

25 JULY 2024

TradeWindow Investor Update

Quarter 1 - FY25



EXECUTING ON OUR STRATEGY TO DELIVER MONTHLY EBITDA BREAK-EVEN IN FY25

Dear Shareholders,

TradeWindow has delivered a strong start to the new financial year (1 April 2024 to 31 March 2025). Our team has pulled together to deliver a record first quarter (Q1FY25). Trading revenue increased 17% when compared to the same period last year to \$1.8 million. The result extends our unbroken record of strong quarterly growth since we joined the NZX in late 2021.

Annual recurring revenue now stands at \$6.8 million and has TradeWindow on track to deliver within our guidance range of \$7.3 million to \$8.3 million for the full year ending 31 March 2025.

Majority of the 20% growth in the shipper segment came from an increase in transactional revenue – driven in part by the continuing growth we have seen in beef and sheep meat exports. In contrast, most of the 14% year-on-year growth in the freight forwarding segment comes from cross-sales of additional TradeWindow solutions. We are pleased with the progress we are making with this customer segment in Australia, where demand for Origin, our fast turnaround certificate of origin service, has been strong. The service is fulfilling the unmet needs of freight forwarders, particularly those serving the seafood and horticultural sectors.

CUSTOMERS

Our strong first quarter performance highlights the resilience that comes from having a high-quality customer base which now includes 515 leading export, import, and freight forwarding brands across Australasia. Diversification of revenues across an increasingly wide range of sectors provides TradeWindow with a high degree of resilience to withstand industry downturns or unexpected weather events.

Note, all FY25 figures disclosed in this document are unaudited.

GROSS MARGIN

Our gross margin has improved significantly, up 7 percentage points from the prior year to 61%. Cost-out initiatives combined with continuous improvement of the customer onboarding process have been the main driver of the performance. Our Origin service has also contributed to this improvement, thanks to its short sales cycle and simple onboarding process. Once onboard, customers tend to generate consistent transactional revenue immediately.

Key Performance Indicators - first quarter ended 30 June 2024 (Q1FY25) (Unaudited)



Note, all comparisons are against Q1FY24 unless otherwise indicated.

Annual Recurring Revenue is calculated using subscription revenue for June 2024 and the monthly average of transaction revenue for Q1FY24 annualised.

COSTS

The first quarter results show that TradeWindow can continue to grow despite a much leaner cost structure. We have previously reported that our cost optimisation included more roles based in the Philippines and a hybrid workforce across Australia and New Zealand.

Research & Development (R&D), and commercialisation expenses now only represent 36% of total expenditure, down 11 percentage points on the prior year. This reflects cost reduction initiatives in FY24 and our new approach of operating a self-sustaining innovation and development program. We don't anticipate further cost reductions during FY25, and we believe we have the resources needed to continue incremental innovation at a steady pace.

OUTLOOK AND SHARE PRICE

With our first quarter behind us we remain focused and on track to achieve our goal of monthly EBITDA break-even during March 2025. Given this outlook, our consistent record of growth and our completion of our successful \$2.22 million capital raising in April, we are somewhat disappointed by our share price performance. TradeWindow's shares are now trading at \$0.15¹, 16.7% down since the start of the new financial year on 1 April 2024.

1. Source: NZX, opening share price on 24 July 2024

25 JULY 2024

On low trading volume, it appears that TradeWindow's share price has become uncoupled from the company's fundamentals. Compared to Ord Minnett's benchmark for 'High Growth Pre-Profitable' ASX listed tech companies, TradeWindow is undervalued. At the current share price, our Enterprise Value (EV)/Revenue multiple is at 2.9x, representing a 24% discount to the industry median of 3.8x²

That said we recognise our share price is largely outside our control and therefore we remain focused on achieving our goals. We expect as we continue to deliver, the market value of the company will rise and correct itself, alongside the wider investor recognition that our strategic plan and revenue growth is on track.

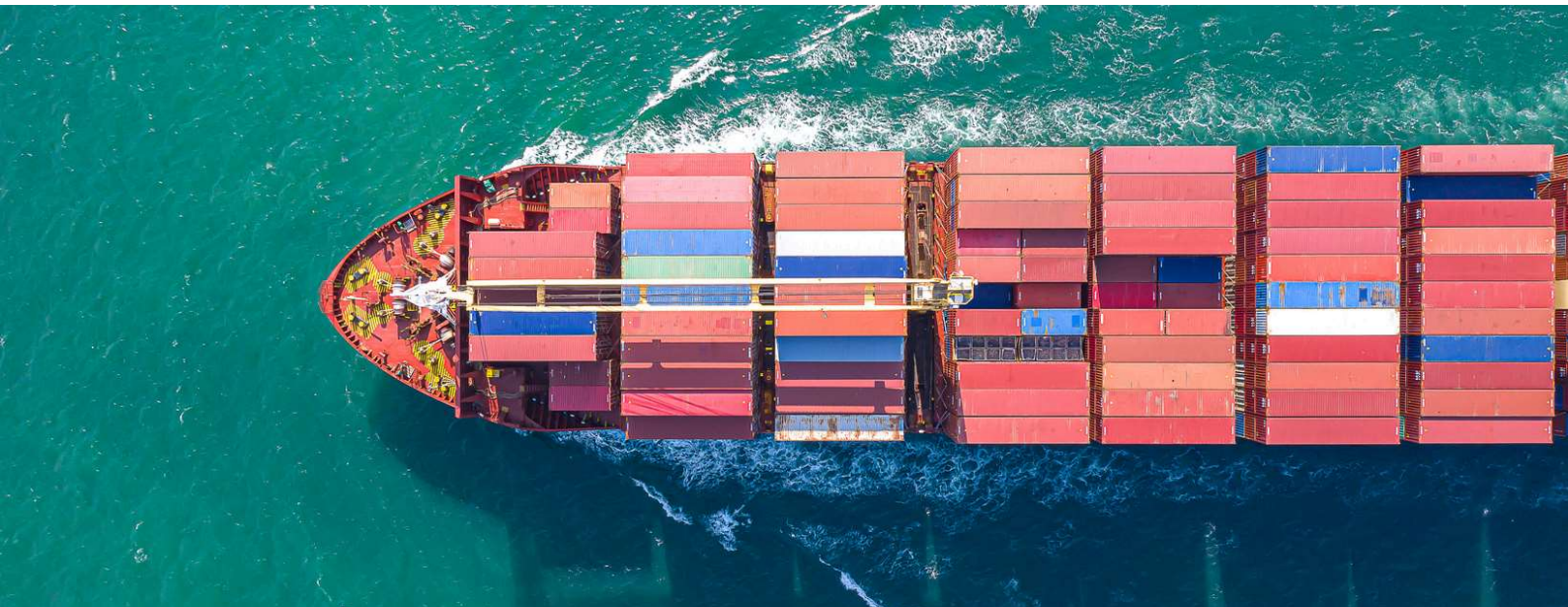
Finally, I would like to take the opportunity to remind you that the Annual Shareholders' Meeting will be held virtually on **22 August 2024**. Further details will be provided in the Notice of Meeting to be distributed within the next few weeks.

Thank you for your ongoing support.

Kind regards



AJ Smith,
Executive Director & CEO



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2. Source: Ord Minnett, Corporate Finance, Technology Sector Update - June 2024