

MARKET RELEASE

28 November 2024

FINANCIAL RESULTS FOR THE HALF YEAR TO 30 SEPTEMBER 2024

TradeWindow on-track to deliver monthly EBITDA breakeven in March 2025

TradeWindow (NZX: TWL), the global trade software business, today announces interim financial results¹ demonstrating a successful first half of the 2025 financial year (1H 25).

Strong revenue growth, underpinned by a focus on securing new large enterprise customers with significant recurring revenues, provided the confidence in late October for the company to revise revenue guidance upwards to \$7.5 million to \$8.3 million². Today, TradeWindow re-affirms it is on track to deliver monthly EBITDA break even in March 2025.

HIGHLIGHTS

- **Revenue guidance for FY25** - narrowed upwards to \$7.5 million to \$8.3 million.
- **Trading revenue** - \$3.7 million, up 22% on the prior year.
- **Annual Recurring Revenue (ARR)**³ \$7.2 million, up 14% on FY24.
- **Average Revenue Per Customer (ARPC)** - \$1,944 per month and \$824 per month for shippers and freight forwarders, up 14% and 29% respectively.
- **Gross margin** - 61%, up 7ppt driven by a focus on continuous improvement in the sales and onboarding processes.
- **Total operating expenses** - \$5.0 million, down 35% from \$7.7 million in 1H 24.
- **EBITDA loss** - \$1.3 million, down 73% from the prior year's \$4.7 million.
- **Net loss after tax** - \$2.4 million from a \$4.8 million loss in the prior year.
- **Cash and cash equivalents** - \$0.5 million with \$0.3 million in delayed settlement from the capital raise due 30 November 2024.

TradeWindow Chair, Alasdair MacLeod, stated: "We are pleased to report a strong first half, validating our decision to right-size the business during FY24. I am proud of our team's resilience and resourcefulness in navigating one of the most challenging periods in TradeWindow's history.

"Our unwavering drive, focus, and discipline have enabled us to achieve solid revenue growth, putting us on track to reach profitability and financial sustainability. Our first milestone on this journey is achieving EBITDA breakeven by March 2025. Profitability in subsequent months will ensure we can continue to innovate and reinvest in the next generation of trade software and maintain our leadership in our industry," Mr MacLeod said.

"As we move forward, our commitment to excellence and our strategic vision will guide us in capitalising on new opportunities. We remain dedicated to delivering value to our stakeholders and driving sustainable growth for TradeWindow."

Chief Executive AJ Smith said: "In some of the most challenging market conditions in recent history, TradeWindow has delivered a strong half-year performance, with revenues growing by

¹ All comparisons are to the six-month period to 30 September 2024 unless otherwise stated.

² TradeWindow's earlier guidance was for FY 2025 revenue to range between \$7.3 million and \$8.3 million.

³ Annual recurring revenue is calculated using subscription revenue for September 2024 and the monthly average of transaction revenue for Q2 FY 2025 annualised.

22%. This achievement underscores our strategic focus on, and success with, targeting large enterprise customers and driving expansion into Australia.

“These customers bring substantial revenue and long-term stability. They offer valuable contracts that enhance our market presence. By providing business critical solutions that address the complex needs of these enterprises, we have positioned ourselves as a trusted partner in their digital trade information transformation.

“The expansion into Australia has also been a pivotal factor in our success. The Australian market offers a large number of potential customers with similar requirements to those we already serve. This strategic move not only diversifies our revenue streams but also leverages our expertise in trade software to meet the specific demands of businesses in this region,” Mr Smith said.

“We remain on track to achieve EBITDA break-even by March 2025. We have implemented stringent cost management practices to ensure sustainable growth and a path to profitability. By optimising our operations and focusing on efficiency, we are achieving these goals while still investing into innovation that will support short and long-term revenue growth.”

FINANCIAL UPDATE

Trading revenue was \$3.7 million, up 22% from \$3.0 million in the first half of FY24. Sustained growth has been underpinned by a tactical focus on winning new customers and upselling existing customers to additional value add solutions.

ARR increased by 14% to \$7.2 million, illustrating TradeWindow’s healthy onboarding pipeline and customer retention rate of 97%. Recurring revenue as a proportion of trading revenue was 95%, up from 94% in FY24.

TradeWindow’s monthly ARPC was up 14% to \$1,944 for exporters and importers, and up 29% to \$824 for freight forwarders. The strong growth in the freight forwarder segment reflected several large enterprise freight forwarders in Australia adopting our improved TW Freight e-commerce module.

Total expenses are down 35% on the prior year due to the restructure. The largest contribution to cost savings was the reduction in salary and wages down 14% due to staff numbers being trimmed to 56, down from 79 in the prior year.

The half year EBITDA loss was \$1.3 million, down 73% from \$4.7 million, and the net loss after tax reduced to \$2.4 million from \$4.8 million⁴. Monthly average cash burn reduced from \$0.3 million in 2H 24 to \$0.2 million in 1H 25.

CUSTOMER GROWTH

Over the past 12 months, TradeWindow has successfully attracted 36 new customers, primarily by leveraging our Origin and Tariff solutions to build recurring revenue streams.

Mr. Smith stated: “Our Origin and Tariff solutions offer a low-friction pathway for acquiring new customers. By fostering long-term, trusted partnerships, we enable our customers to gradually adopt additional TradeWindow solutions as their business needs evolve.”

⁴ The amount includes a fair value gain on contingent consideration revaluation.

“A key driver of this growth has been our partnership with the International Freight Forwarders and Customs Broker Association of Australia (IFCBAA), which resulted in 32 freight forwarders subscribing to our Tariff solution. This collaboration underscores the importance of strategic partnerships in expanding our market reach.

“Partnerships will increasingly drive our revenue growth,” Mr. Smith added.

“Collaborating with industry organisations allows us to extend our sales reach without significant capital investment. The combination of our product expertise and our partners’ local market knowledge creates a powerful synergy.”

TradeWindow remains committed to building on these successes and continuing to deliver innovative solutions that meet the evolving needs of our customers.

CAPITAL MANAGEMENT

At the end of September 2023 TradeWindow had cash reserves of \$0.5 million, a figure that does not include \$0.3 million to be received from AJ Smith on 30 November as a delayed settlement of shares subscribed for in the April capital raise.

Following last year’s reorganisation, TradeWindow’s monthly cash requirements continue to reduce and the company forecasts⁵ to have sufficient resources to take the business through to profitability, and financial sustainability.

OUTLOOK

Mr Smith said: “We have worked to diversify our revenues across a range of industries and regions, insulating us from market downturns and other unforeseen events. The relatively predictable nature of business has us on-track to achieve monthly EBITDA breakeven in March 2025.

“In the near term, we remain cautious, while lower interest rates in New Zealand and Australia may stimulate domestic activity, the potential for increased US tariffs may slow exports to that market.

“However, with TradeWindow’s revenue more sensitive to the volume of trade rather than value, the web of free trade agreements in our region somewhat mitigates the risks associated with weakening demand from China and a more restrictive US trade policy. Exporters are familiar with the need to adapt to the prevailing market conditions. Many in anticipation of this situation have been diversifying their customer base for several years now.

“We continue to expect trading revenue for the year ending March 2025 to range between \$7.5 million to \$8.3 million, although recognise this forecast remains subject to changes in the macroeconomic environment,” Mr Smith said.

⁵ For the assumptions underlying this statement please refer to the Company’s going concern assumption detailed in full on pages 9 & 10 of the Interim Financial Statements for the six months ended 30 September 2024 released to the NZX today.

Webcast

TradeWindow will host a webcast at 11am this morning NZT on the full year results. Participants can register for the conference by navigating to:

Webcast registration:

<https://ccmediaframe.com/?id=WwhlQozl>

Released for and on behalf of TradeWindow by:

AJ Smith
CEO and Executive Director

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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