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CRGO.OQ - Q2 2025 Freightos Ltd Earnings Call

EVENT DATE/TIME: AUGUST 18, 2025 / 12:30PM GMT

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PRESENTATION

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

Hello, and welcome to Freightos' Q2 2025 earnings conference call. A press release with detailed financial results was released earlier today and is available on the Investor Relations section of our website, freightos.com/investors.

My name is Anat Earon-Heilborn, and I'm joined today by Dr. Zvi Schreiber, the CEO of Freightos; and Pablo Pinillos, CFO. Today, we also have pleasure in inviting Dr. Udo Lange, recently appointed Chairman of the Board, to share brief remarks at the start of the call.

Following the prepared remarks, we will open the call for questions. We are sharing slides during the call and using video, so we recommend using Zoom on a computer rather than dialing in by phone. The slides as well as a recording of this earnings call will be available on our website shortly after the call.

Please be aware that today's discussion contains forward-looking statements, which are subject to a number of risks and uncertainties. Actual results may differ materially due to various risk factors. Please refer to today's press release and our SEC filings for more information on risk factors and other factors which could impact forward-looking statements. Copies of these reports are available online.

In discussing the results of our operations, we'll be providing and referring to certain non-IFRS financial measures. You can find reconciliations to the directly comparable IFRS financial measures, along with additional information regarding those non-IFRS financial measures in the press release on our website at freightos.com/investors. The company undertakes no obligation to update any information discussed in this call at any time.

Before we begin, I'd like to note our upcoming Investor events. In September, Freightos will participate in the H.C. Wainwright Annual Investment Conference in New York. In October, the company will participate in the LD Micro Main Event Conference in San Diego. Links to webcasts when applicable and other event updates can be found on our website.

In addition, at the end of September, we will be holding our annual FreighTech Conference for industry executives from around the world in Barcelona. If you would like to attend, please e-mail us at ir@freightos.com.

Today's earnings call will begin with an intro by Zvi; brief remarks from our Chairman, Dr. Udo Lange; and then an overview of Q2 performance by Zvi. Next, Pablo will present the financial results and the guidance for Q3 and full-year 2025. We will conclude with Q&A. (Event Instructions)

Zvi, please go ahead.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Thanks, Anat, and welcome, everyone. I will start with updates on our Board of Directors before moving on to the business review. As you saw in our recent announcement, Dr. Udo Lange has been appointed Chairman of the Board after being a Board observer and then Director for seven years. Udo has over three decades of global logistics leadership.

He's currently CEO of Stolt-Nielsen, a sizable ocean liner and logistics company; and was previously President of Healthcare, Logistics, and Americas International at FedEx Logistics, where he was also a customer of Freightos.

We also welcomed Rotem Hershko to our Board. Rotem has platform, technology and logistics expertise, having led global e-commerce operations at Amazon and served as Chief Product Officer at Maersk Logistics. These Board changes reflect an exciting new chapter for Freightos as we continue growing and maturing as a public company. And I'm confident they will help us to get even more value from our Board as well as even stronger governance.

Now, it's my pleasure to introduce you to Udo, and then I'll be back to walk you through the quarter's highlights and outlook. Udo?

Udo Lange - *Freightos Ltd - Chairman of the Board*

Yes. Thank you so much, Zvi. First, let me introduce myself. I met Zvi and the team when I was a customer of Freightos as COO of FedEx Logistics. And I was so impressed by Freightos' vision to digitalize international freight that I had drive the decision by FedEx to invest in the company in 2018, and I was a Board advisor for a number of years before joining the Board.

One of the most exciting aspects of Freightos for me as a former customer, Director, and now as Chairman, is the breadth of the vision and the platform. Freightos spans carriers, freight forwarders, and both SMB and enterprise importers and exporters across air, ocean, and some land. That footprint is incredibly powerful, truly unique, and underpins our ability to deliver a seamless end-to-end solution for international freight.

As a carrier logistics executive, I can confirm to you that the opportunity to digitalize this industry is vast. Over the last seven years, I've seen Freightos grow into a leading global freight platform. Stepping into the role of Chairman marks not only a personal milestone for me, but also a new chapter for the company, one that reflects its maturity.

The role allows me to focus on drawing out the full value of our Board of Directors, facilitating strong engagement, aligning diverse expertise with our strategic priorities, and ensuring we are providing meaningful support to management. I'm excited about the opportunities ahead and look forward to helping position Freightos to capture the significant market potential in digitalizing global trade.

I'm already enjoying working with our newest Director, Rotem. His track record in scaling complex technology-driven logistics platforms will be instrumental as we refine and expand our portfolio. As the Chairman, I'm excited to work with the Board and management to build the Booking.com of international freight.

Back to Zvi.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Thanks, Udo. I think we've reached a stage where separating the role of CEO and Chairman is positive for our governance, and very much look forward to working with you as Chairman.

So let's turn to the business review. I'm pleased to report another quarter of strong performance with record revenue and our 22nd consecutive quarter of record transactions. In Q2, we facilitated 397,000 transactions, a 26% increase compared to the same period last year, demonstrating consistent transaction growth.

Our platform's reach expanded with the addition of new buyers as well as notable carriers, including China Airlines and Air Europa, pushing our total to 75 carriers. This expansion, combined with the continued relevance of our comprehensive portfolio of solutions, has been instrumental in achieving record revenue, underscoring Freightos' strong performance and strategic growth trajectory.

Let's talk about the market that we operate in, leveraging our unique data. The air cargo market remained solid in Q2, with market volumes up 3% compared to Q2 last year. This strength comes despite the US ending the de minimis exemption for low-value imports from China in May, which had been a big driver of e-commerce air cargo.

While China-US demand has eased since then, stronger volumes on other lanes like Asia, Europe have kept the overall market growing. At the same time, more capacity and freighters freed up from China-US services, and they may have put some pressure on rates. The Freightos Air Index, FAX, global benchmark, average for Q2 decreased 15% year on year despite the volume gains.

In Ocean Freight, tariff changes drove sharp swings in transpacific volumes, with front-loading ahead of tariff deadlines boosting demand in Q2. Rates rose 43% from Q1, but were still 11% lower than last year, reflecting capacity growth and signs of overcapacity that will keep downward pressure on prices. As for the impact on Freightos, we believe that in recent months, tariffs have had a mixed impact on our business. On the tailwind side, market volatility and rapidly changing trade conditions have actually increased the need for our marketplace and our real-time data. We also believe some of the recent strength in air cargo volumes may reflect short-term pull-forward activity ahead of tariff changes. These dynamics play to our strengths as customers turn to Freightos for alternatives, price transparency, and flexibility when supply chains need to adapt quickly.

On the other hand, on the headwind side, elevated tariffs on specific lanes, most notably the brief 145% China-US tariff for a few weeks, did lead to a dip in platform transactions on that lane. However, this trade lane is a small part of our overall platform activity. In addition, during periods of high uncertainty, some enterprise customers in our solutions business have been more cautious in committing to large contracts, delaying decision-making until conditions become clearer. But overall, the impact of the trade war is minor when compared to the secular trend of digitalization, which really drives our long-term growth.

Now, let's discuss progress in our main strategic areas. Our business is organized into two revenue segments: Platform and Solutions. And the third focus area, network effects, underpins our sustainable competitive advantage and capital-efficient growth.

Starting with our Platform. In Q2, our Platform further strengthened its role in connecting importers, exporters, freight forwarders, and carriers. We maintained robust transaction volume growth, marking the 22nd consecutive quarter of record transactions with 397,000 transactions, representing a 26% year-over-year growth. Our Platform's resilience and versatility continue to shine, adapting to the complexities of today's trade environment.

We expanded our network by adding airlines such as China Airlines, a top 15 air cargo carrier in the world, enhancing our coverage on critical Asia, Europe, Americas routes, and Air Europa, a vital addition to strengthening key Spain to Latin America trade lanes, bringing our total to 75 carriers. This strategic expansion into Asia with China Airlines underscores our commitment to being a truly global platform. Looking ahead, there are still some major Asian airlines we would like to see joining the Platform, and we're continuously working towards that.

Importantly, despite our strong transactions growth and while maintaining our position as the market leader in digital, our penetration rate within the global air cargo market is still low. The market is still mostly offline, so there is huge growth potential. Currently, Freightos is typically accounting for less than 10% of the overall bookings received by any given airline, although we estimate that we may be approaching or even exceeding 10% in specific regions, especially in Europe.

In our last call, we mentioned an agreement we reached with a major North American ground transportation provider. And during the quarter, we announced the partner's entity as Forward Air Corporation. Connecting air and ground transportation seamlessly aligns with our goal of adding more value to each platform transaction and growing our platform in multiple ways. This includes the addition of new types of transactions, enriching existing ones with additional services, creating new buyer-seller combinations and leveraging our growing data assets.

As we expand platform growth by enabling more types of transactions, an important focus is increasing the liquidity of ocean capacity. While much of the ocean industry still remains on legacy systems, lacks modern APIs or digital connections, or is only beginning to explore platform-based

commercial models, we're finally seeing some concrete signs of progress as ocean liners find that their own customers push for digitalized bookings and rate management.

This demand is influencing carrier priorities, creating opportunities for deeper integrations that can bring ocean freight closer to the level of connectivity already seen in air and other modes. So specifically, in Q2, we reached a major milestone with one of the world's largest ocean container carriers, completing a fully integrated contract and spot booking connection. We gained access to their modern API late last year, finalized the integration in Q1, and processed our first e-booking with them in Q2.

Unlike previous integrations, this integration is comprehensive. It covers both contract and spot in a single end-to-end workflow for rate and booking management. The comprehensiveness of this solution with one major carrier delivers substantial value in ocean freight, where shipment volumes and costs are high. Our freight forwarder and shipper customers have been asking for digital bookings for containers for years, and gradual advances in carrier technology are now finally making that possible one carrier at a time.

Looking ahead, we expect more carriers to modernize their IT. While it will take time for ocean freight to become a major contributor to our KPIs, each new integration, like the one we had in Q2, expands our addressable market in container shipping and brings us closer to that goal.

In our Solutions segment, we made significant strides this quarter, achieving a 36% year-over-year increase in revenue, a nice achievement given the market. This growth reflects our proactive approach in expanding product capabilities and deepening client relationships.

One specific highlight was the successful deployment of contract benchmarking feature within Freightos Terminal, our data product. Prior to acquiring Shipsta, our Freightos Terminal data product was only really offering spot market data. Using data from Freightos Enterprise, which builds on the technology we acquired from Shipsta as well as other sources, we have expanded our capability and are now helping enterprises to benchmark their contract rates against the market. For context, if you're a Global 1000 retailer or manufacturer spending hundreds of millions on international shipping, the ability to sharpen your rate negotiation with data from Freightos based on real market data can be worth millions.

Among our freight forwarding customers, a notable expanding partnership is with SEKO Logistics, a global freight forwarder and logistics company. By integrating Freightos' freight forwarder solutions, SEKO is streamlining access to both air and ground carrier rates. This results in faster, more accurate quoting to the importers and exporters that they serve.

This expansion is a great example of our commitment to providing scalable solutions that drive efficiency and meet the growing demands of modern logistics. It also highlights our vast growth opportunity with existing customers. While we already serve 19 of the world's largest 20 freight forwarders and thousands more, we have significant room to continue expanding our solution offering to them given our comprehensive and ever-evolving portfolio.

Turning to shippers, that is importers and exporters, we achieved notable wins this quarter. A leading North American fiber networking company chose Freightos Procure to replace their current solutions for negotiating freight tenders. Some of the winning features were our data, our ERP integration capabilities.

Similarly, a top global retailer signed a multi-year contract with us, highlighting the value of Freightos Procure solutions and optimizing freight sourcing. Having said that, given the current economic conditions, we have seen certain deals with big shippers taking longer to close.

We continue to enhance our portfolio with AI playing a growing role in what we offer. We've long used AI to improve efficiency and accuracy in our internal operations, and we're now introducing AI-based features into our solutions. Leveraging our unique data, this combination provides a competitive edge and enables us to deliver greater value to our customers, helping them optimize their logistics strategies and reinforcing our leadership in international freight innovation.

Moving to network effects. We continue to observe robust cohort performance from both buyers and sellers on our platform. Unique buyer users increased by 6% year over year to a total of 20,200, reflecting the sustained appeal of our offerings. Furthermore, transactions per user also saw growth compared to the previous quarter.

Our cohort data highlights a positive trajectory. Once freight forwarders engage with our platform, their booking volumes tend to increase steadily over time, demonstrating long-term value realization.

On the carrier side, we're witnessing strong adoption trends with cohorts of carriers consistently expanding their participation on the platform. This growing engagement from both buyers and sellers fuels a positive feedback loop, reinforcing our competitive position and driving sustainable growth.

In summary, Q2 was another robust quarter reflecting our continued success in navigating challenging conditions as we advance our mission to digitalize global freight. We remain on track to deliver strong growth while achieving breakeven by the end of next year.

Well, thank you, and I'll now hand the call over to Pablo to discuss our financial results in greater detail.

Pablo Pinillos - *Freightos Ltd - Chief Financial Officer*

Thank you, Zvi, and good day, everyone. I'm pleased to report that we continued to build momentum into Q2 despite the dynamic economic landscape. Our Q2 results reflect the relevance of our offering and our consistent execution capabilities. We successfully surpassed our guidance in transactions, gross booking value, and revenue, demonstrating the sustained demand for our digital solutions. Even though currency fluctuations negatively impacted profitability, our adjusted EBITDA was within our guidance, thanks to our focus on disciplined cost controls.

Now let's take a look at the specifics of our revenue growth. We reported revenue of \$7.4 million, marking a 31% increase year over year. Platform revenue of \$2.5 million was up 23% year over year, marking our fourth consecutive quarter of growth that exceeded 20% year on year. Growth continues to be higher on the Web Cargo platform that connects carriers with freight forwarders than for the freightos.com platform that connects freight forwarders with importers and exporters.

Solutions revenue of \$4.9 million, was up 36% year over year. Gross margin on IFRS basis was approximately 67% in Q2, up from 65% in Q2 last year. Non-IFRS gross margin increased to nearly 74% from 72% last year.

Operating profitability benefit from revenue growth, gross margin expansion, and our disciplined cost management, but these benefits were partially mitigated by foreign currency fluctuations, especially the euro and the shekel appreciated against the dollar during the quarter, impacting our adjusted EBITDA and holding it back from showing an even greater improvement. Adjusted EBITDA for the second quarter was negative [\$2.9 million] (corrected by company after the call), compared with negative \$3.1 million in Q2 '24.

It is important to note that our effective hedging strategies have mitigated the effect of exchange rate in an overall cash position. We remain on track to achieve breakeven adjusted EBITDA by the end of 2026.

We ended the quarter with \$34 million in cash and cash equivalents, maintaining a strong balance sheet as we progress towards our profitability goals while continuing our measured investments in the business.

For the third quarter of 2025, we anticipate transactions in the range of 419,000 to 425,000, reflecting a year-over-year growth rate of 24% to 25%. For the full year, we have increased our transactions guidance to reflect the strength already delivered in the first half and our expectations for the robust platform activity to continue.

In Q3, we project GBV between \$329 million and \$333 million, reflecting a growth rate of 51% to 53% year over year. Our full-year estimate for gross booking value has also been raised, in line with transactions and with the prevailing market rates.

Revenue for the third quarter is expected to be \$7.6 million and \$7.7 million, up 23% to 25% increase year over year. We have narrowed our full-year revenue guidance to the range of \$29.5 million to \$30 million. This reflects our confidence in achieving sustained growth, balanced with some cautions with respect to longer sales cycles potentially impacting our solutions revenue.

In terms of adjusted EBITDA in the third quarter of 2025, we anticipate a loss between \$2.6 million and \$2.5 million and a loss between \$10.9 million and \$10.5 million for the full year. This reflects our expectations for a continued FX impact.

As we navigate the latter half of the year, we remain focused on executing our growth initiatives, maximizing operational efficiency, and moving closer to breakeven adjusted EBITDA by the end of 2026.

Thank you for your attention. We are now open to questions.

QUESTIONS AND ANSWERS

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

The first question will come from the line of Jason Helfstein. Actually, Eytan, can you please enable that?

Steve Hromin - *Oppenheimer & Co Inc - Analyst*

This is Steve Hromin on for Jason. Two questions from us. One, so you raised full-year GBV guidance, but kept revenue at the midpoint, largely unchanged. Is there something that you're seeing that would suggest take rate weakness for the second half? And then just curious on an update on how the Shipsta acquisition is helping you drive solutions revenue. Thanks.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Yeah. Thanks, Steve. Yeah, I think it's -- as usual, it's to do with the mix of transactions. There are certain types of transactions like Portal, which are performing well, contributing to GBV, and of course contributing to revenue as well, but contributing a little less in terms of the mix.

So overall, everything is going in the right direction, but sometimes the transactions which have the lower take rate sort of grow faster and bring down the mix a bit, but all going in the right direction.

And -- oh, sorry, Steve, what was your second question?

Steve Hromin - *Oppenheimer & Co Inc - Analyst*

Just curious if you could give some color on how Shipsta is helping drive the software business.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Yeah, very well. I mean, we don't even break out Shipsta anymore. We just call it now -- their product is called Freightos Procure, but it's mostly sold as the Freightos Enterprise Suite. And yeah, we've had some specific wins of cross-sells.

So as we anticipated, we're selling -- it's still a handful, but some big names who bought Freightos Procure, which is Shipsta and now buying our data. Who bought our data and now buying Shipsta Procure. So it's helping us in terms of cross-sell and just having a more interesting portfolio.

Some of the names -- well, I don't know if I should say names, but some of the big enterprises I referred to in my remarks definitely were helped by the fact that we have the broader suite now. And also, it's an important source of data. So I mentioned that we've now -- one of the big moves -- sort of steps forward for Freightos Terminal is that we now have contract data as well as short-term spot data, which is a really important enhancement for Freightos Terminal. And in a large part, that's part of the data asset we acquired with Shipsta.

So we're really achieving the strategic benefits that we hoped with that. And it's exactly a year, I think, almost to the day since we closed that deal. So it's a timely question.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

George Sutton.

George Sutton - *Craig-Hallum Holdings LLC - Analyst*

Zvi, I've been doing this long enough to know that you're newly excited about ocean.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Yes.

George Sutton - *Craig-Hallum Holdings LLC - Analyst*

And I'm curious if you could give us some sense of what's driving the pressure. Obviously, you've got a few ocean players. Where is the pressure coming for the modernization?

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Yes. So yeah, we've been discussing this, as you say, George, for a while. But I'm pleased that this quarter we have a concrete step, another major carrier live with us. And remember, ocean is a pretty consolidated industry.

You know this, George, but for the benefit of other people on the call, each big carrier can be 10% or 20% of the world market. So each one is a big win, even more than in air where the biggest carriers are sort of 6% or so of the market. The biggest ocean liners are 20%. And so each carrier is a big win.

I'd love to tell you the pressure is coming that they just so much want to work with Freightos. That's part of it. But really, of course, what we're leveraging here is our network. So it's not so much that they want to work with us, but they want to work with our network. We have these big freight forwarders, we have these big enterprise retailers and manufacturers. And these guys are just fed up with getting Excel sheets. It's very simple. The value proposition is just you send Excel sheets, there's a delay, there's mistakes, just give them a digital connection. So more than ourselves, we're leveraging our customer base to just remind the ocean carriers that there's a way you do these things in the 21st century and e-mailing Excels is not that way anymore. And it's happening one step at a time.

George Sutton - *Craig-Hallum Holdings LLC - Analyst*

So I wanted to take advantage of having Udo on the call. Given his background, and he had sort of reemphasized what we've talked about for years of being the Bookings.com of the space. I wondered if he could just give his perspective on that opportunity and also the secular dynamics that you referred to offsetting everything else right now.

Udo Lange - *Freightos Ltd - Chairman of the Board*

Yeah. Thank you so much for the questions. So I think we are really at a great moment right now at Freightos. And with my appointment, we really also drive a clear focus where we are so much at how can we win now and how can we win in the future. So with these changes, Zvi and the

management team can fully focus on driving the full value that we have at Freightos. And then I can work with the Board, but also bring in new expertise into the Board like Rotem, which helps us to accelerate.

So how we really look at this business, we want to win now. And I think Pablo and Zvi are very clear winning now shows these tremendous growth rates, but then also delivering on our breakeven in regards to EBITDA. But then even more important, we also want to win in the future, win this race towards Booking.com and deliver tremendous shareholder value.

So how do we do this? We really look at our portfolio as part of our annual strategy process, and we just went through this. And we go through our solutions and we look at what is the maturity of the solution that we have and what is the hypergrowth potential that each of these solutions have. And based on that, we then decide where do we allocate resources to drive even value faster.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

Okay. Next are a couple of questions from Ablay Zhumanov. The first one is with the appointment of a new Chairman and additional Board expertise, are you evaluating any strategic changes or new growth areas that could further diversify and accelerate revenue growth?

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Well, thanks for the question, Ablay. We review that the whole time because the world is dynamic. Right now, we've not decided and not necessarily expecting to decide on any major changes. As Udo mentioned, we're always fine-tuning where we prioritize resources. So we do that often. Certainly, as we budget for next year, we'll do that again and fine-tune the resource allocation. But not haven't decided and not necessarily expecting to make any dramatic changes.

One thing, of course, that is horizontal is that we're looking at AI in every aspect of the business internally and within the product. That's something which we do anyway. But otherwise, we're really expecting to carry on largely on the same business plan, which is working well for us.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

Another question from Ablay is, you mentioned FX headwinds moderating adjusted EBITDA. Can you quantify how much FX impacted Q2 profitability? And what portion of that is structurally hedged versus still exposed in half two?

Pablo Pinillos - *Freightos Ltd - Chief Financial Officer*

Sure. So thank you for the question. So as I said, the FX fluctuations were significant in the quarter. And with more than half of our operating expenses in euro and shekels, the dollar depreciation affected our adjusted EBITDA to the point that we landed in the bottom of the expectations instead of exceeding them. So yes, we quantified that we would have exceeded our expectations for adjusted EBITDA.

And to the second part of the question about what portion of that is structurally hedged, I can tell you, and you can see in the financial results that from a finance interest under adjusted EBITDA, we have been able to cover almost 100% of the hedging.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Yeah. So I think Pablo has really done -- Pablo and the team have really done a great job on this. This doesn't affect our cash or our strength as a company in any way. It's just a cosmetic thing that the fluctuations appear over the EBITDA line and the hedging appears below. So it affects our EBITDA number but doesn't actually weaken our business in any way whatsoever, except perhaps marginally, but really, it's mostly covered.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

I'll switch to a question that came over e-mail. With 2.5 years after you've gone public, you have 2.5 years left on the warrants until they expire. Do you plan to do anything about that structure?

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

About the warrants? No, I think the warrant -- I mean, there's a bunch of warrants out there, but the strike price is high. I think it's \$11.5, isn't it? Which is unfortunately far from our market price. So I don't think it's an overhang that actually bothers anyone. So at this time, we've got no plans to spend time and money dealing with that.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

Okay. The next question is from Scott Buck. With the introduction of tariffs, are you seeing any change in the booking schedule? Are customers booking earlier, waiting longer to make their booking decisions?

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Yeah. I mean, certainly, in the second quarter, tariffs were driving a lot of decisions. Now, tariffs have kind of settled down to some extent. So the US has signed trade agreements with a bunch of countries.

The tariffs are very high. They're higher than they've been for 100 years. And I don't think that's actually good for anyone. But at least the fact that it settled down is definitely helpful. So the uncertainty is even worse than having high tariffs.

But in Q2, certainly, there were -- as announcements that came from the White House in rapid succession, people try to quickly ship ahead or wait for the agreements. So that was definitely driving behavior. Now, I think, less because -- not all but most of the tariffs, there's a lot more -- most of them seem to have settled down. So now people are trying to get back to long-term planning and trying to do less sort of whiplash shipping.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

Okay. Next question. Why do you think the international freight shipping is not fully digitalized until now?

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Well, that's a great question, and I don't fully know the answer. It's clearly a very -- it's a very fragmented industry, a very international industry, a very conservative industry. But even so, there's no excuse. It should have been digitalized by now. But the good news is it isn't giving us the opportunity that we have. So I'm grateful for the fact that there's this one non-digitalized industry left for us all to digitalize.

Udo Lange - *Freightos Ltd - Chairman of the Board*

Maybe I can add something there out of my experience with customers. I think what is very interesting right now, in these times of supply chain complexity, customers are actually even stronger leaning into digitalization. And as part of that, including Solutions that Freightos has is actually becoming more front and center. And that helps them also in interfacing with the airlines, with the ocean liners, and the rest of the ecosystem.

So I think these changes in the overall from a trade perspective in this VUCA environment actually playing nicely into our growth story and showing that now it's even more important to digitalize with the Freightos capabilities.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

Thanks, Udo. And now our last question. Can you please expand on how you expect to be breakeven by the end of next year? Would it require the same 2025 revenue growth and margins? Or would you need further improvements?

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

I think, Pablo, largely on the same trends, we get there, right? We're not making the (multiple speakers)

Pablo Pinillos - *Freightos Ltd - Chief Financial Officer*

Yeah, yeah, yeah. I can answer that. The first thing that I want to say is that the confidence to breakeven in Q4 2026 is 100%. And if you look at the long-term model that --

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Very high. I don't like to say 100%.

Pablo Pinillos - *Freightos Ltd - Chief Financial Officer*

If you look at the long-term model that we put out there with the same growth ratios that we are delivering right now and improving in the gross margins, we will get to breakeven in Q4 2026. We may be getting the operational expenses as we plan from a flat investment perspective for minimal growth.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Yeah. So if there's any inflection point in the industry or other accelerant, that would be even better. But we're planning to get there even without assuming any sort of extra tailwind.

Anat Earon-Heilborn - *Freightos Ltd - Investor Relations*

Okay. I believe that concludes all the questions. Always, you can send us more questions to ir@freightos.com. Have a good day, everyone.

Zvi Schreiber - *Freightos Ltd - Founder, Chief Executive Officer of Freightos Group*

Thanks, everyone.

Pablo Pinillos - *Freightos Ltd - Chief Financial Officer*

Thank you.

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