

17 August 2023

Windward Ltd.
("Windward", "the Company")

Half Year Results

A period of significant growth in customer base allied to strong financial results

[Windward](#) (LON: WNWD), a leading Maritime AI company, is pleased to announce its financial results for the six months ended 30 June 2023.

Financial Highlights

- Annual Contract Value (ACV¹), a key indicator of future revenue growth, grew 23% to \$27.6m (HY 22: \$22.5m)
- Revenue up 18% to \$12.8m (HY 22: \$10.9m)
- Gross margin at 78% (HY 22: 72%), reflecting increase in revenue and cost saving actions taken earlier in the year
- Significantly improved Adjusted EBITDA² loss of \$3.8m (HY 22: (\$5.4m))
- 52% reduction in cash used for operations to \$4.0m (HY 22: \$8.8m)
- Tight control over costs; total costs increased by 5.8% to \$18.3m (HY 22: \$17.3m), including non-cash share based compensation of \$1.3m (HY 22: \$0.8m)
- Cash, cash equivalents and short term deposits of \$17.9m at 30 June 2023 (31 December 2022: \$22.1m)

Operational Highlights

- Execution of growth strategy in line with plan
- Secured 48 new commercial customers, almost as many as in all of 2022 (53), bringing the total customer count to 174 (up 67% compared to 30 June 2022), showing a significant increase in market share and revenue growth potential
- Commercial ACV now represents 32% of total ACV (30 June 2022: 23%), reflecting the continued diversification of the business
- Continued investment in innovation to further develop our strong market position, including the launch of our Shipments Analytics Dashboard to deliver statistics, analytics and insight for customers on their shipments and carrier performance

Current Trading and Outlook

- Second half trading has begun strongly and the Board is confident in meeting market expectations
- Continued focus on driving ACV growth, which combined with careful control of costs gives Windward a clear roadmap to achieving positive EBITDA run rate exiting FY2024

- Significant partnerships with the London Stock Exchange Group, to integrate Windward’s technology into the LSEG’s Workspace platform and with Amazon Web Services allowing AWS customers to discover and procure the Windward solution via the AWS marketplace
- Increasing sanctions, such as the EU Commission’s 11th Package of sanctions, and broader regulatory pressures mean the need for real time, accurate insights to manage maritime risk is greater than ever

⁽¹⁾ ACV, as of a given date, is the total of the value of each contract divided by the total number of years of the contract.

⁽²⁾ EBITDA is earnings before interest, tax, depreciation and amortisation

⁽³⁾ All references to \$ or USD are in respect of United States Dollars

Ami Daniel, CEO and Co-Founder of Windward said:

“The first half of 2023 has been a transformative period for Windward. We emerged from 2022 with a global leading suite of solutions for the maritime industry, achieving record levels of new customer wins. We have delivered strong first-half results while successfully streamlining our cost base and reducing our cash burn.

“The backdrop of the war in Ukraine, increasing regulations and the market-wide drive for efficiencies and cost reductions continues to underline the need for Windward’s solution. These drivers give us confidence in a strong second half, and our ability to deliver the roadmap to positive EBITDA run rate exiting FY2024. We remain focussed on building a highly successful maritime AI business and excited by the considerable opportunity ahead.”

Ami Daniel, Chief Executive Officer, and Ofer Segev, Chief Financial Officer, will host a live presentation and Q&A relating to the interim results via the London Stock Exchange’s SparkLive platform today at 9am BST.

To register to attend, please use the following link:

<https://www.lsegissuerservices.com/spark/WINDWARDLTD/events/07f330b4-68cf-45b7-a140-3a2d26485be4>

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About Windward

Windward (LSE:WNWD), a publicly-traded company on the London Stock Exchange, is a leading Maritime AI company, enabling organisations to achieve business and operational readiness. Windward’s AI-powered solution allows stakeholders including banks, commodity traders, insurers, and major energy and shipping companies to make real-time, predictive intelligence-driven decisions, providing a 360° view of the maritime ecosystem and its broader impact on safety, security, finance, and business. For more information visit: <https://windward.ai/>.

CEO statement

OVERVIEW

In the first half of 2023 we have delivered on a number of product, people and financial initiatives which have been implemented throughout the business which we believe will substantially benefit Windward going forward. We have invested in our cost base in a measured way, while significantly reducing our cash burn to bring forward our path to positive EBITDA. However, this has not been at the expense of commercial success, evidenced by double-digit ACV and revenue growth, a record number of new customer wins (particularly in the commercial sector) and continued enhancement of our platform offering.

We are very pleased with our strong financial metrics which demonstrate the commercial potential of our offering which we set out at the time of the IPO. In the first half of 2023 we delivered revenue growth of 18% to \$12.8m and an exit ACV up 23% YoY at 30 June 2023 to \$27.6m, providing a strong base as we move into the second half of the year. We are also pleased with our success in delivering this growth, while at the same time improving gross margins and carefully managing costs, reflected in a lower adjusted EBITDA loss of \$3.8m (compared with \$5.4m for HY 22) which provides a clear pathway to achieving positive EBITDA.

The complex web of sanctions and regulatory requirements continue to drive demand for our Maritime AI solutions. Prompted by events such as the war in Ukraine, we have observed continually heightened requirements for our customers throughout 2023, including the EU Commission's [11th Package of sanctions](#), which allows ports to deny entry to vessels utilising deceptive shipping tactics to circumvent sanctions. This represents a core development which has made counterparty due diligence a necessity for any stakeholder in maritime trade to ensure they are not conducting business with bad actors. We expect such regulatory drivers to drive further demand for Windward's solutions going forward.

The period has seen us deliver further innovation, launching market leading products, building on the launches in 2022 of Ocean Freight Visibility and API Insights Lab. We are delighted with the success of these initiatives, as demonstrated by the record rate of customer wins in the period. Our market leading suite of products and our significantly increased infrastructure has seen our business scale and sets a firm base for our ambitious growth plans in the short and medium term.

Our continued investment in R&D and innovation is a significant expense and is key to our recent success, the current discussions we are having with a range of potential clients and our longer-term ambition. It is this investment and the quality of our people that gives us our competitive advantage and underpins our confidence for not only the second half of 2023 but well beyond.

Continued customer expansion

In line with the increasing demand for our technology solutions, momentum in new customer acquisition seen in 2022 has continued into FY23, with 49 new customers signed in the first half. We now have 174 customers, up from 132 at 31 December 2022.

Windward has made major progress in the commercial sector, a strategic focus to diversify the revenue base, with 48 new customers signed including BHP, Peninsula Petroleum, and DanPilot - the national Danish pilotage company. This represents a significant acceleration when compared to the 53 total customers signed in the whole of 2022. Commercial ACV now represents 32% of our total ACV, up from 23% at 30 June 2022, reflecting our continued diversification and successful execution of our stated strategy. The Company splits its government customers into two segments; those governments based outside of the USA (ROW Gov) and the USA Government. Of these, growth of USA Government is our focus and we were pleased to see an uplift in revenue and ACV of 28.7% and 26.1% respectively from this segment in the last 12 months, driving by expanding use of the platform within existing customers.

As previously reported, we typically expect to see a second-half weighted performance in this segment on account of the federal budget cycle.

In line with Windward's land and expand strategy, we have been successful in increasing the number of users, APIs and services used by existing customers during the half as our full product portfolio increasingly becomes more relevant to organisations across the industry.

More generally, we are observing a range of customers buying more users or API data points for new use cases and different departments.

Building our supply chain business

A key aim has been to build the Company's supply chain business in FY23 as part of our wider Commercial portfolio of offerings, driven by our Ocean Freight Visibility solution, which enables customers to manage their supply chain efficiently through best in class visibility and AI powered insights.

Progress has been encouraging and we secured a number of key customers and partnerships during the first half, as well as continuing to enhance the depth of insights available to customers through additional data and analytics. New customers signed to Windward's supply chain solution include Nowports and Scan Global.

Additional capabilities added in the period include our Reasons For Delay API, providing additional ETA ("estimated time of arrival") insights to help customers increase efficiencies and manage costs within their shipping operations. This was later followed by the launch of our Shipments Analytics Dashboard, which provides businesses with individualised analytics on past and current shipments. We expect these key enhancements to continue to drive adoption of the platform in the second half and beyond.

Key partnerships to drive our expansion

Alongside direct sales, Windward has established a number of key partnerships and distribution channels with organisations across the maritime industry. These partnerships represent an opportunity to expand further Windward's usage across its target sectors.

Recent partnerships signed to increase Windward's presence in the supply chain market include partnerships with Amital Data, which integrated our solution into its platform for improved cargo visibility and Wisor, which partnered with us to incorporate Ocean Freight Visibility into its offering, providing customers with precise ETAs and full visibility of container tracking. These partnerships come as part of the "Windward Inside" partner programme, which embeds Windward's solutions to partners' platforms, extending our offering to new customers and markets.

Post-period, we were delighted to announce a partnership with the London Stock Exchange Group, to integrate Windward's technology into the LSEG's Workspace platform, providing trading and chartering users with a first-class solution assess and mitigate sanctions compliance risks, and a partnership with Amazon Web Services, allowing AWS customers across all segments to be able to access the solution via the AWS marketplace.

CURRENT TRADING AND OUTLOOK

We are pleased to report trading momentum has continued into H2 2023, with ACV and revenues tracking in line with our expectations. With a clear path to achieving positive EBITDA, we continue to focus on the careful management of costs while continuing to deliver on our multiple strategic revenue opportunities.

Across supply chain management, sanctions and compliance risk, and decarbonisation, there remains an unparalleled opportunity for further expansion in the maritime market. Underlining this opportunity is the complex regulatory environment, and we are seeing a growing number of companies across the industry turning to Windward to help them make better informed decisions and mitigate risk effectively.

We will continue to invest in our best-in-class, innovative SaaS offering, backed by decades of maritime expertise, and we look forward to updating on our progress through the second half.

Financial Review

Windward management and Board regularly review metrics, including the following KPIs, to assess its performance, identify trends, develop financial projections and make strategic decisions. For a review of the key financial metrics, see below.

A KEY DRIVER OF FUTURE REVENUE IS ANNUAL CONTRACT VALUE (ACV)

ACV is a non-IFRS measure defined as the sum of all ACV for customers as of the measurement date. The ACV for each customer is the annual committed subscription value of each order booked for which Windward will be entitled to recognise revenue. For example, a contract for \$1m with a committed contractual term of two years would have an ACV of \$0.5m, making the assumption for any period that the customer renews under the same terms and conditions.

As at 30 June 2023, Windward increased its ACV by 23% over 30 June 2022, driven primarily by the increase in customers from 104 to 172 over the same period, and to a lesser extent by an increase in upsells to existing customers made possible by expansion of the number of users or the product set. Growth in ACV has been in the USA Gov and Commercial markets while in ROW Gov ACV remained unchanged.

KEY PERFORMANCE INDICATORS (“KPIs”) (\$ IN THOUSANDS)

ACV	H1-2023 \$'000	H1-2022 \$'000	% change
ROW Gov	11,888	11,832	0.0%
USA Gov	6,940	5,503	26.1%
Commercial	8,735	5,173	68.8%
Total	27,563	22,508	22.5%
Revenues			
ROW Gov	5,549	5,477	1.3%
USA Gov	3,594	2,792	28.7%
Commercial	3,704	2,582	43.5%
Total	12,847	10,851	18.4%
Number of Customers	Count	Count	
ROW Gov	20	22	-10%
USA Gov	16	13	23%
Commercial	138	69	100%
Total	174	104	67.3%

We separate our Government customers into two market segments: Government outside USA (ROW) and USA Government. We do this as the buying cycle and pricing for each segment is different. For Government ROW, in most cases Windward is responding to a Request for Proposal (“RFP”) process which can take between 9 to 18 months to conclude. For the USA Government Windward typically sells a subscription-based solution on a price per user basis. Historically most of the annual awards from the U.S. Government agencies are linked to the U.S. Federal budget cycle which typically concludes annually at the end of September.

At the end of June 2023 our largest customer was at 10.1% (June 2022: 12%) of ACV and the next 5 biggest customers together were 25.5% (June 2022: 29.3%) of ACV.

The annual ACV churn rate is defined as the value of contracts lost from the existing customer base one year prior to the measurement date, as a proportion of the total ACV value of that existing customer base. The churn rate reflects customer losses and contractions but not any customer expansions of existing contracts.

Churn in H1 2023 was 4.7% compared to 5.9% in H1 2022.

FINANCIAL OVERVIEW as of 30 June 2023:

	H1-2023 \$'000	H1-2022 \$'000	Change %
Revenues	12,847	10,851	18.4%
Cost of revenues	2,838	2,999	-5.3%
Gross Profit	10,009	7,852	27.4%
Gross Margin	78%	72%	
R&D	5,676	5,961	-4.8%
S&M	6,701	5,899	13.6%
G&A	3,086	2,467	25.1%
Total operating expenses	15,463	14,327	7.9%
Operating loss	(5,454)	(6,475)	-15.7%
Adjusted Operating loss	(4,177)	(5,720)	-27%
Adjusted EBITDA loss	(3,849)	(5,411)	-28.9%

REVENUE

Revenue increased by 18.4% to \$12.8m (HY 22: \$10.8m). This increase was driven by 28.7% growth and 43.5% growth in our USA Government and Commercial segments respectively mostly from new customers adopting our solution for the first time.

Gross margin

Gross margin increased to 78% in 2023 (HY 22: 72%), mostly as a result of increase in revenue and cost saving actions taken earlier in the year. Cost of revenues fell from \$3.0m to \$2.8m as a result of the cost saving actions undertaken including tight control over hosting costs. We expect margins to improve over time.

R&D

Research and development decreased slightly from \$5.9m in HY 22 to \$5.7m in HY 23 mainly due to lower employees and cost control. All R&D costs are expensed as they occur; we do not capitalise R&D costs.

S&M

Sales and marketing increased from \$5.9m in HY 22 to \$6.7m in HY 23. The main reason for the increase was hiring additional sales managers in Europe and USA.

G&A

General and administrative expenses increased from \$2.5m in HY 22 to \$3.1m in HY 23 reflecting the increased level of business activity, mainly through the taking on of additional office space.

Total expenses increased by 5.8% to \$18.3m (HY 22: \$17.3m), including non-cash share based compensation of \$1.3m (HY 22: \$0.8m), significantly lower than the 18.4% increase in revenues.

EBITDA

Adjusted EBITDA is a non-IFRS financial measure defined as (profit before depreciation, amortisation, interest, tax and share-based payment charges and associated employer tax charges)

Reconciling EBITDA to adjusted EBITDA for HY 23, the Company added back \$1.3m (HY 22: \$0.8m) of stock based compensation expenses.

Statement of financial position

CASH AND CASH EQUIVALENTS

Windward had cash, cash equivalents and short term deposits on 30 June 2023 of \$17.9m, a decrease of \$4.2m from 31 December 2022.

CASH FLOW

Windward used \$4.0m to finance operating activities in HY 23, a 52% decrease from the \$8.8m used in HY 22, reducing our cash burn as we kept a tight control over costs.

Ofer Segev

Chief Financial Officer

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023 and 2022

		Six months ended	
		June-30	
	Note	Unaudited	Unaudited
		2023	2022
		U.S. dollars in thousands	
REVENUES	6	12,847	10,851
COST OF REVENUES		2,838	2,999
GROSS PROFIT		10,009	7,852
OPERATING EXPENSES:			
Research and development		5,676	5,961
Sales and marketing		6,701	5,899
General and administration		3,086	2,467
TOTAL OPERATING EXPENSES		15,463	14,327
OPERATING LOSS		(5,454)	(6,475)
FINANCIAL EXPENSES			
Financial expenses		539	3,467
Financial income		249	25
Total financial expenses, net		290	3,442
LOSS BEFORE INCOME TAX		(5,744)	(9,917)
Income tax expense		109	-
LOSS FOR THE PERIOD		(5,853)	(9,917)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share		(0.066)	(0.113)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2023, and 2022

	<u>June 30</u>	<u>December 31</u>
	<u>2023</u>	<u>2022</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>U.S. dollars in thousands</u>	
Assets		
CURRENT ASSETS:		
Cash and cash equivalents	17,077	22,141
Restricted short-term deposit	907	-
Trade receivables	1,641	2,448
Other receivables	3,674	2,861
TOTAL CURRENT ASSETS	<u>23,299</u>	<u>27,450</u>
NON-CURRENT ASSETS:		
Restricted deposit	1,200	1,143
Property and equipment, net	711	796
Right-of-Use asset	1,806	1,956
	<u>3,717</u>	<u>3,895</u>
TOTAL ASSETS	<u>27,016</u>	<u>31,345</u>
Liabilities and shareholders' equity		
CURRENT LIABILITIES:		
Trade payable	835	878
Current maturities of lease liabilities	291	320
Other payable	2,747	3,637
Deferred revenues	10,417	8,315
TOTAL CURRENT LIABILITIES	<u>14,290</u>	<u>13,150</u>
NON-CURRENT LIABILITIES:		
Deferred revenues	3,324	4,078
Liability for employee rights upon retirement, net	54	57
Lease liability	1,571	1,725
TOTAL NON-CURRENT LIABILITIES	<u>4,949</u>	<u>5,860</u>
TOTAL LIABILITIES	<u>19,239</u>	<u>19,010</u>
SHAREHOLDERS' EQUITY:		
Ordinary Shares of 0.002 NIS par value	27	27
Preferred Shares of 0.002 NIS par value	-	-
Additional paid-in capital	82,153	80,858
Accumulated deficit	(74,403)	(68,550)
TOTAL SHAREHOLDERS' EQUITY	<u>7,777</u>	<u>12,335</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>27,016</u>	<u>31,345</u>

Ami Daniel
Chief Executive Officer

Ofer Segev
Group Chief Financial Officer

Date of approval of the consolidated financial statements by the Company's Board of Directors: August 16, 2023

UNAUDITED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
As of 30 June 2023, and 2022

	Ordinary shares	Additional paid-in capital	Accumulated deficit	Total
U.S. dollars in thousands				
BALANCE AS OF JANUARY 1, 2023 (Audited)	27	80,858	(68,550)	12,335
Exercise of options by employees	-	17	-	17
Share based compensation	-	1,278	-	1,278
Loss for the period	-	-	(5,853)	(5,853)
BALANCE AS OF JUNE 30, 2023 (Unaudited)	27	82,153	(74,403)	7,777

	Ordinary shares	Additional paid-in capital	Accumulate d deficit	Total
U.S. dollars in thousands				
BALANCE AS OF JANUARY 1, 2022 (Audited)	27	77,486	(49,351)	28,162
Exercise of options by employees	(*)	533	-	533
Share based compensation	-	755	-	755
Loss for the period	-	-	(9,917)	(9,917)
BALANCE AS OF JUNE 30, 2022 (Unaudited)	27	78,774	(59,268)	19,533

Represents an amount lower than 1 thousand U.S dollar(*)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023 and 2022

	Six months ended	
	June-30	
	2023	2022
	Unaudited	Unaudited
	U.S. dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the period	(5,853)	(9,917)
Adjustments to reconcile loss for the period to net cash used in operating activities:		
Depreciation	328	309
Share based compensation expenses	1,278	755
Effect of exchange rate	(146)	2,649
Finance (income) expenses of lease liabilities	-	(23)
Changes in asset and liability items:		
Decrease (increase) in trade receivables	807	(709)
Increase in other receivables	(814)	(1,395)
Increase (decrease) in trade payables	(43)	27
Decrease in other payables and accruals	(890)	(1,363)
Increase in deferred revenues	1,348	3
Decrease in liability for employee right upon retirement, net	(3)	(4)
Net cash used in operating activities	(3,988)	(9,668)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(48)	(62)
Decrease (Increase) in bank deposits	(980)	133
Net cash used in investing activities	(1,028)	71
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	17	533
Funds paid in respect of the sale of shares by shareholders in connection with the Initial Public Offering	-	(3,730)
Principal elements of lease payments	(130)	(238)
Interest paid	-	(17)
Net cash provided by (used in) financing activities	(113)	(3,452)
DECREASE IN CASH AND CASH EQUIVALENTS	(5,129)	(13,049)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,141	43,688
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	65	(2,866)
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD.	17,077	27,773

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

NOTE 1- GENERAL INFORMATION

Windward Ltd. (the "Company" or and its subsidiaries the "Group") was incorporated in Israel and commenced its operations in January 2010. The registered office of the Company is Ha-Shlosha St 2, Tel Aviv-Yafo, Israel.

Windward is a b2b SaaS technology company, focusing on the combination of maritime domain expertise and AI. The Company provide access to a best-in-class, Maritime AI-powered, Predictive Intelligence Platform for the 250,000 target customers which are involved in maritime trade, including governments, shipping companies, financial institutions, freight forwarders, beneficial cargo owners and many more.

On 6 December 2021, the Company completed a process of listing its existing shares and issuing new shares on the AIM market of the London Stock Exchange (the IPO).

Since the establishment of the company, the company has accumulated continuous losses from its business activities, and it had negative cash flows.

As of June 30, 2023, the company had a cash and restricted short term bank deposits in the amount of approximately 17.9 million dollars.

The continuation of the company's activity in the coming year is supported by its cash balances as well as the realisation of the management's plans for growth and an increase in the revenues. These funding sources allow the company's management to assess its continued activity for a period of more than 12 months starting from the date of approval of these financial statements.

NOTE 2 - BASIS OF PREPARATION

a. These condensed consolidated interim financial information for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 – 'Interim financial reporting' as issued by the International Accounting Standards Board. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS. This condensed consolidated interim financial information are reviewed and not audited.

b. The accounting policies adopted are consistent with those of the previous financial year.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial information in accordance with IFRS requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities.

The estimates and related assumptions are based on previous experiences and other factors considered reasonable under the circumstances, the results of which form the basis for making the assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting policies and computation methods used in preparing the condensed consolidated interim financial information are consistent with those used in preparing the 2022 annual financial statements.

NOTE 4 - FINANCIAL INSTRUMENTS – FAIR VALUE

The management believes that the carrying amount of cash, trade receivables, restricted deposits trade payables and other current liabilities approximate their fair value due to the short-term maturities of these instruments or the sensitivity of the instruments for change in the interest rate.

NOTE 5 - SHARE BASED COMPENSATION

1. During February 2023, the Company granted in total 1,490,235 RSUs to its employees. The total fair value of the 1,490,235 RSUs is approximately \$791 thousand. 1,011,125 of the RSUs vest over four years period: %25 will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant. The rest of the RSUs will vest in one year if the performance condition that is stipulated in the RSU grants are meet.
2. During March 2023, the Company granted in total 602,373 RSUs to its employees. The total fair value of the 602,373 RSUs is approximately \$241 thousand. 81,500 of the RSUs vest over four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant. The rest of the RSUs will vest in one year if the performance condition that is stipulated in the RSU grants are meet.
3. During May 2023, the Company granted in total 731,028 RSUs to its employees. The total fair value of the 731,028 RSUs is approximately \$329 thousand. 130,000 of the RSUs vest over four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant. 354,543 of the RSUs vest at the grant day. The rest of the RSUs will vest in one year if the performance condonation that stipulated in the RSUs grants are meet.

NOTE 6 - REVENUES FROM CONTRACT WITH CUSTOMERS:

The Group derives revenue from providing Software as a Service (SaaS) over time for the following major customer types and geographical regions:

	Six months ended	
	Jun-30	
	2023	2022
	U.S. dollars in thousands	
a. Customer types:		
Government	9,143	8,269
Commercial	<u>3,704</u>	<u>2,582</u>
	<u>12,847</u>	<u>10,851</u>
b. Geographical regions:		
Israel	265	157
North America	4,316	3,129
APAC	1,372	2,149
Europe	4,867	4,217

Gulf Cooperation Council (GCC) & Africa	1,638	1,081
South/Latin America	<u>389</u>	<u>118</u>
	<u><u>12,847</u></u>	<u><u>10,851</u></u>