.

Total operational expenses were \$14.4 million, up 76% (FY21: \$8.2 million). This increase reflected planned investments in building and commercialising a scalable global trade platform. In addition to supporting future growth, these investments have contributed to the organic increases in trading revenue during the year.

TradeWindow Chief Executive AJ Smith said: "Today's results demonstrate strong delivery and momentum on our priorities, including investment for growth. Global trade is undergoing game-changing transformation as it moves from manual to digital processes and TradeWindow is well positioned to continue to lead and capitalise on this significant shift in how world trade is conducted.

"During the period our flagship offering, the Cube platform, saw encouraging adoption with new customers. Ongoing investment, commercialisation, and more customers using additional TradeWindow solutions, will underpin future growth."

Financial update

Trading revenue increased strongly (up 136%), with 32% growth in revenue from new and existing customers. Acquisitions were also a strong contributor to increased trading and total revenue. Total income includes government R&D grants.

¹ First results announcement since listing and takes into account full 12 months since 1 April 2021

² Total income includes trading revenue and other income.

Total operating expenses rose 76%, largely reflecting planned increases to support current and future growth. This included substantially increasing the scale and depth of TradeWindow's software development team, increasing our sales and commercialisation capability and building out the TradeWindow organisation contemporaneously with the NZX listing.

Reflecting TradeWindow's current strategy of investment for future growth, EBITDA losses were \$9.5 million, an increase from \$5.9 million in FY21. Net losses after tax were \$10.8 million, up from \$6.6 million a year ago.

Mr Smith said: "We're making strong progress on executing our strategy since our listing on the NZX in November 2021. We are pleased with the recurring revenue we are attracting, with 94% of our customers retained over the year. Trading revenue from subscriber³ customers is now at 92% of our total trading revenue.

"Planned investments are in line with our strategy and business plans, and our general approach to research and development of ensuring concurrent revenue growth alongside software development.

"In the past year we have seen existing customers increase their average monthly spend with TradeWindow by 16%, and we anticipate a stronger growth rate going forward. We diversified and materially increased our customer base through acquisitions in FY22 to include freight forwarders and customs brokers. This has resulted in our overall average monthly revenue per customer decreasing by 30% during the period, reflecting freight customers' lower spend. However we expect average monthly revenue to increase as existing and acquired customers expand the number of TradeWindow solutions they use.

"We are pleased with our improvement in gross margin, up from 36% to 50%, representing our focus on efficiency and scale."

At 31 March 2022, the Group held cash and cash equivalents of \$5.9 million (FY21 \$1.4 million). Net cash outflow over the six-month ended 31 March 2022 averaged \$1.0m per month (excluding acquisition cash settlements in October 2021).

TradeWindow is committed to further investment in research, development and commercialisation, with particular focus on building TradeWindow's global trade platform, underpinned by flagship solution Cube. This trade platform will provide global trade participants with end-to-end digital trading capability and is central to TradeWindow's growth ambitions.

Business highlights

"Global trade is undergoing profound change as it transitions from manual, paper-based processes to digital," said Mr Smith. "TradeWindow is ahead of this shift with its proven flagship Cube platform and other key products offering productivity, connectivity and visibility solutions for trade participants. These solutions include Prodoc (export documentation solution), Origin (certificate of origin solution) and Freight (solution for freight forwarders, importers and customs brokers).

"Our NZX listing in November 2021 was a milestone for the company and we have put in place strong organisational capability and governance, including three independent directors as well as additional human resources and finance capability.

³ Subscriber customers are those that are licensing TradeWindow's software and generate monthly subscription revenue. These customers may also generate transaction, services & installation revenues. It excludes certificate and other revenue.

“We have strong business momentum and a talented, committed team who are focused on New Zealand, Australia and Asia growth in FY23 and beyond, as part of our global growth ambitions. We have recently appointed senior leadership in Australia to drive growth.

“Exporters from a range of sectors have adopted our new product, Cube, during the year. Additionally, in New Zealand, organic growth has primarily been driven by exporters using our trade solution, Prodoc. In Australia, we have seen growth in both our Prodoc and Freight solutions.

“During the year we continued to improve our core products with 348 enhancements and multiple key ecosystem integrations, including ocean booking platform INTTRA and Vero for marine insurance.”

In the year to 31 March 2022, TradeWindow made three acquisitions. In April 2021, TradeWindow acquired the freight forwarding software solution Cyberfreight. In October 2021, TradeWindow acquired customs clearance software solution SpeEDI and freight quotation software solution FreightLegend. Following 31 March 2022, TradeWindow announced the conditional acquisition of Rfider to further strengthen its supply chain visibility offering.

“Our FY22 acquisitions are not only providing established customers, they also provide the capabilities needed to differentiate our global trade platform. We will consider further acquisitions where they accelerate our organic growth strategy.

Outlook

“TradeWindow is confident in the global trends driving digital transformation in trade and is well positioned to take advantage of this shift with its proven technology.

“We have a clear strategy for FY23 and beyond, with particular focus on continued revenue growth in New Zealand and Australia, alongside the building of a global trade platform.

“We expect trading revenue to be within a range of \$5.5 million to \$7.0 million, and total income of \$6.0 million to \$7.5 million for the FY23 year.

“Our guidance for FY23 remains 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. Our guidance excludes revenue from any new acquisitions including the conditional Rfider acquisition as announced to the NZX in May 2022.

“As noted in our Financial Statements, to have sufficient liquidity the next 12 months we have forecast that at least \$10 million of additional debt and equity will need to be raised, assuming forecast revenues and expenditures are realised, and excluding any significant acquisitions during the period. We are actively working with advisors and major shareholders to determine the best funding path for future growth.”

ENDS

TradeWindow will host a webcast at 11am this morning NZT to discuss the results for the full year. The webcast can be accessed at the following link:

https://au01.z.antigena.com/l/Do5bjwics79ZfEqYltXmmsacSuxQAUdpnswb9wQ0kWXAY57cVbUH2ZGxnaeMUmMK_-VegCFM2FPU69Zt0td5d8XUG7Sqlbsgr6mnXmEbu5BcwymG9F2EY7zgxyJsIrxmGl~lzt1e-Yh7URcfxqSnnCk0S9lOLcw8QdRq03z1

If you wish to participate in the verbal question and answer session, you can register at <https://s1.conf.com/diamondpass/10022211-4tag2mf.html>. Once registered, you will receive a dial-in number and a PIN code via a calendar invite email.

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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.