

TradeWindow Annual General Shareholders' Meeting – Chair and CEO addresses

22 August 2024

CHAIR'S ADDRESS – Alasdair MacLeod

Introduction

Tena koutou, tena koutou, tena koutou katoa.

Kia ora and good morning, and welcome to TradeWindow's 2024 Annual General Shareholders' Meeting. My name is Alasdair MacLeod, I am the Chair of the company.

We will be presenting a series of slides that have been released to the NZX and are also now available on TradeWindow's investor website.

Before proceeding I would first direct your attention to this slide 3 and the important notice regarding this presentation.

I am on slide 4.

I also have a couple of housekeeping points to draw to your attention.

Today's meeting is being held online via the Computershare Online Meeting platform.

If you have a question to submit during the live meeting, the Q&A is always open so please feel free to submit questions throughout the meeting, these will be addressed at the relevant time.

Questions may be moderated, or if we receive multiple questions on one topic, amalgamated together. Any questions not answered in time will receive an email response after the meeting.

Voting today will be conducted by way of a poll on all items of business, and I will shortly open the voting for all resolutions.

I am on slide 5.

If you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. Once the voting has opened, the resolutions will allow votes to be submitted.

You can change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business. I will give you a warning before I move to close voting.

Turning to slide 6.

Let me introduce you to my fellow directors joining me today:

- AJ Smith, Executive Director and Chief Executive Officer;
- Executive Director Kerry Friend; and
- Independent Director Phil Norman.

Also joining us online are:

- Vikas Gupta and Matthew Pope from our auditors, UHY Haines Norton Sydney; and
- Ian Beaumont from Russell McVeagh, TradeWindow's legal counsel.

Also present are members of our senior management team:

- Andrew Balgarnie our Chief Strategy Officer and Company Secretary; and
- Deidre Campbell – our CFO.

You can find details of all Directors and the Senior Management Team on our website.

The Company's constitution prescribes a quorum of ten shareholders. I can confirm this requirement has been met. Accordingly, I declare the meeting formally open.

The items of business for this meeting are contained in the Notice of Meeting which was sent to shareholders on the 7th of August.

In terms of the Order of the Meeting,

I will give an overview of the past financial year, the governance changes at the company and then move to our outlook.

I will then hand you over to AJ on the company's progress against strategy and an update on the trading in the first quarter of the new financial year. He will then hand back to me for the formal matters of the meeting.

It is at this time we will allow time for shareholder questions and discussion of our presentation and the resolutions before the meeting.

FY24 Growth and resilience

I'm on slide 7.

Against a backdrop of challenging economic and capital market conditions, I am pleased to report our results for the full year to 31 March 2024, showed strong growth in revenue and prudent management of capital. This result builds on our long-standing record of growth, and is the result of three key factors:

- Our unwavering focus on revenue growth;
- Our rigorous cost management; and
- The strong support from shareholders.

Trading revenue, up 26% on the previous year to \$6.2 million can be attributed to increased sales across all core product lines. Losses have narrowed reflecting the significant changes we have made to drive the business toward financial sustainability.

Our EBITDA loss for the year was \$6.6 million, down 47%, while the net loss after tax reduced to \$8.0 million from \$9.8 million.

Monthly average cash consumption reduced from \$1 million the 2023 financial year to \$0.7 million in the first half of 2024 and \$0.3 million in the second half of the 2024 financial year. In line with guidance given during the successful capital raising we undertook in April we expect this trend to continue in the new financial year as cost savings flow through into our

financial results. Indeed, as AJ will set out shortly, trading in the first quarter of the new financial year has remained strong and in line with our guidance.

We ended the year with cash and cash equivalents of \$0.8 million. However, our coffers were bolstered by the share issue, which raised a total of \$2.2 million from existing shareholders including cornerstone investors ASB Bank, new investors and management.

Governance and sustainability

No part of TradeWindow has escaped scrutiny in our efforts to drive towards financial sustainability.

Accordingly, following the resignation of Diana Puketapu, in November we resolved to reduce the size of the Board and not replace her.

I want to pay tribute to the TradeWindow Directors for their support and their determination to deliver for our customers, our shareholders and our people over the last year. The tight capital markets and the changes we have made to adapt to it - including the reorganisation of the business and two capital raisings - have placed an outsized demand on all Board members.

Similarly, I want to thank the broader TradeWindow team. In the face of uncertainty, it has remained focussed on doing what is necessary to make the business succeed. They have lived our values which emphasize accountability, integrity, competence, responsibility, fairness and transparency.

TradeWindow has over the last year grown at a rate that compares very well with Australasian growth companies and this is thanks to their efforts and commitment.

As AJ mentioned when we released our fourth quarter update for the 2024 financial year, the team has been stress-tested and has forged reserves of resilience that will sustain us as we move into a more supportive trading environment.

Our focus on achieving financial sustainability has not come at the expense of the non-financial matters that are material to the business.

Good governance and fostering a diverse and inclusive culture that allows us to attract and retain great people are among our chief concerns.

Nevertheless, as you can see from the annual report, we have instituted a range of other initiatives to ensure we operate sustainably. As a fledgling technology company - our environmental footprint is small, but where possible we still make choices to ensure it is no bigger than necessary. These initiatives have included choosing carbon neutral cloud computing service providers and making sure we minimize travel. We expect our programme to evolve as we grow.

I would now like to turn to our outlook.

Outlook

We are now on slide 9.

We remain focused on driving TradeWindow towards financial stability.

Macro-economic indicators point to consistent and growing trade volumes for the New Zealand primary export sector, which represent the core of TradeWindow's customers.

These trends, coupled our high-quality customer base, a customer retention rate of nearly 100% and the significant opportunities to upsell new services these customers give us confidence in the company's ability to drive continued growth in transactions and recurring revenues from our existing customers.

We meanwhile expect continued growth in new customers supported by our 'on demand' business model and the partnerships we have established with trade organisations both in New Zealand and Australia.

AJ will cover this – and the pleasing progress we have made in the first quarter of the financial year – in more detail shortly.

However, I want to reaffirm that our guidance is unchanged.

We continue to expect revenue for the year to end of March 2025 to range between \$7.3 million and \$8.3 million and to achieve monthly EBITDA breakeven by the end of the financial year.

Meanwhile the longer-term growth of the company continues to be underpinned by the increasing digitisation of trade information, and we remain confident of TradeWindow's ability to prosper from this change.

I would now like to hand you over to AJ to review our strategy and provide an update on recent trading.

CEO'S ADDRESS – AJ Smith

Thank You Alasdair, and welcome everyone, joining us today.

Global opportunity

Ahead of getting onto the detail of the progress we are making, I want to refresh you all on our approach to markets.

Slide 11 sets out the sheer complexity of the global trade system and the network of organisations and information flows which make up global supply chains.

Operators within all stakeholders from shippers, forwarders, ocean carriers, banks and border agencies must filter through a vast amount of information to find the data points they need to make a decision and take action.

BCG, a global consulting firm, estimates that global trade generates four billion pages of documents annually, with over 200 billion data field interactions – equating to approximately 5,000 data fields per transaction.

TradeWindow is successfully digitalising these workflows which are otherwise siloed and require significant human intervention.

This generational change in international trade facilitation represents a significant opportunity in a fast-growing market.

Multiple growth levers

I am now on Slide 12.

TradeWindow's growth strategy is built around four key levers. However, given the challenges we have faced in capital markets and our decision to drive towards financial sustainability our focus is on the first three.

- Innovation
- Expanding usage by existing customers
- Landing new customers onto the platform to broaden the user base.

Revenue growth

I am now on slide 13.

We are really pleased with the progress we have made on driving greater usage of our solutions by our existing customers, what we call the 'grow' element of our strategy.

The revenue growth of the last year has come largely from providing more to our existing customers. In the shipper segment this has meant steady to increasing shipment volumes and increased usage of the solutions we offer. In the freight forwarder segment this has meant an increase in the number of modules they use and the number of people within the organisation using our services.

As you will see shortly these trends are visible in the strong growth, we are seeing on average revenue for each of these segments.

Customer growth has been more limited reflecting a couple of key factors.

Firstly, we have reached a level of penetration in the New Zealand market that makes new customer recruitment difficult. Greater than 50% of all of New Zealand's primary sector exporters are already using our solutions. Secondly, and as we have mentioned previously, we have seen consolidation in the freight forwarder sector, and this has seen some of our smaller customers dropping out of the industry and other customers increasing demand for our services.

Finally, up until very recently our focus in Australia has been on larger enterprises where sales cycles are longer.

However, with the launch of our Certificate of Origin service at the end of last year, we have made a tactical shift in the way we recruit new customers.

Firstly, we have adopted a new 'on demand' model to sell our services. This leverages our unique capability in issuing Certificates of Origin and our expertise in upselling to customers once we have established a relationship with them. Our Tariff service, launched at the start of August is also assisting with this strategy.

The net result of this approach will be to build the category of customers we call 'pay-as-you-go'. Many of these customers may be small and use our solutions occasionally, but already we have recruited large enterprises through the Origin Service, and we believe as they come to know our service better and the productivity benefits we offer, we will begin to count them as subscribers.

The second leg of the tactical change is to build partnerships with trade organisations and incentivise them to sell our services to their members.

I now want to talk to you in a little more detail on both changes.

Business model

I am now on slide 14.

The new on-demand business model is structured to drive engagement.

Our Certificate of Origin service – which was launched at the end of last year – is quickly emerging as the entry point for new customers.

It is a fast turnaround, low cost and easy to on board service that is resonating with exporters and freight forwarders dealing with perishable or time sensitive freight. For example, those freight forwarders serving the seafood and horticultural sectors.

It is a transactional service, with customers paying a fee of A\$25 for each certificate issued. Once we have established a relationship with this service, we gain an opportunity to demonstrate more of our services. This approach enables customers to expand usage on an as-needed basis, allows them to explore new functionality as they become more familiar with the capability of our products.

We are also seeing a trend for those customers that use Cube – our solution that allows them to connect securely to all stakeholders in the supply chain – using it as the default search for new functionality.

Partnerships

I'm now on slide 15.

The second leg of our customer recruitment strategy is through partnerships.

Marketing and channel partnerships provide a cost-effective and targeted way to reach shippers and freight forwarders.

Several of our partners are not for profit industry bodies. We provide their members with special rates to key services including Origin and Tariff. Both services provide a potential pathway to other TradeWindow solutions over time.

We will continue to build out our partnership programme by recruiting further channel partners, in addition to referring our existing customers to value add services which can help grow their business.

Gaining momentum in Australia

I'm now on slide 16.

As you can see from these customer endorsements, we are gaining momentum in Australia winning new customers using our Certificate of Origin service.

There is significant depth to the Australian market with approximately 5 million shipping containers and 1 million tonnes of air freight shipments exported each year.

Customers

I am now on slide 17.

I now want to spend a little time talking about the quality of our revenue and why we have confidence we can achieve our growth targets.

You can see here our customers include some of the world's most significant agriculture exporters and freight forwarders across a range of sectors.

Perhaps more importantly the solutions we provide are business critical. They ensure transparent, secure, fast efficient, links between shippers and all the other participants in the supply chain and play a critical role in ensuring regulatory compliance.

The extent to which we have won the support of these customers in such a vital area of their business is one of the best endorsements of our solutions and our strategy.

We have carved out a leadership position in New Zealand serving majority of the meat sector, a segment of the market which has been shipping record breaking volumes in May and June.

High quality revenues

I am now on slide 18.

It is thanks to both the quality of our customers and the integral role our solutions play in their operation that we have high confidence about our outlook, our growth prospects and the sustainability of our revenue.

As you can see here on the right, well over 90% of total revenue comes from predictable and ongoing sources.

Transaction revenue (generated whenever customers create or share trade documents) represents 48% of total revenue. Subscription revenue (customers paying monthly, quarterly, or annual subscription fees to access solutions) represent 46% of the total. The remainder or just 6%, is less predictable, coming from one-off installation and services fees.

We also enjoy very strong loyalty from our customers. We have an industry-leading customer retention rate of 99%. This is a testament to the success of our on-demand business model as well as a strong endorsement by customers on the quality of our solutions.

Finally – the diversity of our customer base means we are well protected from a single customer loss. The top 10 customers represent 20% of our revenue and our single largest customer represents just over 5% of total revenue.

I would now like to turn to our forecasts and our outlook for the remainder of the year.

Revenue growth

I am now on slide 19.

We are immensely proud of our growth record since we began commercialising our technologies in early 2020.

And as should now be clear we continue to see enormous potential for the business and have confidence in our continued success.

We are now forecasting continued revenue growth in the range of 20% to 34% year-on-year for the 2025 financial year. This amounts to trading revenue guidance of \$7.3 million to \$8.3 million.

Driving towards positive earnings and cashflow

I am now on slide 20.

Underpinned by revenue growth and a significant rationalisation in our cost base we are now driving towards positive earnings and cashflow.

We have reduced the size of our workforce, moved to a smaller head office and introduced hybrid working practices.

We are also now pursuing a new self-sustaining model of iterative product development, which is directed at meeting our customers' most acute needs.

We have meanwhile offshored much development work to our Philippine team to manage costs.

Thanks to the rationalisation in our cost base, we are now targeting monthly EBITDA breakeven in March 2025.

Following this milestone, we anticipate achieving positive monthly cash flow within six months.

Q1 FY25 Results

I am now on slide 21 which provides an update on our progress towards these goals for the first three months of the new financial year.

Our team has pulled together to deliver a record first quarter. Trading revenue increased 17% when compared to the same period last year to \$1.8 million, extending 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 is consistent with our guidance.

Our strong first quarter performance highlights the resilience that comes from having a high-quality customer base as we have discussed.

The majority of the 20% growth in the shipper segment came from an increase in transactional revenue. In contrast, most of the 14% year-on-year growth in the freight forwarding segment comes from cross-sales of additional TradeWindow solutions that I outlined earlier.

Reflecting our cost out initiatives our gross margin has improved significantly, up 7 percentage points from the prior year to 61%. Our Origin service has also contributed to this improvement, thanks to its short sales cycle and simple onboarding process.

Research & Development (R&D), and commercialization expenses now only represent 36% of total expenditure, down 11 percentage points on the prior year. 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.

I am now on slide 22.

So, to summarise.

Our forecast revenue growth coupled with the changes to our business sets us on a path to monthly EBITDA break-even in March 2025.

Our confidence that we can achieve this goal is based on:

- Predictable recurring revenues from over 541 customers including some of the world's most prolific agriculture exporters and freight forwarders;
- Our strong position in New Zealand with more than 50% of New Zealand's primary industry exporters using TradeWindow software;
- Our growing presence in Australia. More than 50% of our customers are based in this market, which is seven times the size of New Zealand's; and finally
- Our success in the first three months of the year.

With that I would like to hand you back to Alasdair.

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.

www.tradewindow.io

Further information:

Investors

Andrew Balgarnie
TradeWindow
+64 27 559 4133

Media

Richard Inder
The Project
+64 21 645 643