

18 APRIL 2024

TradeWindow Investor Update

Quarter 4 - FY24



CEMENTING OUR POSITION AT THE HEART OF THE DIGITAL TRADE INFORMATION SYSTEM

Dear Shareholders,

TradeWindow has demonstrated – beyond doubt – that its digital trade solutions deliver enormous value to global trading networks and the exporters, importers, and freight forwarders who sit at its heart.

We offer our customers a compelling opportunity: the ability to boost productivity through real-time, accurate, and easily updatable trade documentation, accessible from anywhere via a global interface.

We assert this not merely on the basis of anecdotal evidence, but through data and insights that our shareholders should find meaningful and relevant.

We are used across Australasia by the region's leading shippers (aka. exporters and importers) across the sweep of major sectors – dairy, meat, seafood, and horticulture. In every quarter since we began to commercialise our digital trade solutions – and despite hostile economic and capital market conditions – we have grown revenue at a rate that technology companies around the world would admire.

In the four years to the end of March 2024, we have delivered a compound annual revenue growth rate of 104%. In FY24 we delivered revenue of \$6.2 million, a 26% improvement on the prior year. Annualised Recurring Revenue ("ARR") at the end of March is now \$6.3 million and 21% up on the same time a year ago.

This record of success is founded on several key elements:

- diligent execution of our strategy, even amidst challenging market conditions;
- careful management of the risks to ensure TradeWindow's long-term sustainability;
- adaptation to adversity by setting a path to breakeven; and
- strong support from our shareholders.

Note, all FY24 figures disclosed in this document are unaudited.

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Our ongoing \$2.2 million capital raising, which closes on Friday and is targeted at taking us through to EBITDA, and cashflow breakeven, has already passed the \$1 million minimum subscription condition and will allow us to build on what is a standout record of success.

It should come as no surprise that I have resolved to participate in this capital raising myself, investing up to \$500,000 to acquire up to 22.7% of the shares on offer through this capital raising process. I encourage our existing shareholders and new investors to do the same.

I am committed to making this company a success. More importantly, given our record, I have great confidence in delivering on that goal. Companies born in the crucible of recession are sculpted for resilience; they emerge not just ready to survive but primed to thrive.

With ongoing shareholder support I believe TradeWindow will exemplify this principle.

In the following sections, I provide a deeper dive into TradeWindow's performance in Q4 (01 January 2024 to 31 March 2024).

REVENUE GROWTH

We had a strong finish to the year with Q4 delivering a record result with \$1.6 million in trading revenues. I'm proud of the efforts that the team have gone to ensure that we delivered at the top end of our updated guidance of \$6.0 million to \$6.2 million for the full year. And now having reached this milestone, we have reset our sights on achieving \$7.3 million to \$8.3 million for FY25 (1 April 2024 to 31 March 2025).

Our ARR is ahead of our historical trading revenues and comes in at \$6.3 million as at 31 March 2025. It is worth mentioning that this ARR does not include several large enterprise customers we had in the onboarding at the end of the financial year. We only count the ARR to be generated from a customer once they have been onboarded.

Key Performance Indicators - year ended 31 March 2024 (Q424) (Unaudited)



Note, all comparisons are against year ended 31 March 2023 (FY23) unless otherwise indicated. Annual recurring revenue is calculated using subscription revenue for March 2024 and the monthly average of transaction revenue for 4Q24 annualised. Customer numbers and categorisation methodology has been refined to include contracted and pay as you go customers. Prior year comparatives have been restated.

HIGH QUALITY CUSTOMERS

We serve the export, import, and logistics businesses which are the economic life-blood of the Australian and New Zealand economies. Our customers include leading brands responsible for producing staple products needed by millions of customers around the globe including dairy, meat, fruit, vegetable, and seafood products. The quality of these businesses and demand for their products is evidenced with our 93% revenue retention. Our customers rely on our solutions to run their business-critical trade processes.

For example, an exporter must purchase a certificate of origin if they want to access the preferential duty rates afforded to them under the free trade agreements negotiated by the Australian or New Zealand Governments. In other words, our Origin service is a must have if you want to avoid having a tariff applied to your product and be competitive in an offshore market. TradeWindow is one of only a handful of organisations which can offer a certificate of origin service across Australia and New Zealand. Our offering is differentiated by the fact it is available 24/7, this being important when getting high value perishable products such as seafood to buyers as quickly as possible.

Our Origin service is a key factor driving growth in the Annual Revenue Per Customer (“ARPC”) for the shipper category at 32% year-on-year.

GROSS MARGIN

Our gross margin continue to improve as the business scales, up 8 percentage points on the prior year.

We have been focused on reducing our Cost of Goods Sold (“COGS”) by finding ways to bring on revenue much earlier than we have done in the past. Key initiatives have been focused on shortening the sales cycle through the product bundles we offer, as well as streamlining the customer onboarding process.

Our go-to-market approach is focused on providing value early and building trust with customers – earning the right to provide further solutions over time. We do this by initially providing our fast turnaround certificate of origin service for which customers can be onboarded within a day. As they gain confidence in this service most customers begin to embed the other solutions we offer.

COSTS

One of our core values at TradeWindow is to be fiercely efficient. Even before the restructure late last year we looked for ways to remove unnecessary cost from our operations.

The majority of this cost was headcount working on future focused innovation and development projects. Following the restructure, we now have a product development roadmap more narrowly focused on new features and functionality prioritised on the likelihood of revenue generation with the next 12 months.

We are moving to a hybrid work approach with team members having the flexibility to work remotely. Consequently, we don’t require the same office footprint and are moving to smaller premises in each of our hubs in Australia, New Zealand, and the Philippines.

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PROFITABILITY

The hard decisions made late last year have now put us on a path to profitability. Our first milestone on this journey is delivering monthly EBITDA break-even during March 2025. Taking TradeWindow to profitability provides more certainty around our future product development and provides a wider choice of growth opportunities.

Thank you for your ongoing support.

Kind regards



AJ Smith,
Executive Director & CEO

