

MARKET RELEASE

17 November 2022

2023 Half Year Results Announcement (Unaudited)

Trading revenue up 16% on 2H22 and up 34% on 1H22

TradeWindow (NZX: TWL) today announced unaudited financial results for the six months to 30 September 2022¹, achieving a 16% increase in trading revenue largely as a result of organic growth and also the acquisition of Rfider. Key highlights include:

- **Trading revenue** \$2.4 million, up 16%
- **Total income**² \$2.7 million, up 1%
- **Gross margin** 50%, no change
- **Total expenses** \$8.6 million, up 5%
- **EBITDA loss** \$5.9 million, up 7%
- **Net loss after tax** \$7.1 million, up 18%
- **Cash and cash equivalents** \$7.3 million

TradeWindow Chief Executive AJ Smith said: “TradeWindow continues to see encouraging market demand for its solutions and has experienced continued increases in customer numbers. We have made pleasing progress on our strategic priorities during the half, including advancing our global trade platform, market penetration and revenue growth.

“Highlights include the milestones we are achieving to deliver our global trade platform and releasing product enhancements. This includes the release of a new solution – ExpressDoc – TradeWindow’s global export documentation tool. ExpressDoc is a key component of the global trade platform.

“Large parts of the trading environment operate using paper-based and manual processes. TradeWindow is at the forefront of a wave of digitisation for exporters, importers, customs brokers and freight forwarders – helping them be more efficient, connected and transparent.”

Financial update

Trading revenue was \$2.4 million, up 16% on the second half of 2022 and up 34% on the first half. Higher revenue reflected both organic growth from increased sales and contribution from acquisitions. Excluding acquisitions made since 1 April 2022, trading revenue was up 14% on both the previous corresponding period and the prior period. Total income was \$2.7 million, up 1%, reflecting timing of R&D grants which are subject to Inland Revenue’s approval process.

Expenses reflect planned investments in market development and the global trade platform. Total expenses were \$8.6 million, up 5% from \$8.1 million.

¹ All comparisons are to the six months to 31 March 2022 unless otherwise stated

² Total income includes government R&D grants.

TradeWindow's EBITDA loss was \$5.9 million, up 7%, and its net loss after tax was \$7.1 million, up 18%, reflecting disciplined execution of planned investments.

TradeWindow's average revenue per customer was up 13% in the past six months to \$804 per month. Excluding Rfider, average revenue per customer was up 11%.

Gross margin was 50%, the same as the prior year and reflecting an ongoing focus on operational efficiency and scale.

Business highlights

Mr Smith said: "We achieved an encouraging number of new sales in the first half and are continuing to build customer diversity across geographies and sectors including dairy, forestry, meat, wine, manufacturing, seafood, horticulture, and seed and grain. These wins will be reflected in revenue in future periods as adoptions and implementations occur. We have been working with customers to have the right systems in place to increase the speed of onboarding."

New Zealand continued to perform solidly, with trading revenue up 17%. Cube customers further increased from 16 to 19 during the period, with an additional 20 Cube customers won during the half with revenues expected to come on stream in future periods. Following the balance date, we have entered into a partnership, which includes a reseller agreement, with the Employers and Manufacturers Association to help upskill exporters.

"We continue to focus on establishing ourselves in the Australian market, where revenue was up 14%. Our focus continues to be on expanding our product coverage in Australia to support sales efforts and revenue growth.

"We are also laying the groundwork in Asia with the appointment of sales agencies in Thailand, Indonesia and the Philippines, which are showing early positive signs.

Rfider acquisition and integration

"TradeWindow acquired Rfider during the period. This is the fourth acquisition by TradeWindow in the past 18 months and another successful example of our ability to acquire and integrate diverse businesses that accelerate our strategy. We are seeing encouraging interest in the rebranded Rfider product Assure+. This is a mobile-device based solution able to be rapidly deployed in complex supply chains to provide traceability all the way back to the points of cultivation and production."

As ESG (Environmental, Social & Governance) expectations on food producers continue to grow, TradeWindow's existing and potential customers are seeking ways, such as with Assure+, to prove where their food comes from and provide visibility all the way from the paddock to the plate. In New Zealand, new mandatory climate-related disclosure laws will require approximately 200 large entities and their directors, including exporters and importers, to disclose climate risks.

Following the balance date, a global partnership agreement has been announced with FoodChain ID, a leading provider of technology-enabled food safety, quality and sustainability solutions for the food and agricultural industry. Under the partnership, Assure+ will be available to FoodChain ID's 30,000 clients as an integrated solution. The signing of this agreement coincided with TradeWindow making its first fulltime permanent staff appointment in the United States.

Capital management

At 30 September, TradeWindow's cash balance was \$7.3 million. Average monthly cash outflow, excluding acquisition transactions, was in line with expectations at \$1.0 million, reflecting planned investments and disciplined cost management.

The future growth and success of TradeWindow relies on ongoing investment with a particular focus on building the global trade platform. TradeWindow continues to monitor and assess its capital needs.

Outlook

TradeWindow is experiencing encouraging demand for its products and in the six months to 30 September won a large number of contracts that include implementations.

Many of these implementations are continuing and as a result recurring revenue from these new wins will be realised in future periods.

TradeWindow is focused on accelerating the opportunity presented by the partnership with FoodChain ID.

While TradeWindow continues to 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, this will be inclusive of Rfider revenue, which is performing in line with expectations.

Without including the Rfider revenue, guidance would have been at the lower end of the ranges.

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.

Webcast

TradeWindow will host a webcast at 11 am this morning NZT on the interim results.

Participants can register for the conference by navigating to <https://s1.conf.com/diamondpass/10026564-wdyf5z.html>

The webcast can be accessed using the same link.

Released for and on behalf of TradeWindow by:

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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.

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