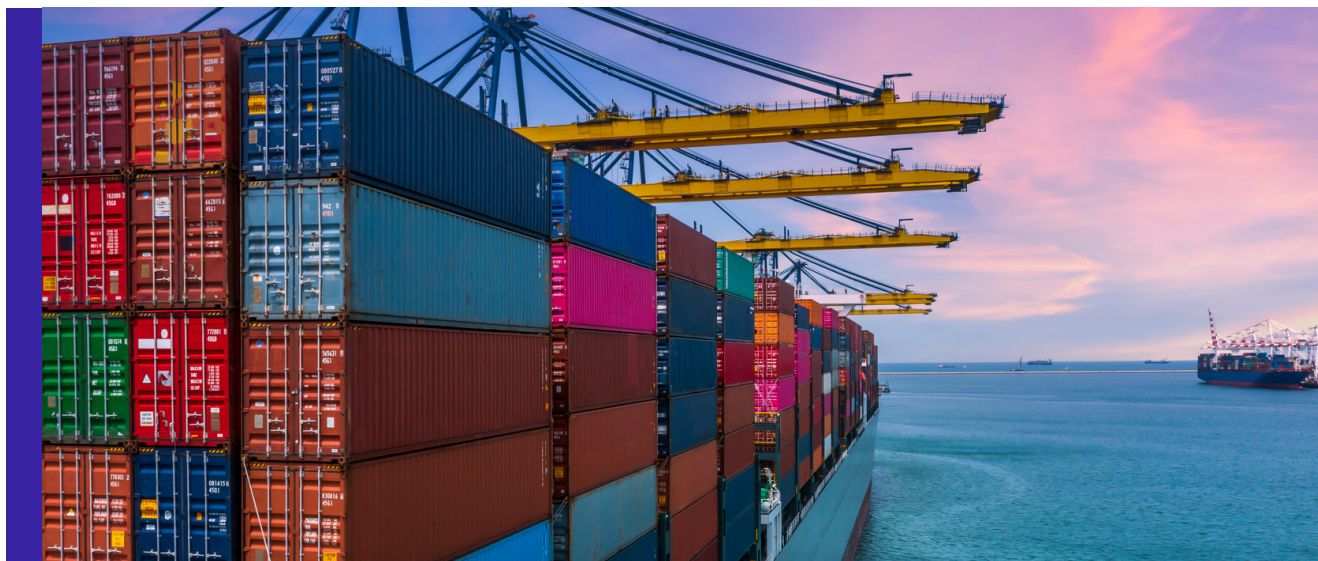


22 JANUARY 2024

# TradeWindow Investor Update

Quarter 3 - FY24



## ACCELERATING REVENUE GROWTH PROVIDES A PATHWAY TO SUSTAINABILITY

Dear Shareholders,

I trust this message finds you refreshed and ready for a prosperous 2024. As we embark on a new year, I wanted to take a moment to reflect on the challenges we faced in 2023 and update you on our financial performance for the 1 October to 31 December period ("Q3 24").

The past year posed significant hurdles for many, and at TradeWindow. We navigated through challenging capital markets and faced the setback of the nChain partnership deal falling through, leading to a necessary restructure. However, reflecting on these episodes over the holidays, it became apparent that this isn't the first time we've encountered such challenges, and it certainly won't be the last.

Having weathered the global financial crisis and COVID-19, our team finds itself once again confronting difficult market conditions. The lessons learned during those periods have proven invaluable in guiding our approach today.

One crucial takeaway from these past periods was the paramount importance of effective cash flow management. We are rigorously applying these lessons to ensure we deliver our focus of a stable and sustainable operation. A leaner more agile business will help us weather further economic uncertainties and position us strategically for future opportunities focused on expanding in Australia over the course of 2024.

As we move forward, our focus remains on sustainability, customer satisfaction, and innovation. We are confident in our ability to navigate the current market conditions and emerge stronger. While the road ahead may be challenging, we are optimistic about the opportunities that lie beyond the horizon.

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## FINANCIAL PERFORMANCE

Over the third quarter we have maintained steady growth adding \$1.6 million to trading revenue, bringing the total to \$4.6 million, this represents 94% of our FY23 full year result with one quarter to run for the current financial year. We reaffirm revenue guidance for FY24 at \$6.0 million to \$6.5 million.

Annual Recurring Revenue (“ARR”) growth has accelerated during the quarter to 39% on the same period a year ago to \$5.9 million. This result compares with year-on-year ARR growth of 27% at the end of the Q2 24. We have seen similar trends across several of our key performance measures. More specifically, we are very pleased with our last month's performance (December) which has grown at 49% compared to the same period last year. It is worth noting that historically December is our slowest month of the year. We also note that this was achieved in a contracting market where global volumes are down, and where we have two wars impacting global trade. TradeWindow is going against the curve and delivering above average growth.

ARR from Cube, our flagship solution, delivered a 150% increase over the same period last year. The inclusion of new features and functionality including Certificates of Origin and Visibility further differentiate Cube and strengthen its value proposition.

### Key Performance Indicators - nine months ended 31 December 2023 (Q324) (Unaudited)



*Note, all comparisons are against year to date 31 December 2023 (YTD23) unless otherwise indicated. ARR is calculated using subscription revenue for December 2023 and the monthly average of transaction revenue for 3Q 24 annualised.*

Taking a closer look at that the customer segments, we're pleased to report that the Average Revenue Per Customer (“ARPC”) (per month) for Shippers has grown by 35% over the same period last year. Growth is underpinned by a combination of customer take up of additional solutions including Cube, as well as price increases implemented earlier in the year.

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ARPC for our Freight Forwarder segment grew by 20% compared to the same period last year. A major driver behind this revenue growth is our focus on winning larger customers. TW Freight is charged per module, per user, per month, therefore larger freight forwarders with more expansive operations typically adopt a wider range of modules and have much larger teams.

Similar to last quarter, our growth in customer numbers appear at face value to be modest. I'd like to remind you that this is a net figure and needs to be read in conjunction with the Customer Retention Rate, which at 94%, is above the industry benchmark of 93%<sup>1</sup>. Together these metrics show that TradeWindow is replacing smaller customers leaving the freight forwarding industry due to the prevailing economic conditions with larger more sustainable customers.

## COSTS

The previously announced restructure to reduce headcount by 40% is largely complete with majority of the cost reductions expected to show in the last quarter of this financial year (1 January to 31 March 2024).

The modest improvement to gross margin to 52% (from 51% in Q2 24) is a function of economy of scale, i.e. spreading our cost of goods sold over a larger revenue base along with continuous improvements which improve the efficiency of our operations.

R&D and Commercialisation expenses have reduced to 48% of expenses as the initial restructure cost savings are realised. The majority of the cost saving is related to future focused R&D projects outside of our core operations and consequently will not have an impact on our customer experience.

Thank you for your continued trust and partnership. We highly value your support and remain dedicated to delivering excellence in everything we do. Together, we will overcome these challenges and build a more resilient and prosperous future.

Kind regards



AJ Smith,  
Executive Director & CEO