

MARKET RELEASE

1 November 2023

TradeWindow trading update and reorganisation

TradeWindow (NZX: TWL), the global trade software business today provides a trading update and announces a reorganisation in line with its immediate objectives to achieve a monthly EBITDA breakeven.

The initiatives we announce today reflect TradeWindow's determination to focus now on supporting and delivering a great service to our current customers, fulfilling their global trade objectives within the current market conditions.

Reorganisation

Owing to the current global macro-economic conditions and the delay of the strategic agreement with nChain deal to settle¹, TradeWindow has resolved it is prudent to undertake a further reorganisation of the business to conserve capital and put the company on an accelerated path to a self-sustainable footing. The management objective is also to make the company less dependent on future capital raises by pausing the innovation and development.

With immediate effect, TradeWindow is undertaking discussions with our 80 global staff, to reduce monthly expenses and costs by a minimum of 50 percent in line of its goal for rapid break-even on a monthly basis.

As in March 2023, when we first had to right size the company and reduce our innovation and development, TradeWindow will work to assist all staff affected by the process to find alternative employment through its networks.

Trading update

TradeWindow now expects revenue for the year ended March 2024 to range between \$6 million to \$6.5 million. This figure is lower than the guidance re-affirmed at the company's annual meeting in August for revenue to range between \$7 million and \$8 million.

The new revenue guidance follows a review of the trading outlook. This review included an assessment of an elevation in trade uncertainty in the wake of the increased geo-political tensions in the Middle East, persistent inflationary pressures, a downturn in economic activity, here in New Zealand and in key export markets.

Rfider/Assure+ divestment

TradeWindow is also in discussions to divest the Rfider business and its Assure+ traceability product. While the product is attracting strong interest, it has a longer sales cycle, and given the constraints the company is facing TradeWindow believe it is now appropriate to focus on its core product offer.

¹ In October TradeWindow announced to the NZX that nChain had not settled on its strategic partnership, which envisages the UK company contributing \$2.4 million to TradeWindow as part of an \$11.2 million agreement in exchange for a 19.95% stake in TradeWindow. Trade Window continues to assert its rights under the agreement.

The Company still anticipates providing this or a similar traceability solution through various commercial means or channel partnerships. The divestment of this business will save the Company over \$1 million per year in innovation and development costs.

Chair Alasdair MacLeod said: “The global downturn in trading, the ongoing challenges early-stage companies in securing funding, combined with the ongoing uncertainty over the nChain strategic agreement, requires the company to take immediate action.

“We continue – as previously signalled – to explore multiple options to obtain additional funding and assert our rights under the nChain strategic agreement. However, it is now clear that we must take prudent steps to protect the business and stakeholders.”

Executive Director and Chief Executive AJ Smith said: “TradeWindow remains determined to drive towards the fastest and most logical pathway to achieving monthly EBITDA² breakeven, while targeting organic growth

“The initiatives we announced today represent a significant step towards achieving that immediate goal, while at the same time not compromising on our commitment to help our customers make their supply chains more productive, connected, and visible. “We have built a world class team, and it is a very hard decision to right size the company to the current market conditions.

“Innovation and development of future looking products is important, and we see the long-term benefit to our clients. However, sustainability with the goal of rapid break-even through reorganisation is our priority in the short term, while markets are uncertain and capital for innovation and development is scarce and unpredictable.

“We will update shareholders and our people as we gain greater certainty around our alternative funding and cost reduction outcomes.”

Released for and on behalf of TradeWindow by:

AJ Smith
Executive Director and Chief Executive 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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² Excluding one-off and reorganisation costs