

20 August 2024

**Windward Ltd.**

("Windward", "the Company")

**Half Year Report**

*Strong growth and continued innovation*

Windward (LON: WNWD), a leading Maritime AI company, is pleased to announce its financial results for the six months ended 30 June 2024 ("HY 24").

**Financial Highlights:**

- Annual Contract Value (ACV) of \$37.2m, up 35% (HY 23: \$27.6m)
- Revenue up 37% to \$17.6m (HY 23 \$12.8m)
- Gross margin for HY 24 up three points and now at 81% (HY 23: 78%)
- EBITDA loss down 66% and now at \$1.3m for HY 24 - (HY 23 \$3.8m loss)
- Cash balance at period end of June 2024 was \$13.8m (31 December 2023: \$17.3m), on track to achieve market expectations\* for 31 December 2024
- Trading slightly ahead of market expectations\* on revenue for FY24, and confident of achieving an adjusted EBITDA<sup>2</sup> break-even run rate during FY24

**Operational Highlights:**

- Continued execution of strategic plan against customer growth, innovation and expanding our go-to-market reach
- Commercial ACV now represents 33% of total ACV (30 June 2023: 32%)
- Launch of MAI Expert™, a generative AI solution for the maritime and logistics industries, significantly expanding Windward's addressable market and strengthening its competitive differentiation
- Growth in partnerships to access new markets and customers, including strengthening of partnerships with the London Stock Exchange Group , AWS and Rightship

**Current Trading and Outlook:**

- Strong base of recurring subscription revenues and reduced cash burn underlines confidence in achieving breakeven adjusted EBITDA run rate during FY24

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

*"We delivered another period of growth in line with our expectations with good momentum across all our financial metrics as we approach adjusted EBITDA breakeven run rate during the current financial year. Revenue is up 37% year over year and ACV, a future indicator of revenue growth, is up 35%, reflecting the underlying demand for our offering. We are expanding our global customer base as they embrace our portfolio offering to address their varied needs across global trade."*

*“Our investments into new products, including our highly innovative MAI Expert™, are paving the way for new opportunities through an expanded addressable market. Innovation remains at the core of our focus, and our cash reserves enable continued self-funded growth across our offering to meet the needs of our customers across maritime and logistics.”*

*“With a high rate of renewal from existing customers, continued trading momentum into the second half, a highly competitive and differentiated offering, and high margin business, we anticipate the opportunity to keep building the company as the leader in Maritime AI for global trade “*

\* For the purposes of this announcement, Windward believes market consensus for the financial year ended 31 December 2024 to be revenue of \$36.2m, adjusted EBITDA loss of \$1.6m and cash of \$16.1m.

- (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) Adjusted EBITDA is EBITDA before share-based payment charges and associated employer tax charges
- (4) All references to \$ or USD are in respect of United States Dollars

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**About Windward**

[Windward](#) (LSE:WNWD), is a leading Maritime AI™ company, providing an all-in-one platform to accelerate global trade. Windward's AI-powered decision support and exception management platform offers a 360° view of the maritime ecosystem and enables stakeholders to make real time, predictive intelligence-driven decisions to achieve business and operational readiness.

Windward's Maritime AI supports companies across industries. The company's clients range from oil supermajors, freight forwarders, cargo owners, to banks, shippers, insurers, and governmental organizations.

For more information visit: <https://windward.ai/>.

Prior to publication the information communicated in this announcement was deemed by the Company to constitute inside information for the purposes of article 7 of the Market Abuse Regulations (EU) No 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations No 2019/310 ('MAR'). With the publication of this announcement, this information is now considered to be in the public domain.

## **CEO statement**

### **OVERVIEW**

I am pleased to report on an excellent first half to June 2024 for Windward, delivering strong financial results and remaining on track against our stated strategic ambitions for FY24 and beyond. We have built on our existing strong foundation of recurring revenues by further growing our customer base and broadened our offering through investment into our platform and our newly launched generative AI capabilities.

For H1, Windward delivered revenue in line with the Board's expectations for HY 24. We have maintained our consistently high levels of ACV growth (up 35% year over year) and revenue growth (up 37% year over year), demonstrating the attractiveness of our offering and strength of our recurring revenue business model. We remain on track for our stated target of adjusted EBITDA run rate break even during FY24. Cash at the period end remains strong at \$13.8m (31 December 2023: \$17.3m) With revenue accelerating and EBITDA loss decreasing rapidly (down 66% year over year to \$1.3m), our cash on hand provides balance sheet strength and stability.

### ***A time of structural growth***

Our market is seeing structural change - with our core drivers of geopolitical risk, demand for AI products, decarbonisation and supply chain pressures all continuously creating more demand, as customers navigate the more challenging environment.

At the same time, the introduction of generative AI is creating strong demand across all of our customer base and according to McKinsey, 94% of enterprises will be investing more into generative AI products in 2024. Our company is well suited and prepared for generative AI - with the important investments we have made to date into our AI platform allowing us to scale and expand quickly into generative AI-first products. Our blue chip customer base is testament to the success to date of our core focus of delivering AI-centric, best in class products for our customers.

The first step in executing this strategy was to launch MAI (Maritime AI) Expert, a generative AI tool equipped with deep knowledge in maritime operations and sanctions regulations which can perform comprehensive vessel risk assessments rapidly. This is the beginning of a comprehensive generative AI roadmap ahead for the Company. Although generative AI could be a costly technology to use, MAI Expert is being sold as an add on capability in our product, and we have seen strong initial interest from both existing and potential customers to use the product since launch in June.

We are recognised for our expertise in artificial intelligence in the maritime sector, and generative AI is therefore a natural evolution of our product roadmap, paving the way for a significantly increased total addressable market and a competitive differentiation among our peers. We believe generative AI will benefit companies with strong tech foundations, a blue-chip customer base and proprietary data, and Windward has all three of these.

### ***Our market***

The maritime and logistics environment is beset by regulatory and operational challenges dictated by sanctions and regulations, bad actors, geopolitics, natural disasters and supply chain challenges. With around 90% of goods transported by sea, there is a global imperative for all stakeholders to embrace the right technology for their needs to meet these challenges.

Key events in 2024 such as attacks in the Red Sea, which have resulted in a significant decline in shipping routes in an area that would typically serve 30% of the world's container traffic, and drought in the Panama Canal have significantly impacted supply chains, transit times and routes, and security for shippers. Container prices and insurance costs have soared in line with these delays and challenges, underlining the ongoing need for a range of maritime stakeholders, including shipping companies, freight forwarders and oil traders to maintain the best possible oversight of their operations and ensure efficiency of time and costs.

The sanctions environment continues to dictate the everyday operations of stakeholders, ensuring compliance across local and international law. The EU's 14<sup>th</sup> Sanctions package and new UK government sanctions, both

introduced in June 2024, have further targeted Russian oil and gas exports and present a new wave of compliance procedures and due diligence required for stakeholders.

At the same time, governments and port authorities require the utmost visibility of maritime operations to ensure control over their territories and prevent illegal activity. These concerns around maritime security underline demand for our products across all public sector clients, with conflicts on the rise in Europe, Middle East and potentially Asia Pacific.

Within this complex and changeable environment, Windward has established itself as a core partner to commercial and government organisations of all sizes to address their day-to-day challenges within global trade across the key areas of sanctions and regulations, supply chains and security.

### ***Strong level of customer renewals and new customer growth***

Our portfolio offering is delivering a range of data streams, APIs and AI-powered insights to our customers. Commercial customer acquisition has continued to be strong, with 32 new customers signed in HY 24, and ending the period with a total of 219 customers. As a result of continued focus on large enterprises, there was a small amount of churn from some smaller customers, despite overall customer churn marginally declining. As a result, the average ACV per commercial customer has grown 12% from \$63,300 at 30 June 2023 to \$70,700 at 30 June 2024. The recurring SaaS revenues from this enlarged customer base provide us with improved visibility of revenues. At the same time, this presents the opportunity for expansion of the customer base to further drive revenue growth.

New customers signed in the commercial segment in HY 24 included Bernhard Schulte Shipmanagement, Berge Logistics and Ceedbox Limited.

Both the US Federal market and ROW Government segment are historically H2 weighted in terms of new customer acquisition. We are pleased to report high renewal rates for both segments in HY 24 and we look forward to meaningful growth in both segments in H2 24.

### ***Market-leading innovation***

Our data platform combines public, commercial, private and Windward-generated data. All these data sources are being fused, injected and provided to customers via our platform for constant engagement and feedback – thus creating a cycle of a constant feedback loop which supports our proprietary data.

During HY 24, we have expanded all of these four data sources, strengthened our data curation team, and worked with our customers in listening to their needs. This customer-led approach allows us to further build new products to expand within our existing customers.

Building on our comprehensive platform through market-leading innovation and products is a key tenet of the Group's growth strategy. Through continual upgrade of our data and technology, we are able to deliver better, faster, and more powerful solutions for customers, as well as enabling access to new markets.

In June 2024, we announced our landmark launch of MAI Expert™, a generative AI-powered virtual agent for the maritime and logistics industries. Launched in collaboration with AWS, the virtual agent provides comprehensive and rapid vessel risk assessment, leveraging Amazon's high-performing foundation models and set apart by our proprietary data and 14+ years in artificial intelligence.

Through standardising and streamlining the risk management process, MAI Expert™ reduces screening times by about 20 minutes per screening, enabling customers to better manage their costs and deliver an improved customer service. We believe that the rapid and increased productivity achieved by MAI Expert™ provides a tangible return on investment for customers, ranging from 5x for small organisations to 88x for large ones with significant screening volumes.

With the launch of our generative AI solution, we expect to expand our total addressable market and provide competitive differentiation among our peers through our proprietary data and insights. At the same time, we

expect this enhancement to produce an uplift in our ACV per customer as more organisations embrace generative AI to solve issues.

Continuing our track record of product innovation, during the period we also announced the launch of Organization Defined Risk (ODR). ODR is a fully configurable risk management tool within the platform to enable commercial organisations as well as governments and intelligence agencies to independently define and configure risk and behavioural indicators that fit their unique business and risk requirements.

These are the first steps in evolving our company to be a generative AI first platform across all of our business lines.

### ***Key partnerships to drive our expansion***

Alongside direct sales, strategic partnerships with other commercial organisations through the “Windward Inside” programme enable the Company to expand its market reach by accessing new customers and markets.

We signed a number of partnerships during the period. In January, we were delighted to announce an extension to our existing partnership with the London Stock Exchange Group (LSEG). Through this partnership, Windward now provides comprehensive compliance and risk management solutions to LSEG users beyond the maritime domain.

We also established a partnership with Rightship, a leading shipping ESG provider, paving the way for further adoption of Windward's technology platform in the commercial sector. As previously announced, we have already seen two leading mining companies sign up to our platform through this partnership.

Post-period, as part of the launch of MAI Expert, we were delighted to announce our participation in the AWS ISV Accelerate programme, strengthening our existing partnership established in 2023. This collaboration sees Windward leverage Amazon Bedrock for its MAI Expert solution to improve risk management for the shipping, logistics, and public sectors.

### **CURRENT TRADING AND OUTLOOK**

We are pleased to report that the strong trading we experienced in the first half has continued into the second half. As stated, we remain firmly on track with our goal of reaching an adjusted EBITDA breakeven run rate during FY24. Our healthy renewal rate and subscription revenues provides us with a good level of visibility going forward, and we expect to maintain our customer growth into H2. We have an exciting plan of product releases in H2 which we expect to keep driving growth with both existing and new customers.

Ami Daniel

Chief Executive Officer

### **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 ACV of \$0.5m, making the assumption for any period that the customer renews under the same terms and conditions.

As at 30 June 2024, Windward increased its ACV by 35% over 30 June 2023 to \$37.2m, driven primarily by the increase in customers from 174 to 219 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 all of our market segments.

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

<b>ACV</b>	<b>H1-2024 (\$'000)</b>	<b>H1-2023(\$'000)</b>	<b>% change</b>
ROW Gov	16,606	11,888	39.7%
USA Gov	8,255	6,940	18.9%
Commercial	12,301	8,735	40.8%
Total	37,162	27,563	34.8%
<b>Revenues</b>			
ROW Gov	8,067	5,549	45.4%
USA Gov	4,111	3,594	14.4%
Commercial	5,436	3,704	46.8%
Total	17,614	12,847	37.1%
<b>Number of Customers</b>		<b>Count</b>	<b>Count</b>
ROW Gov	30	20	50.0%
USA Gov	15	16	0.0%
Commercial	174	138	26.1%
Total	219	174	25.9%

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 2024 our largest customer was at 7.7% of ACV (June 2023: 10.1%) and the next 5 biggest customers together were 19.1% of ACV (June 2023: 25.5%).

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 2024 was 3.2% compared to 4.7% in H1 2023. We target churn to be below 10%.

**FINANCIAL OVERVIEW as of 30 June:**

	<b>H1-2024 (\$'000)</b>	<b>H1-2023(\$'000)</b>	<b>Change %</b>
<b>Revenues</b>	17,614	12,847	37.1%
<b>Cost of revenues</b>	3,432	2,838	20.9%

<b>Gross Profit</b>	14,182	10,009	41.7%
<b>Gross Margin</b>	81%	78%	
<b>R&amp;D</b>	6,454	5,676	13.7%
<b>S&amp;M</b>	7,989	6,701	19.2%
<b>G&amp;A</b>	3,297	3,086	6.8%
<b>Total operating expenses</b>	17,740	15,463	14.7%
<b>Operating loss</b>	(3,558)	(5,454)	-34.7%
<b>Adjusted Operating loss</b>	(1,654)	(4,177)	-60.4%
<b>Adjusted EBITDA loss</b>	(1,320)	(3,849)	-65.7%

## REVENUE

Revenue increased by 37.1% to \$17.6m (2023: \$12.8m). This increase was driven by 46% growth in both Gov ROW and Commercial and by 14% growth in our US Government segments mostly from the additional 45 new customers adopting our solution.

### Gross margin

Gross margin increased to 81% in 2024 (78% in 2023), mostly as a result of the increase in revenue. We expect margins to stay above 80% over time.

### R&D

Research and development increased from \$5.7m in 2023 to \$6.5m in 2024 mainly due to a higher number of employees and wage increases. All R&D costs are expensed as they occur, we do not capitalise R&D costs.

### S&M

Sales and marketing increased from \$6.7m in 2023 to \$8.0m in 2024. The main reason for the increase was the hiring of additional sales managers in Europe and USA and an increase in marketing costs.

### G&A

General and administrative expenses increased slightly from \$3.1m in 2023 to \$3.3m in 2024 reflecting the increased level of business activity, mainly additional office space.

Total expenses increased by 15% to \$21.1m (HY 23: \$18.3m), including non-cash share based compensation of \$1.9m (HY 23: \$1.3m), significantly lower than the 37.1% increase in revenues.

### Taxes

The Company paid \$0.2m income tax in its subsidiaries.

## CURRENCY EFFECT

Approximately 60% of the annual operating expenses are incurred in New Israeli Shekels (NIS). Most of the revenue is invoiced in USD and consequently the Company reports in USD. The average exchange rate between NIS and \$ increased by 2.8% in HY 2024 versus HY 2023.

### ***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 24, the Company added back \$1.9m (HY 23: \$1.3m) of stock based compensation expenses.

### ***Statement of financial position***

#### ***CASH AND CASH EQUIVALENTS***

Windward had cash, cash equivalents and short term deposits at 30 June 2024 of \$13.8m, a decrease of \$3.5m from 31 December 2023.

#### ***CASH FLOW***

Windward used \$2.6m to finance operating activities in 2024, a 35% decrease from the \$4m used in 2023. The decrease was mainly the result of reduced operating losses.

Ofer Segev

Chief Financial Officer



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 June 2024 and 2023

	<u>Note</u>	Six months ended	
		June-30	
		<u>Unaudited</u>	<u>Unaudited</u>
		<u>2024</u>	<u>2023</u>
U.S. dollars in thousands			
<b>REVENUES</b>	<b>6</b>	17,614	12,847
<b>COST OF REVENUES</b>		3,432	2,838
<b>GROSS PROFIT</b>		<u>14,182</u>	<u>10,009</u>
<b>OPERATING EXPENSES:</b>			
Research and development		6,454	5,676
Sales and marketing		7,989	6,701
General and administration		3,297	3,086
<b>TOTAL OPERATING EXPENSES</b>		<u>17,740</u>	<u>15,463</u>
<b>OPERATING LOSS</b>		<u>(3,558)</u>	<u>(5,454)</u>
<b>FINANCIAL EXPENSES</b>			
Financial expenses		569	539
Financial income		135	249
Total financial expenses, net		<u>434</u>	<u>290</u>
<b>LOSS BEFORE INCOME TAX</b>		<u>(3,992)</u>	<u>(5,744)</u>
Income tax expense		209	109
<b>LOSS FOR THE PERIOD</b>		<u>(4,201)</u>	<u>(5,853)</u>
<b>Loss per share attributable to the ordinary equity holders of the Company:</b>			
Basic and diluted loss per share		<u>(0.05)</u>	<u>(0.07)</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2024, and 2023

	June 30	December 31
	2024	2023
	Unaudited	Audited
	U.S. dollars in thousands	
<b>Assets</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	13,778	17,317
Trade receivables	3,100	2,502
Other receivables	4,108	4,254
<b>TOTAL CURRENT ASSETS</b>	<b>20,986</b>	<b>24,073</b>
<b>NON-CURRENT ASSETS:</b>		
Restricted deposit	1,475	1,558
Property and equipment, net	613	646
Intangible asset	972	495
Right-of-Use asset	1,445	1,619
	4,505	4,318
<b>TOTAL ASSETS</b>	<b>25,491</b>	<b>28,391</b>
<b>Liabilities and shareholders' equity</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payable	1,350	969
Current maturities of lease liabilities	369	330
Other payable	3,761	4,364
Deferred revenues	11,253	12,734
<b>TOTAL CURRENT LIABILITIES</b>	<b>16,733</b>	<b>18,397</b>
<b>NON-CURRENT LIABILITIES:</b>		
Deferred revenues	4,061	2,791
Liability for employee rights upon retirement, net	53	55
Lease liability	1,149	1,392
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,263</b>	<b>4,238</b>
<b>TOTAL LIABILITIES</b>	<b>21,996</b>	<b>22,635</b>

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<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary Shares with no par value	-	-
Additional paid-in capital	85,237	83,297
Accumulated deficit	(81,742)	(77,541)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>3,495</u>	<u>5,756</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>25,491</u>	<u>28,391</u>

The accompanying notes are an integral part of the condensed consolidated interim financial information.

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

As of 30 June 2024, and 2023

	Ordinary shares	Additional paid-in capital	Accumulated deficit	Total
U.S. dollars in thousands				
<b>BALANCE AS OF JANUARY 1, 2024 (Audited)</b>	-	83,297	(77,541)	5,756
Exercise of options by employees	-	36	-	36
Share based compensation	-	1,904	-	1,904
Loss for the period	-	-	(4,201)	(4,201)
<b>BALANCE AS OF JUNE 30, 2024 (Unaudited)</b>		85,237	(81,742)	3,495
	Ordinary shares	Additional paid-in capital	Accumulated deficit	Total
U.S. dollars in thousands				
<b>BALANCE AS OF JANUARY 1, 2023 (Audited)</b>	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)
<b>BALANCE AS OF JUNE 30, 2023 (Unaudited)</b>	27	82,153	(74,403)	7,777

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

The accompanying notes are an integral part of the condensed consolidated interim financial information

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**For the six months ended 30 June 2024 and 2023**

	Six months ended	
	June-30	
	2024	2023
	Unaudited	Unaudited
	U.S. dollars in thousands	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Loss for the period</b>	<b>(4,201)</b>	<b>(5,853)</b>
Adjustments to reconcile loss for the period to net cash used in operating activities:		
Depreciation	334	328
Share based compensation expenses	1,904	1,278
Effect of exchange rate	165	(146)
Finance (income) expenses of lease liabilities	24	-
Changes in asset and liability items:		
Decrease (increase) in trade receivables	(599)	807
Increase in other receivables	146	(814)
Increase (decrease) in trade payables	381	(43)
Decrease in other payables and accruals	(603)	(890)
Increase in deferred revenues	(211)	1,348
Decrease in liability for employee right upon retirement, net	(2)	(3)
<b>Net cash used in operating activities</b>	<b>(2,662)</b>	<b>(3,988)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(98)	(48)
Purchase of intangible assets	(477)	-
Interest received	127	-
Increase in bank deposits	-	(980)
<b>Net cash used in investing activities</b>	<b>(448)</b>	<b>(1,028)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from exercise of options	36	17
Principal elements of lease payments	(169)	(130)
Interest paid	(89)	-

<b>Net cash used in financing activities</b>	<u>(222)</u>	<u>(113)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,332)	(5,129)
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	17,317	22,141
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(207)	65
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD.</b>	<u>13,778</u>	<u>17,077</u>

The accompanying notes are an integral part of the condensed consolidated interim financial information

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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### 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).

In October 2023, in response to Hamas' attack on Israel from the Gaza Strip, Israel declared war on Hamas. Despite the ongoing war, the Company has continued to operate its business and serve its customers around the world and, to date, its ability to support customers has not been materially impacted. At this time, less than 10% of the Company's Israeli workforce have been called to military reserve duty and the Company has contingencies in place to cover impacted roles and responsibilities.

The situation in the region remains highly uncertain and there is the possibility that the conflict could worsen or expand which could, in turn, further impact economic conditions in Israel and in the broader region. At of this report, it is difficult to assess the impact the war may have on the Company's results of operations. Any further escalation, expansion, or prolonged continuation of the ongoing conflict has the potential to impact the Company's operations locally as well as the broader global economy and may have a material effect on the Company's results of operations.

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, 2024, the company had a cash in the amount of approximately 13.8 million dollars. The continuation of the company's activity in the coming year is supported by its cash balances as well as the realization 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 2024 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 2023, 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**

#### **a. General**

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 2023 annual financial statements.

#### **b. New international financial reporting standards, amendments to standards and new interpretations**

##### *IFRS 18, Presentation and Disclosure in the Financial Statements*

This standard replaces the international accounting standard IAS 1, “Presentation of Financial Statements.” As part of the new disclosure requirements, companies will be required to present new defined subtotals in the statements of income, as follows: (1) operating profit and (2) profit before financing and tax. In addition, income statement items will be classified into three defined categories: operating, investment and financing. The standard also includes a requirement to provide a separate disclosure in the financial statements regarding the use of management-defined performance measures (“non-GAAP measures”), and specific instructions were added for the grouping and splitting of items in the financial statements and in the notes to the financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with an option for early adoption.

### **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 2024, the Company granted in total 1,154,698 RSUs to its employees. The total fair value of the 1,154,698 RSUs is approximately \$1,633 thousand. 917,500 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 at the end of March 2025 if the performance condonation that stipulated in the RSUs grants are met.
2. During April 2024, the Company granted in total 283,248 RSUs to its employees. The total fair value of the 283,248 RSUs is approximately \$361 thousand. 30,000 RSUs will vest at the end of 2024 and the rest of the RSUs will vest at the end of March 2025 if the performance condonation that stipulated in the RSUs grants are meet.
3. During May 2024, the Company granted in total 177,274 RSUs to its chairman and non-executive directors. The total fair value of the 177,274 RSUs is approximately \$223 thousand. All RSUs vest at the end of 2024.
4. During May 2024, the Company granted in total 1,893,375 RSUs to its CEO and CFO. The total fair value of the 1,893,375 RSUs is approximately \$1,340 thousand. 126,755 of the RSUs vest at the end of March 2025 if the performance condonation that stipulated in the RSUs grants are met. 441,655 of the RSUs will vest at the end of 2027 if the performance condonation that stipulated in the RSUs grants are met.  
1,324,965 of the RSUs vest at the end of 2027 if the market conditions (share price target) that stipulated in the RSUs grants are met. The fair value of the RSUs granted, after taking into account the market conditions is approximately GBP 0.3718 (\$0.472) per RSUs. The fair value of RSUs granted was estimated using the Monte-Carlo simulation model. The parameters used in the model was time until the vesting test 4 years, stock volatility 50%, risk free 3.4465%, base share price GBP 0.81.
5. During May 2024, the Company granted in total 2,944,366 RSUs to its employees. The total fair value of the 2,944,366 RSUs is approximately \$2,385 thousand. 706,647 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. 559,428 of the RSUs will vest at the end of 2027 if the performance condonation that stipulated in the RSUs grants are met.  
1,678,291 of the RSUs vest at the end of 2027 if the market conditions (share price target) that stipulated in the RSUs grants are met. The fair value of the RSUs granted, after taking into account the market conditions is approximately GBP 0.3718 (\$0.472) per RSUs. The fair value of RSUs granted was estimated using the Monte-Carlo simulation model. The parameters used in the model was time until the vesting test 4 years, stock volatility 50%, risk free 3.4465%, base share price GBP 0.81.

## 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**

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**Jun-30**

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	2024	2023
	<u>U.S. dollars in thousands</u>	
<b>a. Customer types:</b>		
Governments	12,178	9,143
Commercials	<u>5,436</u>	<u>3,704</u>
	<u>17,614</u>	<u>12,847</u>
<b>b. Geographical regions:</b>		
Israel	303	265
North America	6,797	4,316
APAC	1,397	1,372
Europe	6,063	4,867
Gulf Cooperation Council (GCC) & Africa	2,711	1,638
South/Latin America	342	389
	<u>17,614</u>	<u>12,847</u>