WINDWARD

Digitalising the Maritime Ecosystem

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

Windward: Empowering organisations with Maritime AI

Windward (LON: WNWD) is the leading Maritime AI company, providing an all-in-one platform for risk management and maritime domain awareness needs.

Our platform pushes the boundaries of comprehensive data and groundbreaking technology to solve the toughest maritime challenges. By leveraging unmatched maritime domain expertise, augmented by best-in-class artificial intelligence and machine learning, we empower our partners to predict what's over the horizon, eliminate uncertainty, and build organisations.

learn more: windward.ai

Highlights

FINANCIAL

$21.2m 2020: $15.3m
ACV

$17.4m 2020: $14.6m
Revenue

$(8.6)m 2020: $(3.0)m
Adjusted EBITDA

$43.7m 2020: $9.9m
Cash and cash equivalents

OPERATIONAL

- Strong growth in US Government (ACV +83%) and Commercial (ACV +68%) demonstrating successful uptake of enhanced Commercial offering.
- Customer numbers increased significantly to over 80 (2020: 45), providing platform for land-and-expand opportunity.
- Annual ACV churn reduced to 5.7% (2020: 33% when COVID-19 related budget cuts affected government segments).
- Major product launches, expanding addressable market, and infrastructure upgrades to serve growing blue chip customer base.
- Milestone listing on AIM market in December 2021, providing the funding and increased profile to support our growth ambitions.
- Launch of Ocean Freight Visibility solution post period end provides new channel for growth.

Contents

STRATEGIC REPORT

1 Highlights
2 At a glance
4 Here are seven reasons to invest
6 Our platform
8 Chairman's statement
10 CEO statement
16 Market opportunity
18 Business model
20 Case study
22 ESG
26 Financial review
30 KPIs
31 Principal risks and uncertainties

GOVERNANCE

36 Board of Directors
38 Chairman's introduction
39 Corporate governance report
45 Remuneration Committee report
47 Directors' report

FINANCIALS

50 Auditor's report
51 Consolidated statements of comprehensive income
52 Consolidated statements of financial position
53 Consolidated statements of changes in shareholders' equity
54 Consolidated statements of cash flows
55 Notes to the consolidated financial statements
80 Advisers

At a glance

Digitalising the maritime ecosystem

Windward (LON: WNWD) is a leading predictive intelligence company, fusing artificial intelligence and maritime expertise to digitalise the global maritime industry.

200+
Years of maritime domain experience

99%
Subscription revenue

38%
ACV growth

72%
Gross margins

ACV by customer type

RoW Government	$11,239
US Government	$5,271
Commercial	$4,664
Total	$21,174

Total customers by customer type

RoW Government	18
US Government	13
Commercial	52
Total	83

Our AI-powered software solution provides real-time information and insights on major seafaring vessels at sea, enabling stakeholders within the maritime ecosystem to make intelligence-driven decisions to manage risk and achieve business and operational insights.

Customers include a number of leading participants across the maritime industry covering banks, commodity traders, insurers, government agencies, major energy and shipping companies, Beneficial Cargo Owners, and freight forwarders.

We listed on the AIM market of the London Stock Exchange in December 2021.

11
Years

4
Locations

130
Team members

80+
Customers

15+
AI models

Here are seven reasons to invest

DIGITALISING THE GLOBAL MARINE INDUSTRY

The maritime shipping industry transports around 90% of world trade, but the ecosystem is complex, global in nature and includes many different stakeholders while the movement of cargo via vessels is based on very specialised terminology, rules and regulations and long-standing market practices. We are digitalising this underserved world, helping governments and businesses track and manage shipping, saving them time and money, reducing their carbon footprint and helping them comply with increasing regulations.

END-TO-END AI DRIVEN

We are disrupting the maritime technology landscape with our leading Predictive Intelligence Platform which fuses artificial intelligence and maritime expertise. We collect data (identity, location, weather, ownership, management, cargo etc) from multiple specialised data providers and transform them through a seamless process into entities, journeys, patterns, and recommendations to support our clients' data-driven insights and decisions. This vertical AI approach offers both superior performance as well as significant moat in the eyes of customers and prospects.

SCALABLE FINANCIAL MODEL

We have built a high margin, SaaS platform, delivering our solution over a cloud infrastructure and contracting with clients on a subscription basis. This ensures not only high levels of recurring income, low churn and visibility of future revenue, but also underpins our key strategic opportunity of upselling additional services and modules to our clients as we develop and release them. We have achieved average ACV growth of c.35% over the last five years and reached $21.2m at the end of December FY2021. We plan to reach profitability in FY2024 as we rapidly scale our subscription revenues from existing and new clients and carefully manage the rate at which we grow our headcount in both R&D, new business development and client support.

OCEAN FREIGHT VISIBILITY

The launch of our Ocean Freight Visibility (OFV) product line during February 2022 propels us into additional segments and value propositions that we were not previously able to address, just in time with the maturation of the market. The supply chain challenges of 2020 and 2021 created a strong problem awareness, to which Windward offers a compelling solution, at the right time.

LEADER IN DECARBONISATION

There are multiple levels of legislation around carbon emissions that directly impact the maritime and global trade industry. In total, shipping emissions are estimated to be 10% of the world's global carbon footprint by 2050. This will lead to a significant market opportunity and new budgets as customers across the board look for innovative ways to benchmark, analyse and report on their carbon emissions.

THE RIGHT TEAM IN PLACE

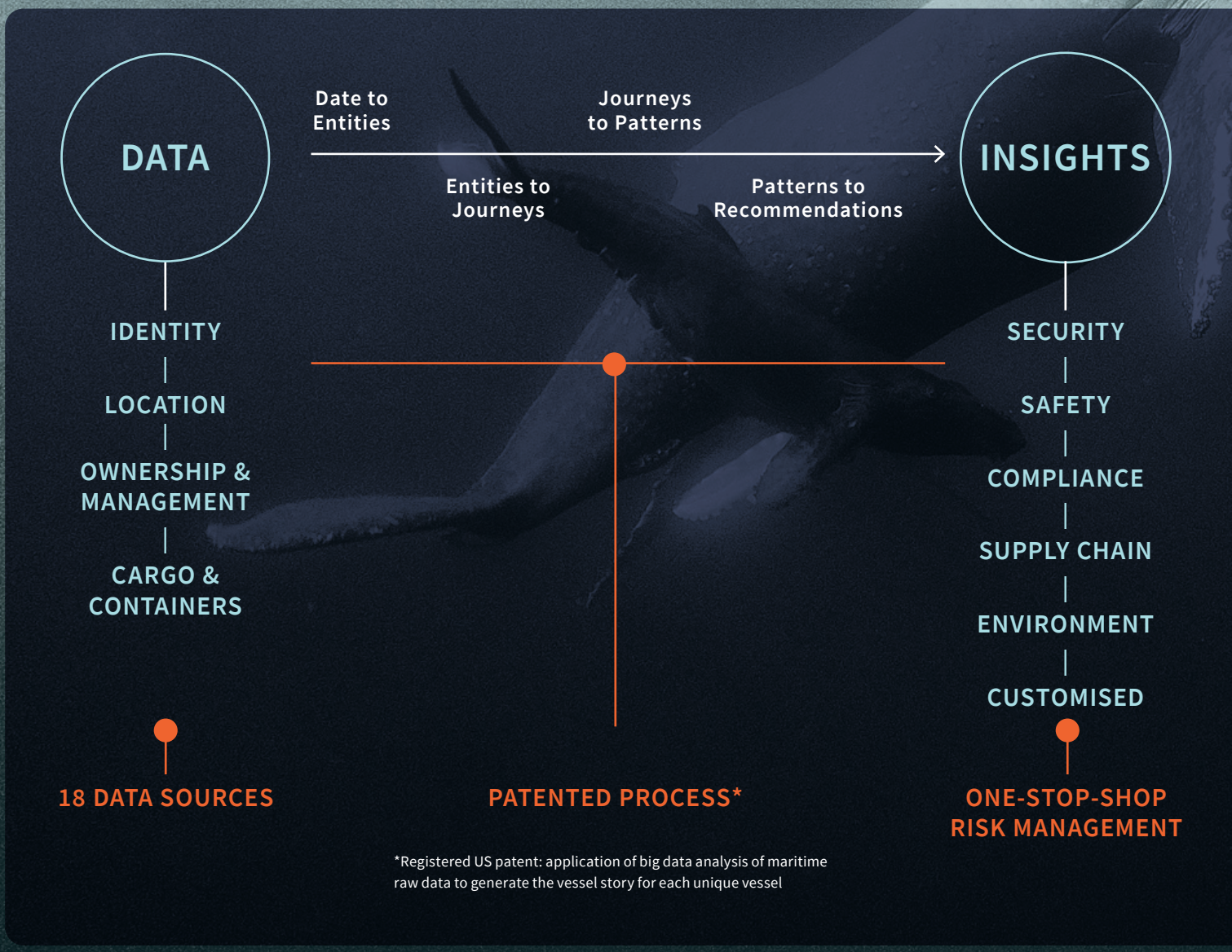
Our platform has been built from the start by founders, with support from an experienced and knowledgeable Board, an experienced and proven management team across Tel Aviv, London and Washington DC, all of which have significant marine experience and major expertise across the shipping, trading, energy and logistics markets.

A CLEAR HIGH-GROWTH PLAN

We have ambitious targets for both revenue and profit growth based on expanding our client base, growing our range of solutions while continuing to invest in innovation. Our business model is highly scalable and operationally geared with a clear strategy to maintain high levels of growth in ACV.

Our platform

We have a patented data pipeline process



*Registered US patent: application of big data analysis of maritime raw data to generate the vessel story for each unique vessel

WHAT MAKES US UNIQUE

- 15+ AI models
- US patent
- Ecosystem of expert consultants
- Domain in-house research team
- Global industry experts
- Chief Data Scientist
- $30m R&D costs (2017-2021)

UPHOLDING OUR VALUES

The long-term sustainability of Windward's business is a primary focus for the Board and, as part of this, the Company continues to assess how it grows its business responsibly and considers all stakeholders in its strategic planning.

As a starting point, Windward has built a strong foundation of values to inform its identity and govern its decision-making process, centred on the following pillars:


Partnership


Trust


Expertise


Innovation


Leadership

Chairman's statement

While the financial performance in 2021 is strong, I believe Windward is only at the start of its growth trajectory.

Edmund John Phillip Browne, The Lord Browne of Madingley

Non-Executive Chairman

OVERVIEW

I am delighted to provide my first public report and reflect on what has been a transformational year for Windward. We have grown Annual Contract Value (ACV) 38% and we celebrated our listing on the London Stock Exchange on 6 December 2021, raising over $45m.

Windward was built to bring more efficiency, security and safety to maritime global trade. To achieve this, we provide real-time behavioural insights on every commercial sea-going vessel. We deliver actionable recommendations designed to meet the needs of our diverse customer base across the maritime system, ranging from compliance and safety to security, operations and environmental risk management. Through our Predictive Intelligence Platform, we give our customers the information they need to make intelligence-driven decisions that save them cost and time, while reducing risks.

Over the ten years since our inception, we have grown greatly, maintaining a strong financial track record and expanding to 130 employees in four locations. Our customer base includes blue-chip organisations such as BP, Shell and HSBC, and the United States Department of Homeland Security. I joined the Board in April 2018 and have seen the rapid development of the Company's ability to combine its deep maritime expertise with an AI-driven approach to problem solving.

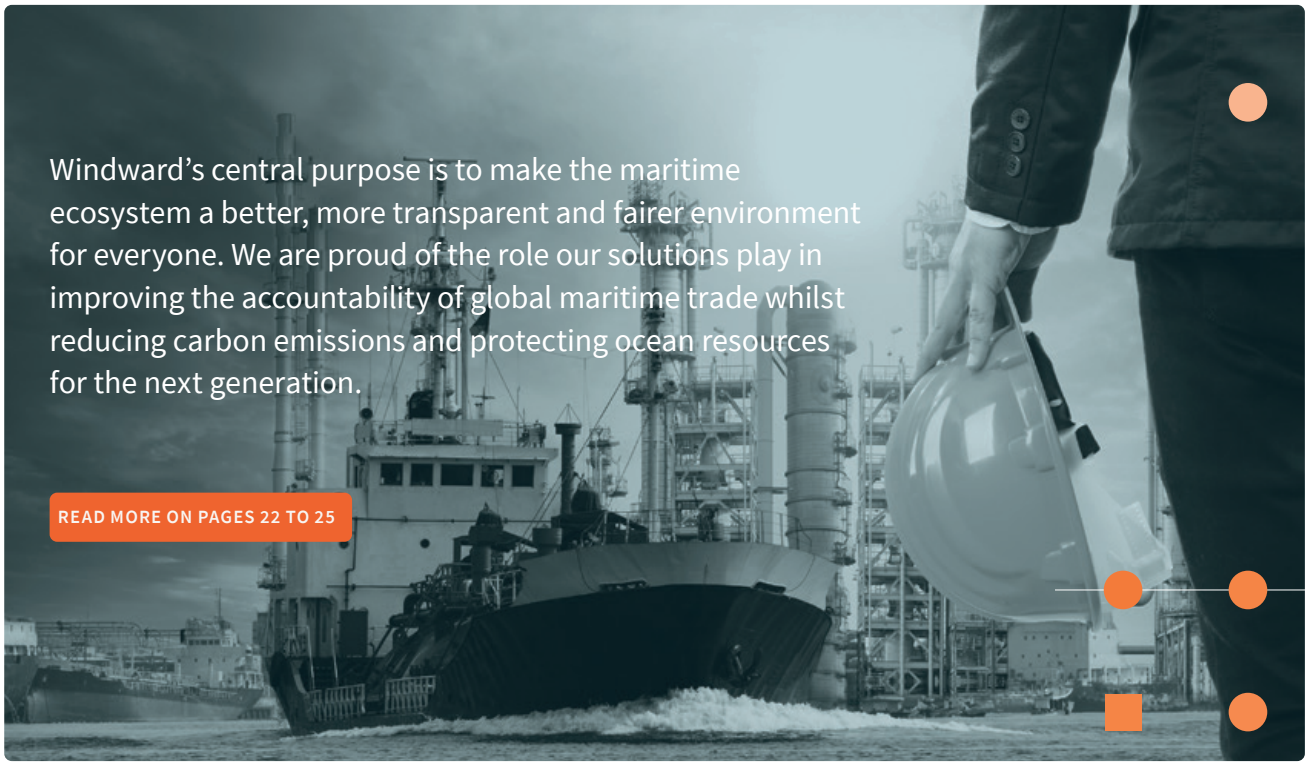
We are purpose-driven, helping our customers to manage the increasing pressures related to due diligence, supply chain management and security. As the level of market uncertainty grows so does, we believe, the long-term need for AI and operational technology that can help our customers trade with confidence.

The listing on the London Stock Exchange's AIM market raised over $45m (£34.5m) for the Company and certain existing shareholders. I would like to thank our new and existing shareholders for this strong support. The funds raised through our listing will accelerate our expansion across a number of key areas.

Windward expects to continue to invest in its Predictive Intelligence Platform, building out its artificial intelligence and machine learning functionality while expanding its data capabilities. We expect to grow our sales and marketing resources, enabling us to address more segments and serve more customer types. We also expect to invest in product development, with our key areas being ocean freight visibility and decarbonisation. Additionally, the funds provide the option, when the moment is right, to go beyond organic growth and target complementary organisations and technologies to fuel our growth.

PEOPLE AND CULTURE

Windward's future is dependent on the quality and drive of our people. They are the building blocks of our growth, and we invest considerable resources in identifying and retaining key talent. Supporting our employees and making a positive impact on the communities in which we operate remain a priority. As a global company, we recognise the immense value that people of all backgrounds and cultures can bring to the table and Windward remains committed to diversity and equality across the organisation, including at Board level.



We want to build on the strong culture of innovation which exists on the Board and among the leadership team and staff. This is evidenced by our client momentum and the exciting new releases made through last year, as well as the planned roadmap for 2022 and beyond.

2021 was a difficult time for many, managing the impact of COVID-19, and I would like to thank all our colleagues for their continued drive and commitment during this challenging period.

ESG

With our central purpose in mind, we are committed to progressing matters concerning Environment, Social and Governance across the work we do, and the way we approach our employees and the communities in which we serve.

I firmly believe business can be a positive agent of change for the climate. We are proud of the role our solutions play in improving the accountability of global maritime trade whilst seeking to reduce carbon emissions and protect ocean resources for the next generation. We launched the Data for Decarbonisation initiative in September 2021, enabling all stakeholders in the industry to partner and contribute data to support the future reduction of emissions. Our technology empowers our users to tackle illegal fishing and human rights violations at sea.

I am pleased to see the Company delivering real social change through several initiatives. These include making our platform available free of charge to certain NGOs, such as the Center for Advanced Defense Studies, a non-profit research organisation reporting on global conflict and transnational security issues, and Sea Shepherd, an organisation dedicated to fighting illegal fishing.

We also promote team activities that support local charities, including an organisation that works to prevent violence against women.

OUTLOOK

While the financial performance in 2021 is strong, I believe Windward is only at the start of its growth trajectory. The maritime industry is vast and complex, accounting for over 90% of world trade, and yet visibility is still very low. Windward's powerful AI-powered platform shines a light into all corners of the industry.

Now listed on the London Stock Exchange with a well-funded balance sheet, increased profile and expanding team and offering, I am more confident than ever that Windward is in a position to accelerate its growth and capture more of the significant demand ahead.

Finally, I would like to thank all the new and existing investors, colleagues, and advisers for their vital support throughout this transformative year. I look forward to further growth and exciting times ahead.

Edmund John Phillip Browne, The Lord Browne of Madingley

Non-Executive Chairman

30 March 2022

CEO statement

2021 was a milestone year for Windward, in which we delivered record growth in Annual Contract Value (ACV), nearly doubled our customer base and achieved a successful IPO.

Ami Daniel
Co-founder and CEO

Recent world events have created an increased demand for our technology across all segments. We will continue to invest in the future as we see an opportunity for increased growth in 2022 and beyond.

OVERVIEW

Windward is a B2B SaaS technology company, focusing on the combination of maritime domain expertise and AI. We 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.

2021 was a milestone year for Windward, in which we delivered record growth in Annual Contract Value (ACV), nearly doubled our customer base and achieved a successful IPO on the London Stock Exchange, providing the funding and increased profile to support our ambitions. With a clear growth path ahead, underpinned by a unique IP and moat, a powerful AI-powered software solution and a robust financial position, we have entered 2022 with accelerating momentum.

Our ambition is supported by a strong commercial subscription model with high levels of recurring revenue providing revenue and cash flow visibility. In the year, ACV, a key metric for the Company, grew 38% to $21.2m (2020: $15.3m). Significant growth in our market presence and an expanded breadth of customer engagements delivered revenue growth of 18% to $17.4m (2020: $14.6m).

We added over 40 new customers by the end of the year, including banks, governmental organisations as well as trading and shipping companies and our first freight forwarders. Our gross margins will trend up as we benefit from the scalability of the platform and we remain confident in this direction of travel, with a clear roadmap towards positive EBITDA for FY2024.

Our R&D investment yielded significant advancements to our offering during the year:

- We have launched our own database mapping vessel ownerships on a global scale, providing a strategic moat for the Company and enabling our data independence.
- We have ventured beyond information on vessels, integrating container data with worldwide coverage.
- Launched our Data for Decarbonisation initiative, laying the foundation for enhanced product offerings in 2022.
- Invested significantly in upgrading our infrastructure, including building deep learning capabilities and Machine Learning Operations Technology (that allows training and constant measurement and improvement of models) to serve our growing blue chip customer base.
- These investments have laid the foundations for the 2022 launch of two new product initiatives that will augment our addressable opportunity into additional areas of environmental compliance and ocean freight visibility. These offerings provide a new axis of customer acquisition and revenue growth potential.

Our investment in growth is supported by a strong balance sheet. We ended the year with a net cash balance of $43.7m, following receipt of net proceeds of $33m from the IPO as well as increased cash collection derived from customers signing long-term renewals and paying up front. Our strong financial footing provides us with the resources to invest in new product developments (including in enhancing our deep learning and AI capabilities) as well as in scaling our sales and marketing team and infrastructure.

The global maritime industry is experiencing pressure from multiple directions, including increasing compliance requirements, increasing freight shipping costs, lack of data visibility and all against a pressing need to steer towards a carbon-neutral future. We believe that Windward's service places it at the crossroads of these key drivers, particularly increasing regulation and compliance, real-time visibility on the supply chain and reducing carbon emissions. As estimated by our Directors at the time of our IPO, our total addressable market is over $10 billion and therefore we believe we are at the start of a long-term, transformational growth journey.

We recognise the current environment poses risks for inflation and a global recession. We are seeing high single-digit levels of wage inflation, as well as foreign exchange rate pressures. However, while both of these present a challenge in the short term, of which we are conscious and proactively managing, we believe will be balanced out in the long term.

OUR PLATFORM

In tandem with our deep maritime expertise built from decades of combined experience in this field, our Predictive Intelligence Platform leverages artificial intelligence and machine learning to fuse multiple data sources and unlock dynamic insights into vessels' ownership, cargo, and behaviours. We continue to seek new sources of data to enhance our platform.

Our platform is underpinned by our artificial intelligence, supported by a range of models and utilising deep learning, machine learning, pattern matching and anomaly detection. In February 2021, we were granted a US patent in the area of big data analysis of maritime-related data. This registered patent secures the Company's first mover advantage, laying the foundations for further applications and IP protection. This is a key part of our long-term strategy of building the market-leading company for Maritime AI.

In March 2021, our platform was named a winner in the Business Intelligence Group's Artificial Intelligence Excellence Awards. In April, we won Global Trade Review's Leaders in Trade for Innovation and in October we won the Frost & Sullivan's Entrepreneurial Company of the Year Award.

COSTS AND MARGINS

We recognise the importance of carefully controlling our expenses and budget and believe the trend in the markets of rewarding companies which grow in a balanced, cost efficient way, will benefit Windward in the long term. As per the plan presented during our London IPO, we have a clear roadmap for positive EBITDA for FY2024. Long term, our gross margins are expected to be approximately 80% as we scale our platform and customer base.

CEO statement continued

Growth strategy: four pillars to capture market demand and widen scope of services.

1 LAND AND EXPAND

Customers typically have a particular issue, challenge or workflow need when engaging with Windward. Therefore, we often start a new customer relationship selling only part of the platform's full functionality, and to an initial number of users.

As the relationship progresses Windward positions itself as the customer's digitalisation partner working with C-suite level executives to explore additional workflows and needs for the customer. This creates an opportunity for expansion of workflows and consequently more users. This creates upsell and cross-sell opportunities based on workflows, departments and geographies within customers.

Key examples of land and expand in 2021 include Shell – where we expanded from provision of users into a fully fledged, integrated API – and a US Federal client which grew from $360K in 2020 to over eight times that in 2022.

We anticipate expansion within existing customer accounts to be a key pillar of growth in 2022, as we benefit from the strong new business performance in 2021, the increased breadth of the platform combined with the investments made into our customer account teams.

2 WINNING NEW ENTERPRISE

We have demonstrated a strong ability to attract new customers, with over 40 customers added in 2021. As of 31 December 2021, we had over 80 customers and we continue to target new tiers of customers, verticals, and geographies. During 2021 we have won customers from all key segments, including:

- Financial institutions: HSBC, OCBC, SCB, Société Générale.
- Shipping companies: Neda Shipping, Delta, Avin International.
- Traders and integrated companies: Shell (expansion), Navig8, SOCAR Trading.
- Governments: Irish Customs, German Navy, further customers within the US Federal Government.
- Freight forwarders via our Ocean Freight Visibility solution: Cargo Amerford, DSV.

In 2022, we are looking to further build on this strong sales momentum, especially with our commercial customers, through additional investments into our global sales capabilities. We are investing in the expansion of our sales and marketing team including the expansion of our digital marketing initiatives in order to achieve better scale and cost efficiency.

The current global shipping turmoil as a result of the invasion of Ukraine by Russia and the resulting increase in sanctions against Russia is also expected to drive an increased need for platforms such as ours to minimise risk exposure in maritime trade. In March 2022 we launched a "Russia" sanctions compliance solution to enable stakeholders to understand the full scope of Russian-related trade, including cargo destinations and sources. We are seeing strong interest in this solution.

3 EXPANDING THE GO-TO-MARKET APPROACH TO FURTHER INCREASE THE ADDRESSABLE MARKET

While our sales are typically carried out directly, and we expect this to be the primary route to market for some time to come, we have begun to explore new initiatives to widen our market reach. Specific initiatives launched in 2021 were partnerships and our online portal.

Windward's partnerships and distribution arrangements embed our solutions into third-party platforms and marketplaces, providing for distribution to a wider audience.

Post year end we were delighted to announce a partnership with Sea, the world's first end-to-end digital shipping platform to jointly deliver a solution that allows Sea's customers to increase efficiency in chartering negotiations by streamlining compliance and due diligence processes.

Looking ahead, we will be seeking additional channel distribution opportunities across our business lines including due diligence/KYV (Know Your Vessel) and Ocean Freight Visibility.

In September 2021, we launched a new offering targeting a category of customers who wish to use the Company's solution on a per use basis through a newly dedicated online portal. Through the portal, customers can, for example, purchase reports, alerts, and certificates and pay on a per transaction basis.

4 INNOVATION/PRODUCT EXPANSION

A core element of our strategy is to continue enriching our platform capabilities, adding more solutions and insights to support both existing customers and target new markets. Innovation and market leadership is in our DNA and we live and breathe our customers' needs and challenges.

During 2021 we released key capabilities to support our customer base and grow the value to our customers:

In Q1 we launched **Seven Levels of Ownership and Management Insights and Company Risk Insights**, a capability that rounds out the Company's holistic risk management solutions to go beyond traditional maritime data, providing risk insights into every company in the maritime domain. This has been the catalyst for rapid growth in the Commercial sector as we enter a market previously dominated by two incumbents. This capability allows customers to completely switch to Windward rather than just subscribing as an add-on. This is a key capability in our competitiveness and our land and expand strategy. We have added further business intelligence functionalities during Q3 and Q4 2021 – enabling us to expand beyond legal users into business users.

In Q3, we announced the launch of the **Data for Decarbonisation Programme**, a partnership aimed to increase transparency and foster collaboration to reduce carbon footprint within the maritime industry. This is an industry alliance of market leaders, currently including the Abu Dhabi National Oil Company, Sokana Shipping and Trading Ltd., ASM Maritime, and Interunity International, with all parties aiming to work together to share our collective expertise, data and technology to build a real, actionable solutions for the maritime industry that will potentially change chartering and shipping decisions and contribute to the reduction in carbon emissions. Our solutions and insights for the environment will also be launched later in 2022.

As we go into 2022, we are pushing further key product capabilities to allow us to expand into further customers and grow the value we provide to each of them. This includes:

- "Russia" sanctions solutions launched post period end during early March 2022 supporting enterprises in navigating the new sanctions regimes.
- The expected launch of our enhanced due diligence solution during H1, making Windward a leading partner for one-stop due diligence processes for shipping and trading.
- An expected expansion and maturation of our data insights services at the end of H1, allowing to service further use cases with customers and become more deeply integrated.
- The launch of our decarbonisation solution is expected by the end of H2.
- Maturation of the satellite ecosystem and the ability to provide optical imagery access via our platform to all of our customer base.
- Post period end, we have launched our ground-breaking **Ocean Freight Visibility** solution to resolve one of the most critical issues currently affecting the maritime ecosystem – the lack of visibility over the supply chain. Powered by large datasets, the solution alerts freight forwarders and cargo owners to any potential delays to the shipping of their cargo, in real time, enabling these stakeholders to prepare for changes, communicate properly to their customers – and ultimately improve their planning.

CEO statement continued

Recent world events have created an increased demand for our technology across all segments.

PEOPLE AND CULTURE

Our people and our culture are the key to our growth. Windward has been selected for four years in a row as one of the 20 best startups to work for in Israel by Dun & Bradstreet. Our key main values are: partnership, trust, expertise, leadership and innovation. Our culture leads us to keep pushing the boundaries of what's possible, release new products and penetrate new markets.

Here are the key actions we are taking to continue growing:

- Long-term retention plans: post IPO, management, in conjunction with the Remuneration Committee, has reviewed the compensation plans, benchmarked them with independent consultants, and has offered long-term incentives to the executive management as well as key employees.
- Proactive approach: in our yearly and half-yearly evaluations, as well as on an ongoing basis, we proactively work with our team members to encourage and accelerate their personal development.
- Systemically hiring: we systemically map the gaps in our talent and expertise and take deliberate actions to hire experts who will make a significant impact on our company. Such examples include hiring key business team members with specific ocean freight visibility experience in the container market, hiring banking experts to engage financial institutions and structuring our team for nurturing of key accounts by creating a strategic accounts function. We have also been deliberate in bringing industry expertise to further create synergy, and during 2021 have established our data acquisition team by bringing in both maritime data experts as well as due diligence experts. All of these, combined with the deep technology talent pool we have built, enable us to execute an aggressive go-to-market strategy and create a continuous culture of growth.
- Globalisation: we recognise the importance of having a global, synergistic team. We have established London and Washington DC as key business hubs beyond our HQ in Tel Aviv and have appointed regional heads.

We have a ten-strong engineering team based in Ukraine. Their and their families' safety and well-being is our priority and we have helped three of the team to relocate to Poland and Moldova. We continue to support all team members from a financial and operational perspective to make sure they have as much flexibility during these incredibly tough times. We are committed to our team long term and at the same time we have taken short-term actions to bridge the gap in productivity within our budgetary framework.

BUSINESS MODEL: INVESTING FOR GROWTH AND EBITDA PROFITABILITY IN FY2024

We have built a SaaS platform, delivering our solution over a cloud infrastructure and contracting with clients on a subscription basis. This ensures not only high levels of recurring revenue and visibility of revenue but also underpins our key strategic opportunity of upselling additional services and modules to our clients as we develop and release them.

Our recently launched Ocean Freight Visibility solution is a good example of new value-added capabilities based on in-depth research, a targeted client launch strategy and with a substantial market opportunity with both existing and new clients.

Our cost and delivery structure is fairly simple, with gross margins of over 70% after paying for our data sources. Our people are the largest and most important fixed cost. We have significant experience in managing our R&D teams and we offer engineers the exciting opportunity to join a development programme which is not only disrupting the maritime industry but is also delivering real environment benefits through reduced emissions. In addition, our listing on the AIM market of the London Stock Exchange and employee equity plans gives us a hiring advantage in terms of how we attract and reward our key staff.

We will continue to invest in our business in the medium term to strengthen our leadership position and deliver on our R&D product roadmap. However, we remain committed to reaching positive EBITDA for FY2024 as we rapidly scale our subscription revenues from existing and new clients, maintain our gross margin structure while still optimising our data, and carefully manage the rate at which we grow our headcount in both R&D, new business development and client support.

CURRENT TRADING AND OUTLOOK

I'm pleased to report the momentum we experienced throughout 2021 has continued into 2022, with ACV tracking in line with our expectations. In addition, the Company is seeing increased demand for products and technology in all parts of our business – security, compliance and logistics – due to the Ukraine-Russia war.

As we continue to see the potential for increased growth, the Company will continue investing in our future, by strengthening our R&D and sales and marketing activities. The focus on driving ACV growth and careful control of our costs gives Windward a clear roadmap to positive EBITDA for FY2024.

Ami Daniel

Co-founder and CEO

30 March 2022

Market opportunity

The global maritime industry is facing pressure from multiple directions – increasing compliance requirements, increasing freight shipping costs and lack of data visibility.

TOTAL ADDRESSABLE MARKET

Over
$10bn
Total addressable market

More than
250k
Organisations

MARITIME AND TRADE ECOSYSTEM


Beneficial Cargo Owners (BCOs)


Freight Forwarders


Financial Services


Marine Insurance


Commodity Traders


Ports & Terminals


Navies


Intelligence


Energy & Oil


Registries


Maritime Authorities & Flag


Shipping Companies

We are committed to providing the solution to our customers to plot a course through these issues and are excited by the opportunity we see ahead.

STRONG FUNDAMENTAL INDUSTRY DRIVERS

Windward benefits from strong secular tailwinds:

GEOPOLITICAL PRESSURE AND SANCTIONS COMPLIANCE

It's becoming increasingly complex to trade in the world; from Venezuela and Iran sanctions to tensions with China and Russia and an ever-increasing amount of trade restrictions.

Technology is ever more required to help many organisations trade with confidence and get real-time awareness of shipping and trading.

SUPPLY CHAIN PRESSURES

The world is expecting further pressure on its supply chains. Cargo owners expect better customer service, and according to Gartner supply chain visibility and predictability are key themes which are expected to continue.

DECARBONISATION

Increasing consumer pressure on companies to decarbonise their operations, together with a lack of proven technological solutions, creates a strategic opportunity to grow in a white space.

Business model

Creating value through our platform

OVERVIEW

Windward principally offers its Predictive Intelligence Platform through a Software as a Service (SaaS) model, providing annual subscription for customers, offering its solutions to customers through two main delivery options: either Web application where customers access the Company's solutions online, or through an API that integrates the Company's solutions into the customers' information systems.

Our pricing model is based on several parameters including number of users, geographical coverage area of interest (global versus regional), scope of capabilities, length of the contract, service and support level, and method of delivery (Web app versus API).

In September 2021, the Company launched a new offering targeting a category of customers who wish to use the Company's solution on a per use basis through a newly dedicated web portal. Through the portal, customers can, for example, purchase reports, alerts, and certificates and pay on a per transaction basis.

GO-TO-MARKET

Windward's go-to-market strategy to date is primarily through a direct enterprise sales team. A global solutions experts team work alongside sales directors to build new business relationships. Windward is developing a hybrid go-to-market strategy incorporating distribution channels and partnerships, and online sales as well as its existing direct enterprise sales team.

1 DIRECT ENTERPRISE SALES

This has been the source of the majority of the Company's business to date, encompassing both commercial enterprise customers and government organisations. Windward has currently ten employees in its direct sales team.

2 DISTRIBUTION CHANNELS & PARTNERSHIPS

A new indirect go-to-market channel still in development. The Company is developing partnerships and distribution arrangements to provide and embed its solutions on third-party platforms and marketplaces in order to distribute them to a wider audience.

3 ONLINE SALES

In 2021, Windward launched an online sales portal (**portal.Windward.ai**), providing reports, alert services, and certificates targeting a category of customers who wish to use the Company's solution on a per use basis.

GROWTH STRATEGY

We believe the addressable market for our offering is considerable. The investments in the platform, the expansion of the offering, the increasing regulatory environment and the growing list of blue-chip reference customers, provide us with a strong basis for continued new customer acquisition.

We aim to maintain and expand our growth strategy by ongoing investment in our platform and through strategic product development.

1 LAND AND EXPAND – UPSELLING AND CROSS-SELLING OPPORTUNITY

2 WINNING NEW ENTERPRISE AND GOVERNMENTAL CUSTOMERS

3 EXPANDING THE GO-TO-MARKET APPROACH TO FURTHER INCREASE THE ADDRESSABLE MARKET

4 INNOVATION / PRODUCT EXPANSION

READ MORE ON PAGES 12 AND 13

Case study

Minimising false positives with Maritime AI

A European bank was feeling the cost of false positives and timely processes that damaged their ability to identify risks related to trade finance. They needed to optimise their review process and maximise safe transactions.

THE CHALLENGE

To clear a transaction, banks need to be able to efficiently streamline transactions in a safe manner. Maritime data is already being used by trade operation teams to monitor for various types of financial crimes and supply chain risk indicators. However, with increasingly complex regulatory requirements, the need to go beyond basic list matching is more important than ever.

This is no small task and can strain operations. For example, how do you implement deceptive shipping practices screening across the average of 20 unique entities involved in each transaction? For this European bank, the trade finance team was using screening tools to review high-risk alerts and then sending the true risk cases to sanctions list matching.

The process was lengthy and the Head of Trade Finance wanted a way to scalably manage risk across their entire portfolio. Further, they needed a way to manage false positives. A lot of screening tools are not optimised to minimise false positives – instead they are more risk-aversive. In fact, this bank's vendor was an over-classifying risk. Only strong systems can make sense of the noise in the data to distinguish between intentionally deceptive practices versus legitimate behaviour that could be misidentified or perceived as risky.

With Windward's API, the customer could seamlessly integrate maritime risk as input and enhance screening and monitoring across historical and existing transactions.

THE IMPACT

Proactive decision support

Data-driven insights across every step of the transaction

Seamless integration with current screening tool

4X less false positives

THE SOLUTION

At Windward, we deliver customised risk scores that are aligned with the customer's risk appetite and controls. What did this mean for this specific bank? Windward's sophisticated AI system was able to accurately assess events that had been flagged as high-risk and assign the vessels with the appropriate risk classification. With one vendor, they received a total of 650 risk alerts from two years of transaction data. Dealing with these cases can result in upset customers and even damaging conversations. In contrast, our platform delivered only 160 alerts. Windward's Predictive Intelligence Platform can also significantly improve the speed and accuracy of both screening and monitoring of all trade transactions.

By accounting for vessels, cargoes, and companies, our Maritime AI platform can reveal the true risk profile for any entity involved in the trade transaction -without adding additional time for review.

With Windward's API, the customer could seamlessly integrate maritime risk as input and enhance screening and monitoring across historical and existing transactions. Additionally, our platform helped optimise their case and exit management. Instead of manually collecting data to try and support decisioning, our ready-to-go insights allowed trade investigations and compliance teams to easily investigate only the most relevant alerts and take action.

ESG

Protecting the world through better compliance and environmental policies

Upholding our values

READ MORE ON PAGE 24

Supporting our communities

READ MORE ON PAGE 25

Looking after our employees

READ MORE ON PAGE 25

Ensuring robust standards

READ MORE ON PAGE 25

Our central purpose is to make the maritime ecosystem a better, more transparent and fairer environment for everyone.

We are proud of the role our solutions play in improving the accountability of global maritime trade whilst reducing carbon emissions and protecting ocean resources for the next generation.

Through Windward's technology, we help our government and commercial customers have the clarity and insight needed to make intelligence-driven decisions that reduce maritime risk, comply with regulations and uphold governance standards. By enabling more informed decision-making, Windward can help combat nefarious activities throughout the complex maritime trading ecosystem and support a better global governance framework for the benefit of all stakeholders.

The wide applicability of our Predictive Intelligence Platform powered insights provides a valuable tool far beyond security and intelligence to also protect the environmental resources and make maritime trade more sustainable. One such initiative is the work Windward has done with ocean conservation organisation Sea Shepherd, whereby the Company's platform is provided on a pro bono basis to support the organisation's work combating illegal fishing.

The launch of our Data for Decarbonisation Programme is an important step in supporting the industry's journey towards net zero. The solution is aimed at connecting a number of participants across the industry to get a holistic view of emission performance and act as a collaborative enabler to challenge commercial processes and curb global emissions.

The aspirations are big: with Windward's optimal vessel selection product planned for launch in 2022, the Directors believe that the carbon footprint of the shipping industry can be reduced. According to the research paper "Energy efficiency with the application of Virtual Arrival policy" (Jia et al., 2017), by optimising the vessels' selection process, charterers will be able to reduce carbon emissions per voyage by 5-12%. The data collected as part of the Data for Decarbonisation Programme will power Windward's models and allow the release of the product as planned.

Windward has built a strong foundation of values to inform its identity and govern its decision-making process.

UPHOLDING OUR VALUES

The long-term sustainability of Windward's business is a primary focus for the Board and, as part of this, the Company continues to assess how it grows its business responsibly and considers all stakeholders in its strategic planning.

As a starting point, Windward has built a strong foundation of values to inform its identity and govern its decision-making process, centred on the following pillars:

Partnership: Windward is invested in helping its partners achieve their missions through our maritime intelligence platform and will always go the extra mile to get them there.

Trust: Windward delivers fully transparent maritime intelligence and insights so its partners can be confident that they are making accurate decisions for their business.

Expertise: Windward has a proven maritime track record, with a combined experience of 200+ years from naval commanders, maritime data scientists, and maritime trade and shipping leaders.

Innovation: Windward believes that it can always do better and is continuously upgrading its data and technologies to deliver better, faster, and more powerful Maritime AI solutions for the entire maritime supply chain.

Leadership: Windward believes it is shaping the future of maritime intelligence by looking over the horizon to identify and build the solutions that organisations will need to stay ahead of the game.

SEA SHEPHERD

Windward partnered with Sea Shepherd Conservation Society, to help identify illegal fishers and promote ocean sustainability.

As part of this partnership we provide our platform to Sea Shepherd without charge to monitor illicit deep-sea fishing. The use of Windward's platform will support the organisation's mission of defending wildlife and conserving and protecting the world's oceans from illegal exploitation and environmental destruction.

With Windward's advanced AI technology, Sea Shepherd can effectively monitor marine protected areas and identify any vessel activity in the area, even if AIS (Automatic Identification System) tracking is switched off. Windward's platform can detect suspicious movements or practices occurring in the area including loitering and ship-to-ship transfers, and can identify the ownership structure of the vessels, providing Sea Shepherd with the data and insights needed to monitor and investigate any suspicious activity on the seas.

We are committed to providing a supportive work environment to our personnel and partners.

SUPPORTING OUR COMMUNITIES

We endeavour to have a positive impact on our communities and, as part of this, our support includes:

- Making our platform available free of charge to certain NGOs to support their work, such as the Center for Advanced Defense Studies, a non-profit research organisation reporting on global conflict and transnational security issues.
- Collaborating with universities and bringing on student interns to support employment, skills, training and education within our community.
- Promoting team activities that support local charities, including within an organisation that works to prevent violence against women. Windward has also been involved with a philanthropic fund, Tmura, which seeks to support educational initiatives and youth opportunities, through the issue of the Tmura Warrant which will be exercised immediately prior to admission.

LOOKING AFTER OUR EMPLOYEES

We are committed to providing a supportive work environment to our personnel and partners. Windward's initiatives can be summarised below:

- Communication and inclusion are key tenets of employee engagement, with weekly all-hands Company meetings to share relevant information across the entire Group.
- In practice, Windward works to be an equal opportunity employer and looks to promote from within the organisation through training and staff progression policies. The Company holds management workshops for new managers with personal development plans for employees.
- Windward strives to improve gender diversity, starting at Board level.
- The Company employs a dedicated well-being expert who oversees initiatives to support employee mental health.
- Supporting our team in Ukraine: As of the first day of the invasion, we have been supporting our team in Ukraine, helping three to relocate to Poland and Moldova, as well as supporting the team financially.

ENSURING ROBUST STANDARDS

Windward strives to be its customers' most trusted partner. To adhere to that responsibility, the Company set in place proper information security policies, including being ISO 27001 certified.

Financial review

Windward increased its ACV by 38.7% over the prior year end, driven primarily by the increase in customers from 45 to 83 over the same period.

Ofer Segev
Chief Financial Officer

Windward's 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.

KEY PERFORMANCE INDICATORS (KPIs) ($ IN THOUSANDS)

ACV	2020 $'000	2021 $'000	% change
ROW Gov	9,493	11,239	18.4
USA Gov	2,622	5,271	101.0
Commercial	3,148	4,664	48.2
Total	15,263	21,174	38.7
Revenues			
ROW Gov	10,464	10,059	(3.9)
USA Gov	2,007	3,666	82.7
Commercial	2,154	3,626	68.3
Total	14,625	17,351	18.6
Number of customers	Count	Count	
ROW Gov	14	18	28.6
USA Gov	8	13	62.5
Commercial	23	52	126.1
Total	45	83	84.4

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 of 31 December 2021, Windward increased its ACV by 38.7% over the prior year end, driven primarily by the increase in customers from 45 to 83 over the same period, and to a lesser extent by an increase in upsells to existing customers made possible by an expanded users and product set. Growth in ACV has been across all market segments in which the Company operates.

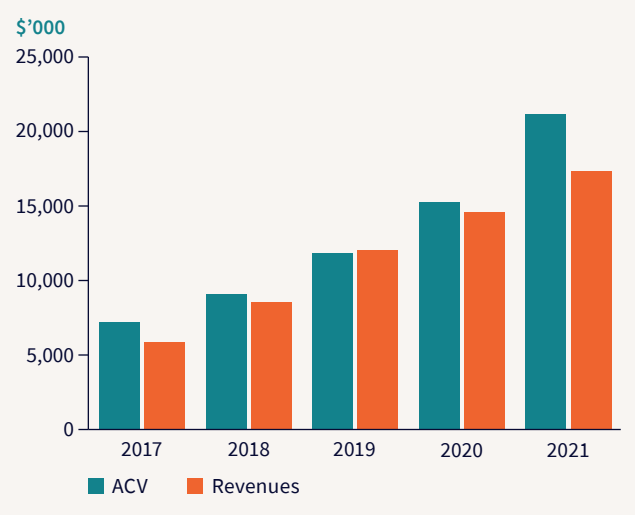
We separate our Government customers into two market segments: Government outside USA (ROW) and USA Government. We do this as the buying cycle and pricing for each segment is different. For ROW Gov, in most cases Windward is responding to a Request for Proposal (RFP) process which can take between 9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

At the end of 2021 our largest customer was at 12.8% (2020: 10.7%) of ACV and the next five biggest customers together were 29.6% (2020: 35.4%) 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 2021 was 5.7% compared to 33% in 2020, when deep, COVID-19-related budget cuts affected our government segments.

The following graph represents the compound annual growth rate of 35% for both ACV and revenues:



Financial review continued

Revenue increased by 18.6% to $17.4m (2020: $14.6m). This increase was driven by 82.7% growth and 68.3% growth in our USA Government and Commercial segments respectively.

FINANCIAL OVERVIEW

	2020 $'000	2021 $'000	Change %
Revenues	14,625	**17,351**	18.6
Cost of revenues	3,037	**4,816**	58.6
Gross profit	11,588	**12,535**	8.1
Gross margin	79%	**72%**	
R&D	6,013	**9,405**	56.4
S&M	6,395	**9,805**	53.3
G&A	3,034	**3,222**	6.2
IPO-related expenses		**2,628**	
Total operating expenses	15,442	**24,666**	59.7
Operating loss	(3,854)	**(12,525)**	(225.0)
Adjusted operating loss	(3,552)	**(9,215)**	(159.4)
EBITDA	(3,283)	**(11,923)**	(263.1)
Adjusted EBITDA	(2,981)	**(8,613)**	(189.0)

REVENUE

Revenue increased by 18.6% to $17.4m (2020: $14.6m). This increase was driven by 82.7% growth and 68.3% growth in our USA Government and Commercial segments respectively, mostly from new customers adopting our solution for the first time. ROW Government was 3.9% lower in 2021, mostly due to COVID-19-related budget cuts in 2020 and winning new customers late in 2021 which did not affect revenues.

GROSS MARGIN

Gross margin decreased in the year from 79% to 72%, primarily due to the investment in additional data required to support the compliance offering to include seven levels of ownership and hiring additional staff to support the growing number of customers. We expect the margin to move towards 2020 levels.

R&D

Research and development expenses increased 56.4% from $6.0m in 2020 to $9.4m in 2021 as additional personnel were hired to support the development of new products as well as improving our existing solution. All R&D costs are expensed as they occur; we don't capitalise R&D costs.

S&M

Sales and marketing expenses increased 53.3% from $6.4m in 2020 to $9.8m in 2021. The main reason for the increase was hiring additional sales managers in US and Europe, to sell the compliance offerings. In addition, we established a marketing team to support the increased focus on winning contracts in the Commercial segment.

G&A

General and administrative expenses increased 6.2% from $3m in 2020 to $3.2m in 2021, reflecting the increased level of business activity.

IPO-RELATED EXPENSES

In 2021 there was $2.6m of non-recurring expenses related to the December IPO and an additional $2.1m of IPO-related expenses were deducted from equity. These consisted of accounting, legal and bankers' fees and other related expenses.

Under IFRS, only a prorated amount of the IPO costs, calculated as the ratio of new equity relative to total equity in the business, could be taken to equity, the rest was expensed in the year.

CURRENCY EFFECT

Approximately 60% of the annual operating expenses are incurred in New Israeli Shekels (NIS). However, the vast majority of revenue is invoiced in USD and as a consequence, the Company reports in USD. In 2021, the average exchange rate between NIS and USD appreciated by 6% on the average rate in 2020. This change resulted in an additional $1.0m of reported expenses in 2021, and while we would expect that to have some impact during 2022, we have taken steps to self-hedge according to best practice to reduce exposure.

ADJUSTED EBITDA

Adjusted EBITDA is a non-IFRS financial measure defined as the EBITDA (profit before depreciation, amortisation, interest and tax), adjusted to exclude share-based payment charges and associated employer tax charges and IPO-related expenses.

The reconciling items from EBITDA to adjusted EBITDA for 2021 include $2.6m of IPO-related expenses and $0.68m of share-based compensation expenses.

STATEMENT OF FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

Windward had cash and cash equivalents at 31 December 2021 of $43.7m, an increase of $33.8m from 31 December 2020. The increase in cash was mostly as a result of the shares sold in the IPO and a private placement prior to the IPO, which generated $36.3m. Additional IPO-related proceeds of $4.5m which the Company acted as a paying agent for option holders, were paid in early 2022 after the deduction of relevant employment-related taxes. These related to the exercise of options and sale of shares by certain existing option holders at the time of the IPO.

DEFERRED REVENUES

Total deferred revenue increased by 95.9% to $11.9m at 31 December 2021 from $6.1m at 31 December 2020. This resulted from the increase in the Company invoicing driven by a higher number of contracts in the year and a continued transition to multi-year contracts.

CASH FLOW

Windward used $4.4m to finance operating activities in 2021, a 109% increase from the $2.1m used in 2020. An additional $1.8m was used in the IPO process.

Cash flow from financing activities of $39.8m was mostly as a result of the shares sold in the private placement and IPO.

Ofer Segev

Chief Financial Officer

30 March 2022

KPIs

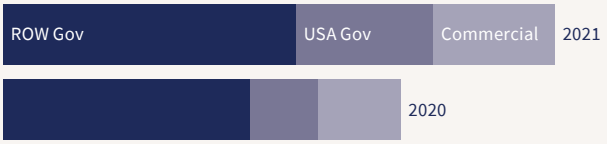
We monitor progress against the delivery of our strategy using both financial and non-financial KPIs.

FINANCIAL

ACV ($'000)

21,174 (2020: 15,263)

38.7% change



REVENUE ($'000)

17,341 (2020: 14,625)

18.6% change

Adjusted EBITDA loss $8.6m (2020: loss of $3.0m).

Annual ACV churn 5.7% (2020: 33%).

NON-FINANCIAL

NUMBER OF CUSTOMERS (COUNT)

83 (2020: 45)

84.4% change

Principal risks and uncertainties

Risks relating to the Company and the industry in which we operate.

RISK	DESCRIPTION	MITIGATION
Our business depends on the regulatory environment.	We operate in an industry where some of the key drivers are compliance and regulation, including in the areas of security, safety and environment. Changes in the regulatory environment may affect the demand for our services or change the demand in a way to which we may fail to adapt in time. Further, the interpretation of existing legislation or regulation may change or may prove different than anticipated when applied to our business products and services.	By entering the Ocean Freight Visibility market we diversify our product offerings to non-compliance and non-regulatory uses, reducing the effect of changes in the regulatory environment on our business and demand for our products.
As at 31 December 2021, approximately 80% of our ACV was generated from customers that are government agencies.	As such, we are exposed to changes in government agencies' budgets. In addition, government agency customers often have a strong negotiation position and, among other things, may be able to terminate agreements with us on short notice or renegotiate them.	We mostly invest in products and marketing that cater to the commercial market, which accounted for 22% of our ACV in 2021, up from 9% of our ACV in 2019. Growth in demand for our products by the commercial market reduces the dependency on orders from government agency customers.
We are exposed to a risk of key system failure, disruption or interruption.	Our success depends on the efficient and uninterrupted operation of our technology platform. A failure of computer systems, or those of our partners, could inhibit our ability to provide services, interfere with data analytics, prevent the timely delivery of our solutions or damage our reputation. In addition, we are dependent on the operation of third-party data centres, which are vulnerable to damage or interruption. Some of our systems are not fully redundant, and disaster recovery planning cannot account for all eventualities.	To the extent feasible and economical, we rely on backup systems and redundancies.

Principal risks and uncertainties continued

FINANCIAL RISKS

RISK	DESCRIPTION	MITIGATION
Uncertainty in the financial markets and risk of inflation.	Various global developments are impacting the financial markets and international trade. There are signs of rising inflation rates, which may lead to a global recession.	We are monitoring the developments and seek to adapt as we deem relevant to changing circumstances.
We are exposed to several exchange rate risks.	In particular, there is a currency mismatch between our costs, which are primarily denominated in NIS, and our revenues, which are primarily denominated in U.S. dollars, and the funds raised in the IPO which are denominated in sterling. Fluctuations in exchange rates between NIS and U.S. dollars or between NIS and U.S. dollars and sterling may adversely affect our profitability.	We engage in currency transactions to mitigate the exposure to fluctuations.
Attracting and retaining highly skilled employees.	The successful implementation of our strategy depends on the continuing availability of senior management and the ability to continue to attract, motivate and retain other highly qualified employees. There is a shortage in the labour market of skilled high-tech employees and this is causing wages to rise. Large R&D centres of larger companies and multinationals are also causing wages to rise. Such increases may affect the results of our operations.	We are increasing the wages of our employees in an effort to recruit and retain them. We are also relying on indirect measures to create a more attractive work environment.

FINANCIAL RISKS continued

RISK	DESCRIPTION	MITIGATION
We are exposed to cyber security risk.	We and our partners rely on an industry standard encryption and authentication technology to provide the security necessary to effect the secure transmission of information from ourselves to our customers and partners. Any such breach, loss, disclosure or dissemination may result in potential liability or fines, governmental inquiry or oversight, litigation or a loss of customer confidence, any of which could harm the business and damage our reputation, possibly impeding our ability to retain and attract new customers.	We seek to detect vulnerabilities in our products and our defences. We invest in resources, engage consultants and conduct tests.
The COVID-19 pandemic and market disruptions.	The COVID-19 pandemic has resulted in market disruptions and a global economic slowdown. The continuing effect of the COVID-19 pandemic in 2022 and beyond remains uncertain.	We continue to monitor developments and react accordingly.
Since February 2022, Russia has been engaged in military actions on Ukraine territory.	We do not have any material direct exposure to Russia and Ukraine. Some of our R&D is sourced from Ukraine, and while at present they are continuing to work, this may change and may lead to delays in our development timetable and the timely delivery of updates and new products, which could impact our revenues. We are not able to reliably estimate any wider impact as these events are unfolding day-by-day.	We are closely monitoring developments that may impact us, including sanctions, actions by governments and developments in Ukraine itself. We will further assess the impact on our operations and take any potential actions needed, as facts and circumstances are subject to change.

Governance

WHAT'S IN THIS SECTION

36 BOARD OF DIRECTORS

38 CHAIRMAN'S INTRODUCTION

39 CORPORATE GOVERNANCE REPORT

45 REMUNERATION COMMITTEE REPORT

47 DIRECTORS' REPORT

Board of Directors

The Board is responsible for encouraging a culture of strong governance across the Group.

EDMUND JOHN PHILLIP BROWNE, THE LORD BROWNE OF MADINGLEY NON-EXECUTIVE CHAIRMAN

The Lord Browne of Madingley joined the Board in April 2018. His Lordship is Chairman of BeyondNetZero, a climate growth equity venture established in partnership with General Atlantic. He served as Chief Executive of international energy company BP from 1995 to 2007, having joined the company in 1966 as a university apprentice. He led BP through a period of significant growth and transformation.

His landmark speech at Stanford University in 1997 established BP as a global leader in the way it thought about and sought to address climate change. He is independent co-Chairman of the Prime Minister's Council on Science and Technology, Chairman of the Queen Elizabeth Prize for Engineering, Chairman of the Courtauld Institute of Art, and a past President of the Royal Academy of Engineering.

AMIAD (AMI) DANIEL

CHIEF EXECUTIVE OFFICER — EXECUTIVE DIRECTOR

Ami Daniel is co-founder and CEO of Windward and has been a Board member since incorporation. Under his leadership Windward has been awarded multiple awards, including as a finalist in the Boldness in Business Awards by the FT, Red Herring, The Hottest Startup in Israel by Wired and many others. Ami has been recognised as one of the 40 most promising entrepreneurs in Israel twice by Israel's leading economical newspapers – Globes and The Marker. He has been featured extensively as an expert in shipping and AI at multiple conferences, events, op-eds and interviews, including by The Economist, The FT, WSJ, Bloomberg and many others. Before founding Windward, Ami was one of Israel's most impactful youth social entrepreneurs, given multiple awards including the President's Award and the Ramon Award (both the most distinguished for youth in Israel).

Ami served as a naval officer (Lieutenant) in the Israeli Navy, and he holds an LLB from Tel Aviv University.

OFER SEGEV

CHIEF FINANCIAL OFFICER — EXECUTIVE DIRECTOR

Ofer joined the Company as Chief Financial Officer in October 2019 and he joined the Board in December 2021. With over 25 years of management experience in the high-tech and services sectors in small and large international companies, Ofer was a partner at Ernst & Young in Israel, where he led the high-tech sector team, and he served as Chief Financial Officer of private and public companies including Ness Technologies Inc, where he also served as the CEO. Ofer is an independent director and serves as a member of the Audit Committee of Varonis Systems, Inc. (Nasdaq listed company) and sits on the board of directors of Verix, Inc.

GEORGE THOMPSON (TOM) HUTTON

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tom is Managing Partner at Thompson Hutton LLC, a specialised venture capital firm pursuing investments in insurance and financial technology and providing investment management services. The firm manages the operations of XL Innovate Fund, LP, a shareholder in the Company, and Tom holds a minority interest in XL Innovate as a limited partner. He joined the Board in 2018. Tom has held leadership roles in several financial services and related technology businesses, including CEO at Risk Management Solutions (RMS) from 1990-2000 and CEO at White Mountains Re (2006-07); Public director roles at XL Group, Safeco, Montpelier Re and Jefferson Smurfit; and director roles at several private or venture-backed companies including Lemonade. Tom is currently Chairman of the board of directors at SoFi (Nasdaq listed company) and serves as a director of a number of private technology companies and has non-profit roles and interests in secondary school education and energy/environmental initiatives.

RODERICK GUY MASON

INDEPENDENT NON-EXECUTIVE DIRECTOR

Guy joined the Board in December 2021. He is an independent adviser with broad business, commercial and finance experience, with expertise in shipping and low carbon businesses. He retired from BP at the end of 2020 as Senior VP and Global Head of BP's shipping team. He served on the supervisory board of the UK Chamber of Shipping, the Members Representative Committee of Britannia P&I, the Board and Advisory Committee of ITOPF and the Board and Chair of Audit Committee of Oil Spill Response Limited. Prior to his time as the Global Head of Shipping, Guy worked in BP's Alternative Energy business building new low carbon energy businesses in China, Italy, Abu Dhabi and California. Guy serves as an independent director on the Board of AB Klaipedos nafta and is a director and Trustee of the International Foundation for Aids to Navigation (IFAN).

SHEREEN JASMINE AMIR EL ZARKANI

INDEPENDENT NON-EXECUTIVE DIRECTOR

Shereen joined the Board in December 2021. In her 20 years at A.P. Moller – Maersk, Shereen has worked at the forefront of growth and transformation, moving freely across sales, marketing, business development, strategy, innovation, and recently the startup ecosystem.

She is currently heading up Maersk Growth, the venture arm of Maersk with the mission to digitise, democratise, and decarbonise the supply chain. Maersk Growth invests in and partners with promising startups by backing emerging business models and technologies.

STUART CHARLES KILPATRICK

INDEPENDENT NON-EXECUTIVE DIRECTOR

Stuart joined the Board in December 2021. He recently served as group finance director of James Fisher and Sons plc, the UK's leading marine service provider, during which time he saw the group join the FTSE 250.

Previous roles have included group finance director for Empresaria Group plc, as well as senior finance roles at Vodafone Group plc, Charles Baynes plc and Elementis Group plc.

Chairman's introduction

With a strong foundation in place, the Board looks to the future with great optimism.

Edmund John Phillip Browne,
The Lord Browne of Madingley

Non-Executive Chairman

DEAR SHAREHOLDER

An important part of Windward's listing has been fulfilling Windward's transition from a private to public company. Since the Company's IPO on 6 December 2021, Windward has adopted the Quoted Companies Alliance Corporate Governance Code ("the QCA Code"). The Company provides below an analysis of how and to what extent it complies with the QCA Code. In the current economic environment, management of risk remains a key focus for the Board. The Windward Board and its Committees meet regularly to oversee its corporate activities.

The Notice of Annual General Meeting will be made available on our website **windward.ai.**

With a strong foundation in place, the Board looks to the future with great optimism. We will continue to help businesses navigate their biggest challenges, support our growing team and the communities in which we operate. The performance of the business to date, combined with the support of our high-quality shareholder base, positions the Company well for continued strong growth and success.

Edmund John Phillip Browne,
The Lord Browne of Madingley

Non-Executive Chairman

30 March 2022

Corporate governance report

The Board is responsible to shareholders for the effective direction and control of the Company.

This report describes the framework for corporate governance and internal controls that the Directors have established to enable them to carry out this responsibility.

The Directors recognise the importance of high standards of corporate governance and have adopted the QCA Code as the basis of the Company's governance framework. This is in line with the London Stock Exchange's AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. In addition, as an Israeli company, the Company also complies with the corporate governance provisions of Israel's Companies Law, 5759-1999 (the "Companies Law").

The Board believes that good corporate governance reduces risks within the business, promotes confidence and trust amongst its stakeholders and is an important part of the effectiveness and efficiency of the Company's management framework.

The QCA Code includes ten broad principles that the Board strives to implement in order to deliver on their responsibilities to the Company's shareholders. The table below references how the Board complies with the principles of the QCA Code. The QCA Code can be found on the QCA's website: www.theqca.com.

PRINCIPLE	HOW THE COMPANY COMPLIES
1. Establish a strategy and business model which promote long-term value for shareholders	The Company's strategy is reviewed annually and approved by the Board and the Company's management team is responsible for implementing the strategy. The Company's solutions/offerings are across the entire maritime and trade ecosystem's various industries. The Company has a proven hybrid go-to-market strategy, based on the pillars described below. **Land and Expand – upselling and cross-selling opportunity** Customers typically have a particular issue, challenge or workflow need when engaging with Windward. Therefore, Windward usually starts a new customer relationship selling only part of the platform's full functionality and to an initial number of users. As the relationship progresses, Windward positions itself as the customer's digitalisation partner working with c-level executives to explore additional workflows and needs for the customer. This creates an opportunity for expansion of workflows and consequently more seats. This creates upsell and additional cross-sell opportunities based on workflows, departments and geographies within customers. **Winning new enterprise and governmental customers** Windward has demonstrated a strong ability to attract new customers. Windward is looking to build on the strong sales momentum, especially with its commercial customers, by making additional investments in the Company's global sales capabilities through the hiring of additional dedicated sales people. **Expanding go-to-market approach to further increase the addressable market** Windward expects to agree partnerships and distribution arrangements to provide and embed its solutions on third-party platform and marketplaces in order to distribute them to a wider audience. In September 2021, the Company launched a new offering targeting a category of customers who wish to consume the Company's solution on a per use basis through a newly dedicated web portal. For example, through the portal, customers can purchase reports, alerts, and certificates and pay on a per transaction basis. **Innovation/product expansion** Windward's strategy is to continue enriching its platform capabilities and adding more solutions and insights to support both existing customers and target new markets. Innovation and product enhancement is a core part of the growth strategy of Windward going forward, and the Company will continue to consider how it might enrich its platform capabilities and add more solutions and insights.

Corporate governance report continued

PRINCIPLE	HOW THE COMPANY COMPLIES
2. Seek to understand and meet shareholder needs and expectations	The principal responsibility for investor relations lies with the Chief Executive Officer, supported by the Chief Financial Officer and Board as a whole. Engagement comes in the form of the annual and interim reports, trading updates, regulatory news updates as appropriate, the annual general meeting (AGM) and direct investor and analyst dialogue to discuss strategy and financial results. The CEO and CFO will meet with its major shareholders in the days that follow the announcement of the annual and interim results. The Board recognises the Company's AGM as an important opportunity to engage with shareholders, where the Board makes itself available for shareholders to ask questions. The Notice of AGM is sent to shareholders at least 21 days before the meeting is due to be held. At the meeting, shareholders vote on each resolution and the meeting is advised of the number of votes for, against and withheld on each resolution. The outcome of the AGM is subsequently announced via RNS and published on the Company's website.
3. Take into account wider stakeholder and social responsibilities and their implication for long-term success	The Board considers its responsibility to the Company's stakeholders as key to the continuing success of the business. As such, it ensures that there is engagement with each of the Company's stakeholders. That engagement is outlined below: **Employees** – the Board, through its Executive Directors, primarily engages with the employees of the Company by holding weekly "Town Hall" meetings. All employees, whatever their location in the world, are encouraged to attend by video conference. The meeting is run by the Company's CEO to update employees of the performance of the Company, highlighting areas where the business has been successful or experienced challenges and imparting the Board's and management's vision for the future. It also gives an opportunity for the Board to reiterate the culture of the Company to employees and enable employees the opportunity to engage with the Board's representatives directly. **Customers** – in order to maintain its competitive advantage, it is vital that the Company engages with its customers to ensure that it is fulfilling their requirements in terms of product supplied and the quality and timeliness of the service provided. The Company's employees, and customer success team in particular, undertake regular direct customer meetings on an ongoing basis at which the customers give feedback on their experience with the Company. Particular emphasis is placed on what could have been done better and what the customer's expectation is going forward. This form of feedback is then fed into the Company's future development plans. In addition, the Company strives to be its customers' most trusted partner. To adhere to that responsibility, the Company set in place proper information security policies, including being ISO 27001 certified. **Suppliers** – it is important that the Company's suppliers, with focus on the Company's data providers, understand the availability of data from suppliers, its quality and timely delivery lead-time requirements. This is done by the appointment of a dedicated function to manage all the Company's strategic data partnership, undertaking regular supplier audits and implementing a new component approval process. **Shareholders** – the Board recognises the importance of its responsibilities to the Company's shareholders, and explains its engagement process with them above. **Environment** – the Board endeavours to take into account the impact the Company's activity may have on the environment and minimise or positively impact where possible. One such example is the launch of Windward's Data for Decarbonisation Programme which, in the Directors' view, is an important step in supporting the industry's journey towards net zero. The Company also provides its technology on a pro bono basis on occasion to environmental resources, such as to combat illegal fishing. **Wider social responsibility** – Windward endeavours to have a positive impact on its communities and as part of this the Company's priorities include: • making its platform available free of charge to a couple of NGOs to support their work; • collaborating with universities and bringing on student interns to support employment, skills, training and education within the community; and • promoting team activities that support local charities.

PRINCIPLE	HOW THE COMPANY COMPLIES
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board has in place a disaster recovery plan and intends to hold a risk register for the Company that identifies the key areas of risk within the Company, particularly in respect of strategy, customers, suppliers, industry, regulatory, financial, legal and technology. The register will be formally reviewed by the Board annually and updated as considered necessary. On an annual basis financial risks will be considered and reviewed as part of the audit process. These risks include credit risk, cash flow risk, exchange rate risk and liquidity risk. The analysis of these risks, as at the date of this document, is set out on pages 31 to 33 of this document.
5. Maintain the Board as a well-functioning, balanced team led by the chair	The Board, led by the Chairman, has a collective responsibility and legal obligation to promote the interests of the Company. The Chairman is ultimately responsible for corporate governance. However, the Board is responsible for defining the corporate governance policies. The Board is made up of five non-executives and two executives and has devolved responsibility for certain matters to three committees, an Audit Committee, a Remuneration Committee and a Nominations Committee, each of which has clear terms of reference. Directors / Non-Executive Directors are expected to devote sufficient time to the Company to meet their responsibilities. Generally, four Board meetings are held each year and Directors are expected to attend as many as practicable, either in person or by video or telephone conference arrangements. The Board considers that Guy Mason, Shereen El Zarkani and Stuart Kilpatrick are independent Directors. In light of the fact that Tom Hutton is managing partner at Thompson Hutton LLC, which manages the XL Innovate shareholding in the Company, he is not deemed to be independent. The Board believes that the size and composition of the Board is appropriate given the size and stage of development of Windward. The Board is provided with Board papers in advance of the meetings and minutes of the meetings are provided to the Board following the meeting. The Chairman is responsible for ensuring that the Directors receive the information that they require for decision-making and each member of the Board understands the information that they are expected to provide. The Board meetings have a quarterly cycle of matters that are reviewed quarterly, which are spread through the programme of meetings in the year.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	All members bring different experiences and knowledge to the Board and between them they provide a blend of business understanding, technical or maritime domain know-how, experience of public markets and financial expertise. The Board considers that this is appropriate to enable it to successfully execute its long-term strategy. Where the Board will consider that it does not possess the necessary expertise or experience it may engage the services of professional advisers. Please see pages 36 and 37 of this document for further detail on the Board.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The effectiveness of the Board is evaluated through the ongoing and wider Board strategy review and future planning discussions. This includes consideration of the performance of the Directors against the current strategy, and this feeds through to future planning.
8. Promote a corporate culture that is based on ethical values and behaviours	Windward's long-term growth is underpinned by its corporate culture and core values. As part of our employee starter pack all new employees will be provided with the Company's code of conduct, which includes a clear statement of the Company's values and purpose. The Company's culture is built around five key values and behaviours: • Partnership by being customer centric and collaborative. • Trust through transparency and bringing expert insights based on behaviour, facts and data. • Expertise by combining unparalleled maritime domain expertise with AI technology. • Innovating by constantly evolving and pushing the boundaries of data and technology to solve maritime challenges. • Leadership by providing a forward-thinking vision. The Company is committed to providing a supportive work environment through the following initiatives: • Communication and inclusion are key tenets of employee engagement, with weekly all-hands Company meetings to share relevant information across the entire Company. • In practice, the Company strives to be an equal opportunity employer and seeks to promote from within the organisation through training and staff progression. The Company holds management workshops for new managers with personal development plans for employees. • The Company strives to improve gender diversity. • The Company employs a dedicated well-being expert who oversees initiatives to support employee mental health.

PRINCIPLE	HOW THE COMPANY COMPLIES
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board provides the strategic leadership for the Company and ensures that the business operates within the corporate governance framework that has been adopted. Its prime purpose is to ensure the delivery of shareholder value in the long term by setting the business model and defining the strategic goals to achieve this. Additionally, it has introduced the culture, values and practices that have been adopted throughout the business to assist in achieving the strategic goals and ensures that they remain up to date and fit for purpose. **Board Committees** – the Board has established a Remuneration Committee, Nominations Committee and an Audit Committee. Each committee has formally delegated duties and responsibilities. **Chairman** – the Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Company. He leads and chairs the Board in the development of strategies and corporate objectives, ensuring that the committees are appropriately structured and operate to their terms of reference. He is also responsible for ensuring that performance reviews of individual Directors, the Board and committees are carried out on a regular basis. **Chief Executive Officer** – the CEO is responsible for the management of the Company and implementation of the strategies and standards agreed by the Board. He monitors, reviews and manages the key operational risks, highlighting to the Board areas of perceived weakness. He is responsible for investor communications and ensuring that the Company's standing with its shareholders and the wider investment community is maintained. **Chief Financial Officer** – the CFO is responsible for the financial management of the business, including analysing the Company's financial strengths and risks, proposing corrective action and forward financial planning. The CFO also supports the CEO in the investor relations function. **Executive Directors** – the CFO and the CEO as Executive Directors are collectively responsible for the day-to-day operation of the business, ensuring the deliverance of the Company's strategy by making the necessary operational and financial decisions. They are also responsible for promoting the core values of the Company and providing leadership to the wider Company. **Non-Executive Directors** – the Non-Executive Directors, three of whom have been determined as being independent, are experienced individuals from a range of backgrounds and industries, bringing a wealth of knowledge to the Company. They provide independent views through their experiences, challenging the Executive Directors, and will provide oversight and ensuring that the Company is operating within the parameters set by the Board both in terms of strategy and corporate governance. **Company Secretary** – a Company Secretary has been appointed to assist the Board with the statutory filing, the annual general meeting, and the Board meetings. Where further advice is required, the Board may employ further professional advisers.
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	In addition to the investment activities described above, the Company communicates with shareholders through the annual report and accounts, full-year and half-year announcements, the London Stock Exchange's Regulatory News Service (RNS), the annual general meeting, EGMs as appropriate, and may use one-to-one meetings with large existing or potential new shareholders, as necessary or appropriate. A range of corporate information (including all Company announcements and presentations) will be available to shareholders, investors and the public on the Company's corporate website, **windward.ai.** The Board may receive regular updates on the views of shareholders through briefings and reports from the CEO, CFO and the Company's brokers. The Company may communicate with investors through briefings with management. In addition, analysts' notes and brokers' briefings may be reviewed to achieve a wide understanding of investors' views. The Company also carries out periodic employee engagement surveys to provide feedback and guidance to management to ensure they effectively communicate to the global team.

The Board and Committees are further described in the Board and Committees section.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Company has a group-wide anti-bribery and anti-corruption policy which applies to the Board, employees of all its subsidiaries and associated persons of Windward. It sets out their responsibility to observe and uphold a zero-tolerance position on bribery and corruption in the jurisdictions in which Windward operates, as well as providing guidance to those working for Windward on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, agency workers, suppliers, contractors, agents, sponsors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

The Board is responsible for the overall management of Windward.

THE BOARD AND COMMITTEES

THE BOARD

The Board is responsible for the overall management of Windward. The Board meets quarterly and otherwise on an as-required basis, to, among other matters review, formulate and approve Windward's strategy, budgets, corporate actions, financial reports and oversee Windward's progress towards its goals.

To provide effective internal financial control, the Board:

- has adopted and reviewed a comprehensive annual budget for the Company, and quarterly results will be examined against the budget and deviations will be closely monitored by the Board; and
- is responsible for maintaining and identifying major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.

The Board's duties and responsibilities are in accordance with the Companies Law in Israel (the "Companies Law").

BOARD COMPOSITION

The Board currently comprises two Executive Directors and five Non-Executive Directors. Collectively, the Executive and Non-Executive Directors bring a valuable range of expertise in assisting the Company to achieve its strategic aims. The effectiveness of the Board benefits from the skills and experience which the current Board members possess.

OPERATION OF THE BOARD

The Company's Chief Financial Officer, Ofer Segev, is responsible for ensuring that the Company complies with the statutory and regulatory requirements and maintains high standards of corporate governance. The Company Secretary is Ms Shany Shalev, who assists the Board and Mr Segev with compliance issues. Mr Segev and the Company Secretary are and will be working closely with the Chairman of the Board, the Chief Executive Officer and the Board Committee chairs in setting agendas for meetings of the Board and its Committees and support the transfer of timely and accurate information flow from and to the Board and the management of the Company.

The Board holds its meetings in accordance with its scheduled calendar and as required. The Board also holds regular telephone/video calls to update the members on operational and other business, and the Board convenes occasionally for additional updates and conversations on ad-hoc emerging matters that arise between the scheduled Board meetings. A majority of the Board members, which constitutes the legal quorum for a board meeting, attended each of the Board meetings. Most meetings are attended by all Directors. Each Board meeting is preceded by a clear agenda and any relevant information is provided to Directors in advance of the meeting. An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice.

The Company has established an Audit Committee, a Remuneration Committee and a Nominations Committee, each with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues as and when the need arises.

THE BOARD AND COMMITTEES CONTINUED

AUDIT COMMITTEE

The Audit Committee has the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of Windward is properly measured and reported on. It receives and reviews reports from Windward's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout. The Audit Committee is due to meet not less than twice in each financial year and has unrestricted access to Windward's external auditors. The members of the Audit Committee are: Stuart Kilpatrick (as chairman), Guy Mason and Shereen El Zarkani, all of whom are Non-Executive and independent Directors.

The Companies Law sets forth the duties and responsibilities of the Audit Committee and the qualification to serve as a member in the committee. All members must be Non-Executive Directors. Among other matters, the Audit Committee is primarily responsible for monitoring the quality of internal controls to ensure that the financial performance of the Company is properly measured and reported on.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining and agreeing with the Board the framework or broad policy for the remuneration of the Company's Executive Directors, including the Chairman of the Board (where executive, or when receiving compensation for his chairmanship) and certain other members of the executive and senior management and to approve their remuneration (in addition to all other required approvals under the Companies Law).

The Remuneration Committee is charged with making recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary, but at least twice each year. The members of the Remuneration Committee are: Shereen El Zarkani, Tom Hutton and Guy Mason (as chairman of the Committee).

The Companies Law sets forth the duties and responsibilities of the Remuneration Committee and the qualification to serve as a member of the committee. The Remuneration Committee has retained a firm of remuneration consultants to advise the Remuneration Committee.

Israeli public companies are required to adopt a remuneration policy regarding the remuneration and terms of employment of their Directors and officers. The remuneration policy is approved by the Remuneration Committee, the Board and the General Meeting of the shareholders.

NOMINATIONS COMMITTEE

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise. The Nominations Committee meets as and when necessary, but at least twice each year. The members of the Nominations Committee are: Tom Hutton and Stuart Kilpatrick and The Lord Browne of Madingley (as chairman of the Committee).

Remuneration Committee report

The Company believes that remuneration should reward not only contribution, but also vision and innovation which will contribute to the Company's long-term performance.

Roderick Guy Mason

Chair of the Remuneration Committee

DIRECTORS' REMUNERATION

The Board recognises that Directors' remuneration, and the Company's approach to such remuneration, is of legitimate interest to the shareholders. The Company operates within a competitive environment, with its performance depending on the individual contributions of the Directors and employees. The Company believes that remuneration should reward not only contribution, but also vision and innovation which will contribute to the Company's long-term performance.

As an Israeli company whose shares are admitted to trading on AIM, a market of the London Stock Exchange, the Company is not required to comply with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. However, the Company has sought to provide an insight into the Company's strategy and approach to remuneration.

POLICY ON DIRECTORS' REMUNERATION

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors and executives of the calibre necessary to maintain and develop the Company's position in the market, its service offerings, and ultimately financial performance.

To attract and retain the Company's Executive Directors, the Company offers remuneration at a level which reflects their responsibilities, contribution to the Company and is affordable for the Company. The Company also offers a management incentive plan, under which awards are by reference to Annual Contract Value, EBITDA, collection milestones and personal targets (Management By Objective) to align the Executive Directors' performance with shareholder value. Post IPO, management, in conjunction with the Remuneration Committee, has reviewed the compensation plans, benchmarked them with independent consultants, and has offered long-term incentives to the executive management as well as key employees.

Remuneration Committee report continued

REMUNERATION

The remuneration of the Directors in 2021 (or since Admission in December 2021) was as follows (all amounts in U.S. dollars):

		2021 $'000
Edmund John Phillip Browne, The Lord Browne of Madingley[1]	Chairman of the Board, since April 2018, Non-Executive Director	14,917
Amiad (Ami) Daniel[2]	Chief Executive Officer since incorporation, Executive Director	349,601
Ofer Segev[2]	Chief Financial Officer, since December 2021, Executive Director	368,209
George Thompson (Tom) Hutton[1]	Non-Executive Director, since 2018	6,188
Roderick Guy Mason[1]	Non-Executive Director, since December 2021	6,188
Shereen Jasmine Amir El Zarkani[1]	Non-Executive Director, since December 2021	6,188
Stuart Charles Kilpatrick[1]	Non-Executive Director, since December 2021	6,188

1. For the period 6 December to 31 December 2021.
2. Remuneration as executives without additional payment for serving as Directors.

REMUNERATION OF EXECUTIVES AND OTHER MANAGERS

The remuneration of the Company's five most highly compensated executives and managers (including two of its Executive Directors) in 2021 was as follows (all amounts in U.S. dollars):

	2021 $'000
Amiad (Ami) Daniel	349,601
Ofer Segev	368,209
Matan Peled	353,847
Benny Keinan	342,218
Irit Singer	341,969

Includes base salary and benefits, bonus and stock-based compensation (as recorded in the financial statements).

Amiad (Ami) Daniel's total remuneration includes $306,931 of emoluments and compensation including non-cash benefits received, $25,670 from car lease and maintenance and $17,000 from contribution paid to a pension scheme.

Ofer Segev's total remuneration includes $337,409 of emoluments and compensation including non-cash benefits received, $15,752 from share options and $15,048 from contribution paid to a pension scheme.

As at the date of this document, the Directors and their families (within the meaning set out in the AIM Rules for Companies) hold the following Ordinary Shares and options over Ordinary Shares below:

Directors	Shares	Options
Ofer Segev	—	323,367
Amiad (Ami) Daniel	6,270,795	—
Edmund John Phillip Browne, The Lord Browne of Madingley	167,512	1,033,725

Directors' report

PRINCIPAL ACTIVITIES

Windward is a leading predictive intelligence company, fusing artificial intelligence (AI) and maritime expertise seeking to digitalise the global maritime industry. Windward's AI-powered software solution aims to provide real-time information and insights on major seafaring vessels at sea, enabling stakeholders within the maritime ecosystem to make intelligence-driven decisions to manage risk and achieve business and operational insights.

Windward's customers include a number of leading participants across the maritime industry covering banks, commodity traders, insurers, government agencies, and major energy and shipping companies. Windward has over 70 globally spread customers including BP, Shell, HSBC, Gard and Danske Bank and leading government agencies including agencies from the US Department of Defense and Homeland Security, Frontex (the pan-European Border and Coast Guard Agency) and the United Nations.

The Company is headquartered in Israel with a presence in additional locations around the world: the UK, USA (West coast and East coast including Washington DC), Ukraine, and the UAE. As at 31 December 2021, the Company had 130 permanent employees.

BUSINESS REVIEW

The information that fulfils the requirements of the business review, including details of the 2021 results, principal risks and uncertainties, are set out in the Chairman and CEO statements and the financial review on pages 8 to 15, and 26 to 29 in this Directors' report.

DIRECTORS

The following Directors held office as indicated below for the year ended 31 December 2021 and up to the date of signing the consolidated financial statements except where otherwise shown.

Edmund John Phillip Browne, The Lord Browne of Madingley	Chairman of the Board, since April 2018, Non-Executive Director
Amiad (Ami) Daniel	Chief Executive Officer since incorporation, Executive Director
Ofer Segev	Chief Financial Officer, since December 2021, Executive Director
George Thompson (Tom) Hutton	Non-Executive Director, since 2018
Roderick Guy Mason	Non-Executive Director, since December 2021
Shereen Jasmine Amir El Zarkani	Non-Executive Director, since December 2021
Stuart Charles Kilpatrick	Non-Executive Director, since December 2021

DIRECTORS' REMUNERATION AND INTERESTS

The remuneration report is set out on pages 45 and 46. It includes details of Directors' remuneration, interests in the ordinary shares of the Company and share options.

CORPORATE GOVERNANCE

The Board's corporate governance report is set out on pages 39 to 44.

DIRECTORS' RESPONSIBILITIES

The Companies Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the relevant financial year pursuant to applicable accounting standards.

The Directors, after considering the risks and uncertainties and after reviewing the Company's operating budgets, investment plans and financing arrangements, consider that the Company has sufficient resources at their disposal to continue their operations for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis.

Directors' report continued

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors assess and monitor the key risks of the business on an ongoing basis. The principal risks and uncertainties that could have a material effect on the Company's performance are explained on pages 31 to 33.

RESEARCH AND DEVELOPMENT

Windward has engaged in extensive R&D activity in recent years to ensure the constant development of its product and technology. For the period from 2017 to 31 December 2021, Windward has spent approximately $30m on its R&D activities.

The Company's R&D team currently consists of 51 personnel, principally located in Israel and other smaller locations outside of Israel. The R&D team comprises data scientists, architects, data engineers, full stack engineers, DevOps engineer and Quality Assurance engineers.

Windward intends to continue to incur significant expenditure on R&D for ongoing development of its Predictive Intelligence Platform and to maintain its technological advantage.

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDINGS

Details of the share capital of the Company as at 31 December 2021 are set out in note 9 to the consolidated financial statements.

SHAREHOLDERS

Name	Number of Ordinary Shares	% of share capital
Aleph, L.P.	13,941,461	16.9%
Ami Daniel	6,270,795	7.6%
Matan Peled	6,270,795	7.6%
XL Innovate	6,180,129	7.5%
Hargreave Hale Ltd	6,000,000	7.3%
Maritime Invest Scandinavia AB	5,983,149	7.2%
Gresham House Asset Management Limited	5,806,452	7.0%
The Marc R. Benioff Revocable Trust	5,049,150	6.1%
Starry Leader Limited	4,584,960	5.5%
Premier Miton Group plc	3,657,700	4.4%
Eliot International Limited (and affiliates)	3,365,022	4.1%
La Maison ITF S.à r.l.	2,731,977	3.3%
NinetyOne UK LTD	2,650,000	3.2%

INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors reviews annually the quality and cost effectiveness of the external audit and the independence and objectivity of the external auditors.

Kesselman & Kesselman (a member of PricewaterhouseCoopers International Limited) was engaged to perform the 2021 audit. The total fee paid to the Company's auditors for audit services rendered to the Company during that year was $170,000.

Financials

50 AUDITOR'S REPORT

51 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

52 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

53 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

54 CONSOLIDATED STATEMENTS OF CASH FLOWS

55 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

80 ADVISERS

Auditor's report

TO THE SHAREHOLDERS OF WINDWARD LTD

We have audited the accompanying consolidated statements of financial position of Windward Ltd ("the Company") as of 31 December 2021 and 2020, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of 31 December 2021 and 2020, and the results of their operations, changes in shareholders' equity and their cash flows for each of the years then ended in conformity with International Financial Reporting Standards (IFRS).

Kesselman & Kesselman

Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers
International Limited
Haifa

30 March 2022

Consolidated statements of comprehensive income

YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
REVENUES	13	**17,351**	14,625
Cost of revenues	14	**4,816**	3,037
GROSS PROFIT		**12,535**	11,588
OPERATING EXPENSES:			
Research and development, net	14	**9,405**	6,013
Sales and marketing	14	**9,805**	6,395
General and administration	14	**3,222**	3,034
Initial Public Offering issuance costs	1(b)	**2,628**	—
TOTAL OPERATING EXPENSES		**25,060**	15,442
OPERATING LOSS		**(12,525)**	(3,854)
FINANCIAL EXPENSES (INCOME), NET:			
Financial expenses	14	**593**	230
Financial income		**1**	55
TOTAL FINANCIAL EXPENSES, NET		**592**	175
LOSS FOR THE YEAR		**(13,117)**	(4,029)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share[1]	17	**(0.55)**	(0.23)

1. After retrospective application due to share split and bonus shares (see note 9(c)).

The accompanying notes are an integral part of the financial statements.

U.S. dollars in thousands (except share and per share data).

Consolidated statements of financial position

AS AT 31 DECEMBER 2021

	Note	31 December 2021 $'000	31 December 2020 $'000
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	4	43,688	9,914
Trade receivables	5	1,646	554
Other receivables	5	1,431	1,193
TOTAL CURRENT ASSETS		46,765	11,661
NON-CURRENT ASSETS:			
Restricted deposit	12	1,178	1,011
Property and equipment, net	6	803	860
Right-of-use asset	7	386	773
TOTAL NON-CURRENT ASSETS		2,367	2,644
TOTAL ASSETS		49,132	14,305
Liabilities and shareholders' equity			
CURRENT LIABILITIES:			
Trade payable		493	634
Israel Innovation Authority loan	12	—	96
Current maturities of lease liabilities	7	503	465
Other payable	8	3,507	2,505
Other payable related to Initial Public Offering	8	4,541	—
Deferred revenues	13	7,467	6,054
TOTAL CURRENT LIABILITIES		16,511	9,754
NON-CURRENT LIABILITIES:			
Liability for employee rights upon retirement, net		64	90
Deferred revenues		4,395	—
Lease liability	7	—	520
TOTAL NON-CURRENT LIABILITIES		4,459	610
TOTAL LIABILITIES		20,970	10,364
COMMITMENTS	12		
SHAREHOLDERS' EQUITY:			
Ordinary Shares of 0.002 NIS par value	9	27	6
Preferred Shares of 0.002 NIS par value	9	—	8
Additional paid-in capital	9,10	77,486	40,161
Accumulated deficit		(49,351)	(36,234)
TOTAL SHAREHOLDERS' EQUITY		28,162	3,941
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		49,132	14,305

Ami Daniel
Chief Executive Officer

Ofer Segev
Group Chief Financial Officer

The Lord Browne of Madingley
Chairman of the Board of Directors

Date of approval of the consolidated financial statements by the Company's Board of Directors: 30 March 2022.

The accompanying notes are an integral part of the financial statements.

Consolidated statements of changes in shareholders' equity

YEAR ENDED 31 DECEMBER 2021

	Ordinary shares	Preferred shares	Additional paid-in capital $'000	Accumulated deficit $'000	Total $'000
BALANCE AS OF 31 DECEMBER 2019	6	8	39,763	(32,205)	7,572
CHANGES DURING 2020:					
Exercise of options by employees	—[1]	—	96	—	96
Share-based compensation	—	—	302	—	302
Loss for the year	—	—	—	(4,029)	(4,029)
BALANCE AS OF 31 DECEMBER 2020	6	8	40,161	(36,234)	3,941
CHANGES DURING 2021:					
Exercise of options by employees	—	—	414	—	414
Share-based compensation	—	—	682	—	682
Issuance of convertible financing agreement	—	—	3,300	—	3,300
Issuance of shares, net (less issuance costs)	21	(8)	32,929	—	32,942
Loss for the year	—	—	—	(13,117)	(13,117)
BALANCE AS OF 31 DECEMBER 2021	27	—	77,486	(49,351)	28,162

1. Represents an amount lower than 1,000 U.S. dollars.

The accompanying notes are an integral part of the financial statements.

Consolidated statements of cash flows

YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	(13,117)	(4,029)
Adjustments to reconcile loss for the year to net cash used in operating activities:		
Depreciation	602	571
Share-based compensation expenses	682	302
Effect of exchange rate	(451)	19
Finance expenses of lease liabilities	13	146
Finance expenses of liability due to Israel Innovation Authority loan	—	50
Changes in asset and liability items:		
Decrease (increase) in trade receivables	(1,091)	719
Increase in other receivables	(238)	(495)
Increase (decrease) in trade payables	(141)	181
Increase in other payables and accruals	1,776	302
Increase in deferred revenues	5,808	71
Increase (decrease) in accrued severance pay, net	(26)	6
Net cash used in operating activities	(6,183)	(2,157)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(159)	(117)
Increase in restricted deposit	(153)	—
Net cash used in investing activities	(312)	(117)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	414	96
Repayment of Israel Innovation Authority loan	(96)	(385)
Funds received in respect of the sale of shares by shareholders and consultants in connection with the Initial Public Offering[1]	3,730	—
Principal elements of lease payments	(438)	(400)
Interest paid	(49)	(76)
Issuance of shares, net (less issuance cost)	32,942	—
Proceed from convertible loan agreement	3,300	—
Net cash provided by/(used in) financing activities	39,803	(765)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,308	(3,039)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,914	12,980
Effects of exchange rate changes on cash and cash equivalents	466	(27)
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR	43,688	9,914

1. See note 8.

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements

YEAR ENDED 31 DECEMBER 2021

NOTE 1 – GENERAL

(a) 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 leading Maritime AI company, providing an all-in-one platform for risk management and maritime domain awareness needs. The Company has established two wholly owned subsidiaries in the United Kingdom and one in the United States, that provide sales and marketing services to the Company.

(b) 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). As part of the IPO, the Company issued 16,956,255 new ordinary shares, with a par value of NIS 0.002. In addition, as part of the IPO the convertible loan agreement converted to 2,035,317 ordinary shares, with a par value of NIS 0.002 and all the preferred shares that existed prior to the IPO were converted into 42,486,765 ordinary shares of par value NIS 0.002.

The gross issue proceeds amounted to approximately GBP 26,300 thousands ($35,000 thousands). The Company incurred transaction costs in the amount of approximately $4,686 thousands, which were attributed $2,058 thousands for the issue of the new shares and were charged directly to equity and $2,628 thousands were attributed to listing for trading of existing shares and charged to the income statement. As a result of the above, the Company recorded a total of approximately $32,942 thousands to equity.

(c) As of the date of this report, coronavirus (COVID-19) continues to spread in various locations around the world; however, it appears to be declining in Israel as a result of a large number of vaccinated individuals. The outbreak of the virus – including all its health, social and economic implications and consequences – has led to a global crisis.

As of the report date, the duration of the coronavirus crisis and its full impact on business activity in Israel and around the world cannot be predicted. The Company's management is of the opinion that the impact of the coronavirus crisis has led to a slowdown in the sales process in all territories, mostly the EU, India and Gulf Cooperation Council (GCC). During 2021, the Company's management took the following actions to deal with the coronavirus crisis: All employees worked from home, there was no material effect on productivity and they released a few people (layoffs or unpaid leave) mainly in sales and marketing.

As of the report approval date, the Company believes that its ability to raise funds was not compromised by the coronavirus crisis. The Company's management continuously monitors and examines the various aspects of the effects of the coronavirus crisis and acts, whenever necessary, to make needed adjustments in order to minimise exposure for the Company's activities and performance.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated historical financial information presents the financial track record of the Group for the two years ended 31 December 2021 and has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The significant accounting policies described below have been applied consistently in relation to all the reporting periods, unless otherwise stated.

In determining and applying accounting policies, management are required to make judgements and estimates in respect of items where the choice of specific policy, accounting judgement, estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows and disclosure of contingent assets or liabilities during the reporting period; it may later be determined that a different choice may have been more appropriate. The Group's critical accounting judgements and key sources of estimation uncertainty are detailed in note 3. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The financial information has been prepared under the historical cost convention, subject to adjustments in respect of revaluation of financial liabilities at fair value through profit or loss presented at fair value.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES continued

B. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, which is the U.S. dollar ("$" or "dollar"). The consolidated financial statements are presented in U.S. dollar ("$" or "dollar") currency units, which is the Company's and its subsidiaries' functional currency and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within financial expenses/income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

C. PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

D. CASH AND CASH EQUIVALENTS

All highly liquid investments, which include short-term bank deposits, that are not restricted as to withdrawal or use, and short-term debentures, the period to maturity of which do not exceed three months at the time of investment, are considered to be cash equivalents. Cash and cash equivalents exclude restricted cash.

E. RESTRICTED DEPOSITS

Restricted deposits consist of cash deposits for office leases, credit card guarantees, guarantees required under a customer agreement and a guarantee required under the terms of a tender which was submitted by the Company. These deposits serve a collateral for bank guarantees.

F. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line basis over the estimated useful lives to their residual value of the related assets at the following annual rates:

	%
Computers	15-33
Office furniture and equipment	7-15

Leasehold improvements are amortised utilising the straight-line method over the expected term of the lease.

G. IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset relates. For all reporting periods no impairment losses have been identified.

H. REVENUE RECOGNITION

Revenue from rendering of services is recognised over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. The Company charges its customers based on payment terms agreed upon in specific agreements. When payments are made before or after the service is performed, the Company recognises the resulting contract asset or liability.

Transactions with financing

The Company has elected to apply the practical expedient allowed by IFRS 15 according to which the Company does not separate the financing component in transactions for which the period of financing is one year or less and recognises revenue in the amount of the consideration stated in the contract even if the customer pays for the goods or services before or subsequent to their receipt.

The Company derives its revenue from subscription fees from customers accessing the Company's enterprise cloud computing services (Software as a Service). The Company's agreements do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts.

In order to obtain certain contracts with customers, the Company incurs incremental costs in obtaining the contract (such as sales commissions which are contingent on making binding sales). Costs incurred in obtaining the contract with the customer which would not have been incurred if the contract had not been obtained and which the Company expects to recover are recognised as an asset and amortised on a systematic basis that is consistent with the provision of the services under the specific contract.

Revenues are primarily recognised ratably as the service is provided to the customer and consist of fees paid for secured network connectivity services.

I. EMPLOYEE BENEFIT LIABILITIES

1. Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2. Post-employment benefits

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Israeli labour law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances. The Company's pension and severance pay liability to certain employees is covered mainly by purchase of insurance policies. Pursuant to section 14 of the Severance Compensation Act, 1963 ("section 14"), some of the Company's employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments in accordance with section 14 relieve the Company from any future severance payments in respect of those employees and, as such, the Company may only utilise the insurance policies for the purpose of disbursement of severance pay. The Company has recorded a severance pay liability for the amount that would be paid if certain of the employees that are not subject to section 14 were terminated at the balance sheet date, in accordance with Israeli labour law. This liability is computed based upon the number of years of service multiplied by their monthly salary, net of the amount deposited.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES continued

J. SHARE-BASED COMPENSATION

The Company's employees are entitled to remuneration in the form of equity-settled share-based payment transactions.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments granted. The cost of equity-settled transactions is recognised in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award ("the vesting period"). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other vesting conditions (service and/or performance) are satisfied.

If the Company modifies the conditions on which equity instruments were granted, an additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee/other service provider at the modification date.

If a grant of an equity instrument is cancelled, it is accounted for as if it had vested on the cancellation date and any expense not yet recognised for the grant is recognised immediately. However, if a new grant replaces the cancelled grant and is identified as a replacement grant on the grant date, the cancelled and new grants are accounted for as a modification of the original grant, as described above.

K. INCOME TAXES

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

L. RESEARCH AND DEVELOPMENT COSTS

Costs associated with maintaining software programmers are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

When an internally developed intangible asset cannot be recognised, the development costs are recognised as an expense in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

For all the reporting periods, the above criteria have not been met and therefore all development costs have been recognised as an expense in profit or loss.

M. LEASES

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
The Company has not elected to apply the practical expedient in the standard and separate the lease components from the non-lease components.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES continued

M. LEASES continued

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less without a purchase option.

N. FINANCIAL INSTRUMENTS

1. Financial assets

Financial assets are measured upon initial recognition at fair value (except trade receivables) plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less expected credit loss allowance.

The Company classifies and measures debt instruments in the financial statements based on the following criteria:

- the Company's business model for managing financial assets; and
- the contractual cash flow terms of the financial asset.

2. Impairment of financial assets

The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss. The Company distinguishes between two types of loss allowances:

(a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low – the loss allowance recognised in respect of this debt instrument is measured at an amount equal to the expected credit losses within twelve months from the reporting date (twelve-month expected credit losses); or

(b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low – the loss allowance recognised is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime expected credit losses).

The Company has short-term financial assets such as trade receivables in respect of which the Company applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses.

An impairment loss on debt instruments measured at amortised cost is recognised in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

The Company did not recognise an allowance for expected credit losses in all the reporting periods (see also note 5).

3. Derecognition of financial assets

(a) Financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset have expired; or
- the Company has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- the Company has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

4. Financial liabilities

(a) Financial liabilities measured at amortised cost:

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest rate method, except for:

- Financial liabilities at fair value through profit or loss, such as derivatives.

5. Derecognition of financial liabilities

A financial liability is derecognised only when it is extinguished; that is, when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

O. PROVISIONS

A provision in accordance with IAS 37 is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense is recognised in the statement of profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The following are the types of provisions included in the financial statements:

Legal claims

A provision for claims is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Group to settle the obligation and a reliable estimate can be made of the amount of the obligation.

P. GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the grants will be received, and the Company will comply with the attached conditions.

Amounts received from the Israel Innovation Authority (formerly: The Office of the Chief Scientist in Israel, "the IIA") are recognised upon receipt as a liability if future economic benefits are expected from the research project that will result in royalty-bearing sales. See also note 12.

A liability for consideration received is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the consideration received and the fair value of the liability is accounted for as a Government grant and recognised as a reduction of research and development expenses. After initial recognition, the liability is measured at amortised cost using the effective interest method under IFRS 9 requirements. Royalty payments are treated as a reduction of the liability.

Q. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES continued

Q. FAIR VALUE MEASUREMENT continued

All assets and liabilities measured at fair value or for which fair value is disclosed are categorised into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 — inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

R. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

S. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The Group operates in one operating segment.

T. LITIGATION

The Company is exposed to the risk of litigation from its customers, suppliers, employees, authorities and third parties impacted by the Company's activities, products or services, amongst others, in the normal course of business. The Company is not aware of any material pending or threatened litigation which meets the recognition and disclosure requirements of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

U. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS TO STANDARDS AND NEW INTERPRETATIONS

1. New International Financial Reporting Standards, amendments to standards and new interpretations not yet adopted

The narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments also clarify that "settlement" of a liability is also in a manner of issuing equity instruments of the entity.

The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2023. Earlier application is permitted. The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

2. Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (hereinafter: "IAS 37")

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the process of applying the significant accounting policies, the Group has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

A) JUDGEMENTS

- Development costs:

  The Company has determined that in all the reporting periods, the criteria for recognising development project costs as intangible assets have not been met and therefore all of the development costs have been recognised in profit or loss.

- Deferred tax assets:

  Deferred tax assets are recognised for unused carry forward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits, its source and the tax planning strategy. The Company did not recognise deferred tax assets in all the reporting periods.

B) ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Determining the fair value of share-based payment transactions:

  The fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model. The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield.

NOTE 4 – CASH AND CASH EQUIVALENTS

	31 December 2021 $'000	31 December 2020 $'000
Cash for immediate withdrawal – ILS	5,568	1,638
Cash for immediate withdrawal – USD	1,119	7,691
Cash for immediate withdrawal – EUR	6,183	381
Cash for immediate withdrawal – GBP	30,714	88
Cash for immediate withdrawal – other	104	116
	43,688	9,914

NOTE 5 – TRADE AND OTHER RECEIVABLES

A. TRADE RECEIVABLES, NET

	31 December 2021 $'000	31 December 2020 $'000
Trade receivables from contracts with customers	1,646	554
	1,646	554

At each reporting date the majority of the trade receivables have not yet reached their due date.

The majority of the trade receivables were repaid after the reporting date.

B. OTHER RECEIVABLES

	31 December 2021 $'000	31 December 2020 $'000
Institutions	358	193
Prepaid expenses	887	998
Other	186	2
	1,431	1,193

NOTE 6 – PROPERTY AND EQUIPMENT

As of 31 December 2020	Computers $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Total $'000
Balance as of 1 January 2020	507	1,224	176	1,907
Purchases	99	—	18	117
Balance as of 31 December 2020	606	1,224	194	2,024
Less – accumulated depreciation				
Balance as of 1 January 2020	(446)	(471)	(62)	(979)
Depreciation	(57)	(115)	(13)	(185)
Balance as of 31 December 2020	(503)	(586)	(75)	(1,164)
Depreciated cost as of 31 December 2020	103	638	119	860

As of 31 December 2021	Computers $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Total $'000
Balance as of 1 January 2021	606	1,224	194	2,024
Purchases	102	48	8	159
Balance as of 31 December 2021	708	1,272	202	2,183
Less – accumulated depreciation				
Balance as of 1 January 2021	(503)	(586)	(75)	(1,164)
Depreciation	(77)	(124)	(15)	(216)
Balance as of 31 December 2021	(580)	(710)	(90)	(1,380)
Depreciated cost as of 31 December 2021	128	562	112	803

NOTE 7 – LEASES

1 The Company has entered into an office lease agreement for its headquarters in Tel Aviv.

The lease agreement, from 1 January 2016, is valid until 31 December 2022, for an area of approximately 1,119 square metres. The quarterly lease payment is 402,840 NIS (approximately $125,000).

The Company has an option to extend the lease period for an additional five years as part of the calculation of the lease obligation; the option to extend the said lease period was not taken into account, since it is not reasonably certain that it will be exercised.

DISCLOSURES FOR RIGHT-OF-USE ASSET

	$'000
Balance as of 31 December 2019	1,159
Depreciation charge	386
Balance as of 31 December 2020	773
Depreciation charge	386
Balance as of 31 December 2021	386

DISCLOSURES FOR LEASE LIABILITY

	$'000
Balance as of 31 December 2019	1,302
Lease payments	(464)
Interest	82
Exchange rate differences	64
Balance as of 31 December 2020	985
Lease payments	(495)
Interest	49
Exchange rate differences	(36)
Balance as of 31 December 2021	503

NOTE 7 – LEASES continued

A. DETAILS REGARDING LEASE TRANSACTIONS

	31 December 2021 $'000	31 December 2020 $'000
Interest expenses in respect of lease obligations	49	82
Total cash flow for leases	495	464

NOTE 8 – OTHER PAYABLE

OTHER PAYABLE

	31 December 2021 $'000	31 December 2020 $'000
Accrued vacation	956	742
Employees and institutions – December salaries	2,334	1,144
Accrued expenses	217	619
	3,507	2,505

B. OTHER PAYABLE RELATED TO INITIAL PUBLIC OFFERING

	31 December 2021 $'000	31 December 2020 $'000
Funds to be transferred to shareholders and consultants in connection with the Initial Public Offering[1]	3,730	—
Payables for Initial Public Offering services	811	—
	4,541	—

1. As part of the Initial Public Offering of the Company's shares on the London Stock Exchange (see note 1(b)), the Company received a total of $3,730 thousand in respect of the sale of shares made by the Company's shareholders and consultants. These funds were transferred to shareholders and consultants in January 2022.

NOTE 9 – EQUITY

A. ISSUANCE OF SHARE CAPITAL

Prior to the Initial Public Offering (see note 1(b)), the Company's equity consisted of: Ordinary Shares, par value NIS 0.01 each and Preferred Shares, par value NIS 0.01 each and after the Initial Public Offering consisted of: Ordinary Shares, par value NIS 0.002 each and Preferred Shares, par value NIS 0.002 each, divided into the following classes: Preferred A Shares, Preferred B Shares, Preferred B-1 Shares, Preferred B-2 Shares, Preferred C Shares and Preferred C-1 Shares, as follows:

	Number of shares 31 December 2021		Number of shares 31 December 2020	
	Ordinary shares	Preferred shares	Ordinary shares[1]	Preferred shares[1]
Ordinary Shares, par value NIS 0.002	81,791,088	—	16,909,200	
Preferred A Shares, par value NIS 0.002	—	—	—	9,108,900
Preferred B Shares, par value NIS 0.002	—	—	—	9,993,915
Preferred B-1 Shares, par value NIS 0.002	—	—	—	7,239,150
Preferred B-2 Shares, par value NIS 0.002	—	—	—	250,080
Preferred C Shares, par value NIS 0.002	—	—	—	10,744,590
Preferred C-1 Shares, par value NIS 0.002	—	—	—	5,150,130
Total	81,791,088	—	16,909,200	42,486,765

1. Adjusted to reflect shares splitting according to note 9(c).

B. For additional information about the Company's Initial Public Offering and the conversion of all of the preferred shares to ordinary shares see note 1(b).

C. On 1 June 2021 the Company effected a 1:5 split of all of its shares, whether or not issued, by which each one (1) share of the Company, nominal value NIS 0.01, be split into five (5) shares of the Company, nominal value NIS 0.002 each (the "Split"). On 6 December 2021 as part of the share capital reorganisation prior to and as part of the IPO, the Company issued bonus shares in the amount of two Ordinary Shares for each Ordinary Share then in issue and outstanding, with adjustments being made to all of the Company's outstanding options and warrants.

As a result, and in accordance with the Company's share options plan, the number of shares covered by each outstanding award, and the number of shares which have been authorised for issuance under the plan but as to which no award has yet been granted or which have been returned to the pool upon cancellation or expiration of an Award, as well as the price per share covered by each outstanding award, have been proportionately adjusted to reflect the Split.

NOTE 9 – EQUITY continued

D. In January 2011, the Company signed a share purchase agreement (the "2011 Agreement") with an investor who invested an aggregate sum of approximately $1,000 thousand in exchange for an aggregate of 475,436 Series A Preferred Shares. Under the 2011 Agreement, the investor was concurrently issued a warrant to purchase 367,842 Series A Preferred Shares. During January 2011, the investor exercised the warrant to purchase 265,076 Series A Preferred Shares for a total exercise price of approximately $600 thousand. The remainder of the warrants expired during 2013.

In October 2013, the Company signed a share purchase agreement (the "2013 Agreement") with an investor who invested an aggregate sum of $4,000 thousand in exchange for an aggregate of 533,009 Series B Preferred Shares. As part of the 2013 Agreement, the Company converted 133,252 shares of Series A Preferred Shares into Series B Preferred Shares.

In April 2015, the Company signed a share purchase agreement (the "2015 Agreement") with certain investors who invested an aggregate sum of approximately $10,700 thousand in exchange for 448,716 Series B1 Preferred Shares (including an amount of approximately $175 thousand that was included in the deferred closing of the 2015 Agreement). As part of the 2015 Agreement, the Company also converted 33,894 Ordinary Shares to Series B1 Preferred Shares.

In June 2018, the Company signed a share purchase agreement (the "2018 Agreement") with certain investors (existing and external) who invested an aggregate sum of approximately $13,300 thousand (including an amount of approximately $3,000 thousand received from a convertible financing agreement which converted into the Series C Preferred Shares issued under the 2018 Agreement) in exchange for 716,306 Series C Preferred Shares.

Under the 2018 agreement, the Company reserved for each of the Company founders, Ami Daniel and Matan Peled, 56,219 options that can be converted into 56,219 ordinary shares of the Company, fully vested and with the shares' nominal value as exercise price. The Company treated the granting of the said options as a share-based compensation transaction in accordance with the requirement of IFRS 2 and recorded a share-based compensation expenses amount of approximately $508 thousand. The fair value of the options as stated above is calculated based on the Company's ordinary share price in the amount of $4.51.

As a result of the 2018 Agreement, the Company's remaining outstanding convertible loans were converted to preferred shares, in accordance with their terms and conditions. Some of the convertible loans were converted to preferred shares in accordance with the conversion price that reflected a 20% discount on the price per share which is determined in the 2018 Agreement (since the 2018 Agreement constituted a qualified investment) and some of the convertible loans were converted to preferred shares in accordance with a Company value of $200,000 thousand.

During 2018, the convertible loans were converted into 16,670 Series B2 Preferred Shares and 343,342 Series C1 Preferred Shares. As a result of the conversion of the convertible loans as stated above, the Company recorded a total of approximately $8,848 thousand in equity.

E. RIGHTS ATTACHED TO SHARES

1) Ordinary shares ("Ordinary Shares") confer upon their holders rights to receive notices of general meetings of the shareholders of the Company, to vote at such meetings (each share equals one vote) and to participate in any distribution of dividends, bonus shares or any other distribution of the property of the Company.

All the Ordinary Shares rank pari passu in relation to the amounts of capital paid or credited as paid on their nominal value, in connection with dividend, the distribution of bonus shares and any other distribution, return of capital and participation in a distribution of the Company's surplus assets on winding up.

2) Series A, B and B-1, B-2, C, C-1 Preferred Shares ("Preferred Shares") confer upon the holders thereof all of the rights conferred upon the holders of Ordinary Shares and, in addition, confer the following rights:
   a) Voting rights – Each of the Preferred Shares confers upon its holder voting rights equal to the underlying number of Ordinary Shares into which such Preferred Shares may be converted according to the conversion rate in effect at the time of such vote.
   b) Conversion – Each of the Preferred Shares shall be convertible, at the option of the respective holder(s) thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable Ordinary Shares as is determined by dividing the applicable Original issue price of such share by the conversion price at the time in effect for such share (as such terms are defined in the Company's articles of association, as may be in effect from time to time) and otherwise as defined in the Company's articles of association.
   c) Dividend – Subject to Article 101 of the Company's articles of association, the Company may, upon the approval of the Board of Directors, declare a dividend to be paid to the shareholders, according to their rights and benefits in the profits, and to decide the time of payment.
   d) Liquidation – The Preferred Shares provide the holders thereof with a non-participating liquidation preference in a liquidation event as defined in the Company's articles of association.
3) The Preferred Shares have been classified as equity instruments as they are not redeemable by investors except for events that are under the Company's control and do not require the Company to pay a dividend.

F. CONVERTIBLE FINANCING AGREEMENT

On 13 June 2021 the Company entered into a convertible financing agreement (the "Agreement") with a few investors. On the initial closing date, the investors shall invest in the Company an amount of up to $10,000 thousand (the "Maximum Investment Amount") in exchange for convertible equity. The Investment Amount shall be used by the Company for its day-to-day business activities, such as product development, marketing and other general corporate purposes, as determined by the Board of Directors of the Company (the "Board"). In 2021, the Company received $3,300 thousand.

The Company classified the convertible instrument as an equity instrument and recorded the total consideration received during the reporting period in the amount of approximately $3,300 thousand directly to equity. Out of this amount a total of approximately $200K was received from a related party.

In the Initial Public Offering the convertible financing agreement converted to 2,035,317 ordinary shares of the Company with par value of 0.002 NIS in respect of the Agreement condition. See also note 1(b) above.

NOTE 10 – SHARE-BASED COMPENSATION

In 2011 and 2021, the Company's Board of Directors approved a share option plan (the "Plan") to grant certain employees and consultants of the Company options to purchase ordinary shares of the Company, 0.01 NIS par value each, before the Initial Public Offering and 0.002 NIS after it; see notes 1(b) and 9(c).

Following is a summary of the status of the option plan as of 31 December 2020 and 2021, and the changes during the years ended on these dates:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of year	8,184,150	0.32	8,888,610	0.38
Changes during the year:				
Granted	4,151,625	0.32	2,166,645	0.24
Exercised	1,212,617	0.34	355,740	0.34
Forfeited	1,283,050	0.36	2,509,365	0.45
Options outstanding at end of year	9,840,108	0.31	8,184,150	0.32
Options exercisable at year end	5,007,908	0.32	4,814,205	0.32

As of February 2021, the Company granted in total 1,878,000 share options to its employees. The total fair value of the 1,878,000 share options is approximately $266 thousand.

Most of the share options vest over a four-year 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.

As of August 2021, the Company granted in total 1,606,500 share options to its employees. The total fair value of the 1,606,500 share options is approximately $2,961 thousand.

Most of the share options vest over a four-year 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.

As of November 2021, the Company granted in total 667,125 share options to its employees. The total fair value of the 667,125 share options is approximately $1,184 thousand.

Most of the share options vest over a four-year 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 fair value of option granted was estimated using the Black-Scholes option-pricing model. The fair value of the options granted in 2021 amounted to approximately $0.42-1.84 per option and the fair value of the options granted in 2020 amounted to approximately $2.36-2.57 per option. The assumptions used to value options granted during 2020 and 2021 were as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Ordinary share fair value[1]	0.952-2.15	0.952-1.006
Risk-free interest rate	0.3%-1.29%	0.72%-1.76%
Expected term (in years)	5.52-10	6.11-6.35
Dividend yield	0%	0%
Volatility	26.9%-33.81%	41.76%

1. Adjusted to reflect shares splitting according to note 9(c).

Total share-based compensation expenses recognised were approximately:

	31 December 2021 $'000	31 December 2020 $'000
Research and development	238	25
Sales and marketing	275	58
General and administration	169	219
	682	302

NOTE 11 – FINANCIAL INSTRUMENTS

1. The Group holds the following financial instruments:

	31 December 2021 $'000	31 December 2020 $'000
Financial assets:		
Financial assets at amortised cost:		
Cash and cash equivalents	43,688	9,914
Trade receivables	1,646	554
Restricted deposit	1,178	1,011
	46,512	11,479

	31 December 2021 $'000	31 December 2020 $'000
Financial liabilities:		
Liabilities at amortised cost:		
Trade payables	493	634
Lease liability	503	985
Israel Innovation Authority loan	—	96
Other payable	4,758	616
	5,754	2,330

2. FAIR VALUE

Management believes that the carrying amount of cash, short-term deposits, trade receivables, restricted deposits, trade payables and other current liabilities approximate their fair value due to the short-term maturities of these instruments.

NOTE 11 – FINANCIAL INSTRUMENTS continued

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities are comprised of trade and other payables, and convertible loans. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The financial risk is managed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Company's policies and objectives. The Board reviews and approves the policies for each of the risks summarised below.

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks, such as share price risk and commodity risk.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates.

The Company's exposure to foreign currency risk relates primarily to the Company's continuing operation (when revenue or expense is recognised in a different currency from the Company's functional currency).

As of 31 December 2021, the Company has excess financial assets over financial and lease liabilities in NIS currency in relation to dollars totalling approximately $5,100 thousand.

c. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations as a customer or under a financial instrument leading to a loss to the Group. The Group is exposed to credit risk from its operating activity (primarily trade receivables) and from its financing activity, including deposits with banks and other financial institutions.

d. Liquidity risk

The Group's senior management monitors the risk to a shortage of funds on continuing basis.

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2021:

	Less than one year $'000	Total $'000
Trade payables	503	503
Other payables	217	217
Lease liability	518	518
	1,238	1,238

31 December 2020:

	Less than one year $'000	One to two years $'000	Total $'000
Trade payables	634	—	634
Other payables	616	—	616
Lease liability	526	526	1,052
Israel Innovation Authority loan	96	—	96
	1,872	526	2,398

4. CREDIT LINE AGREEMENT

In October 2021, the Company signed a credit line agreement with a bank in Israel.

In accordance with the terms of the agreement, the credit line in the amount of NIS 14,700 thousand ($4,500 thousand) will be set for a period of up to twelve months in dollars and/or ILS.

According to the agreement the credit line proceeds are given to the Company to finance committed monthly recurring revenues (MRR). The MRR will be defined as the Company's Annual Contract Value divided by 12. The loans shall be provided on the basis of a multiplier of 3 on the MRR.

ILS loan – The loan shall be provided for a period of 30 days and shall automatically renew. The loan principal shall bear interest at a rate of 3% per annum in excess of the "Prime" rate of interest (as of the date hereof: the interest is at a rate of 4.6% per cent per annum). The interest on the principal shall be paid at the end of each month.

USD loan – The loan shall be provided for a period of three months. The loan principal shall bear interest at a rate of 4.7% per annum in excess of LIBOR (as of the date of this letter, the interest is at a rate of 4.825% per annum). The interest on the principal shall be paid at the end of each month.

The following pledges were created in favour of the bank to secure the credit:

a. A first-ranking floating charge, unlimited in amount, over all the property, assets and rights of the Company, and a fixed charge over the Company's unpaid share capital and goodwill.

b. A first-ranking fixed charge, unlimited in amount, over all the intellectual property owned by the Company.

NOTE 11 – FINANCIAL INSTRUMENTS continued

4. CREDIT LINE AGREEMENT continued

The Company signed a letter of undertaking in favour of the bank, which includes, inter alia, the following undertakings: An undertaking to not create or permit to subsist any mortgage, pledge, encumbrance, attachment, lien, charge, assignment, hypothecation, security interest, title retention, preferential right, trust arrangement, other agreement or arrangement or other third party and/or legal entity right the effect of any of which is the creation of security over any assets, moneys, revenues, and any other rights (including intellectual property rights) of any subsidiary of the Company incorporated abroad, with the exception of specific pledges over sums of money held in monetary deposits with banking institutions for the purpose of customers' contract guarantees. An undertaking for quarterly growth in MRR at an aggregate quarterly rate of 2.5% for the last four quarters and not less than 10% per calendar annum. The foregoing shall be examined each calendar quarter.

Maintain an AQR of at least 1.3. The AQR is defined as "Quick Ratio" and means the ratio of Liquidity to Current Liabilities. "Liquidity" means the aggregate amount of: (a) the unrestricted and unsecured cash held by the Company and the Company's US and UK subsidiaries at any time; and (b) the pending accounts receivable of the Company and the Company's US subsidiary at any time. "Current Liabilities" means (a) short-term financial liabilities that are repayable within a year at any time, less (b) the pending deferred revenues of the Company and the Company's US and UK subsidiaries at any time. For the avoidance of doubt, current maturities (up to twelve months) of long-term loans will be deemed to be Current Liabilities for the purpose of this letter. The foregoing shall be examined each calendar month.

From the date of signing the credit line agreement, the Company borrowed a total of approximately NIS 4,800 thousands (approximately $1,500 thousands) and repaid it until the end of the reporting period.

NOTE 12 – COMMITMENTS

A. As of 31 December 2021 and 2020, the Company pledged bank deposits in a total amount of approximately $370 thousand, and $356 thousand respectively, in consideration of a lease agreement.

B. As of 31 December 2021 and 2020, the Company pledged bank deposits in a total amount of approximately $119 thousand, and $119 thousand respectively, in consideration of credit card guarantees.

C. As of 31 December 2021 and 2020, the Company pledged bank deposits in a total amount of approximately $689 thousand, and $536 thousand respectively, in consideration of guarantees required under a customer agreement.

D. ROYALTY COMMITMENTS

The Company is committed to pay royalties to the IIA on proceeds from sales of products in the research and development of which the IIA participates by way of grants. Under the terms of the grants, the Company is committed to pay royalties from all of its sales. At the time the grants were received, successful development of the related projects was not assured. Under the terms of the Company's funding from the IIA, royalties of 3%-3.5% are payable on sales of products developed from a project so funded, up to 100% of the amount of the grant received by the Company plus interest according to the LIBOR rate. Under the terms of the grant, the Company also has certain limitations on its intellectual property.

During 2017, the Company submitted a plan for 2017 under which it received a total amount of approximately $173 thousand during 2017 and an additional $280 thousand during 2018.

During May 2018, the Company received a consecutive approval for grants from the Israeli Innovation Authority (the "2018 grant"). Under the 2018 grant, the Company receive a participation of up to approximately $620 thousand subject to fulfilment of certain condition. During 2018, the Company received $215 thousand under the 2018 grant, and an additional $47 thousand under 2017 plan. During 2019 the Company received the last payment of $250 thousand under the 2018 grant.

NOTE 13 – REVENUES FROM CONTRACTS WITH CUSTOMERS

As of 31 December 2020, 31 December 2019 and 31 December 2018, the Company recorded a loan for the grant received of approximately $95 thousand, $444 thousand and $512 thousand, respectively. In addition, the Company recorded at every receipt of payment for the said amounts, the difference between the amount of the consideration received and the amount of the liability recognised (that is treated as a loan under IFRS 9) as a government grant and recognised as a reduction of research and development expenses. Accordingly, in the years ended 31 December 2020, 2019 and 2018, the Company recorded a reduction in research and development expenses in the amount of $0, $40 thousand and $133 thousand respectively.

The liability as stated above was calculated based on an average discount rate of approximately 19.5% which is calculated by an independent external appraiser and based on a forecast of payments in respect of income which is due to the payment of royalties in the years 2018-2021.

In July 2021 the Company paid the last payment and was no longer committed to pay royalties.

The Group derives revenue from the transfer of services over time in the following major customer types and geographical regions:

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
a. Customer types:		
Governments	13,724	12,490
Commercial	3,626	2,135
	17,351	14,625

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
b. Geographical regions:		
Israel[1]	427	513
US	3,585	2,007
APAC	3,504	3,702
Europe	6,207	4,073
Gulf Cooperation Council (GCC) & Africa	3,414	4,299
South/Latin America	214	31
	17,351	14,625

1. Substantially all of the non-current assets in the consolidated financial statements are located in Israel.

NOTE 13 – REVENUES FROM CONTRACTS WITH CUSTOMERS continued

Revenues from major customers which each account for 10% or more of total revenues reported in the financial statements:

	Year ended 31 December 2020 $'000
Customer A	1,630
Customer B	1,521

For the year ended 31 December 2021 no customers have 10% or more of the total revenue reported.

DEFERRED REVENUES

Movement in deferred revenues, net:

	$'000
Balance as of 31 December 2019	5,982
Revenue recognised that was included in the contract liability balance at the beginning of the year	(5,982)
Consideration received during the year in respect to performance obligation that will be satisfied in the next year	6,054
Balance as of 31 December 2020	**6,054**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(6,054)**
Consideration received during the year in respect to performance obligation that will be satisfied in the next year	**11,862**
Balance as of 31 December 2021	**11,862**

	$'000
Short-term deferred revenues	7,467
Long-term deferred revenues	4,395
Deferred revenues	11,862

NOTE 14 – SUPPLEMENTARY OPERATIONAL INFORMATION

	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Cost of revenues:		
Payroll and related expenses	869	440
Hosting services and data	3,773	2,481
Other	174	116
	4,816	3,037
Research and development, net:		
Payroll and related expenses	8,011	5,050
Share-based compensation expenses	238	25
Depreciation and building maintenance	908	264
Other	248	674
	9,405	6,013
Sales and marketing:		
Payroll and related expenses	5,647	3,984
Consultants	1,895	1,335
Travel expenses	272	156
Share-based compensation expenses	275	58
Depreciation and building maintenance	429	172
Other	1,287	690
	9,805	6,395
General and administration:		
Payroll and related expenses	2,136	1,898
Professional services	477	76
Depreciation and building maintenance	187	9
Share-based compensation expenses	169	219
Other	253	832
	3,222	3,034
Finance expenses:		
Bank commissions	46	30
Exchange rates differences	519	5
Interest and finance charges for lease liabilities	13	145
Interest and finance charges for IIA loan	9	50
Other	6	—
	593	230

NOTE 15 – TAXES ON INCOME

A. TAX RATES

The Company and its subsidiaries are taxed under the domestic tax laws of the jurisdiction of incorporation of each entity.

The corporate tax rate under the Israeli law is 23% in 2018 and thereafter.

The corporate tax rate under the US law is 21% in 2018 and thereafter.

The corporate tax rate under the UK law is 19% in 2018 and thereafter.

B. CARRY FORWARD LOSSES

Carry forward tax losses of the Company as of 31 December 2021 aggregate approximately $47,000 thousand. The Company did not recognise a deferred tax asset in respect of those losses as no taxable income is probable in the foreseeable future.

C. TAX ASSESSMENT

The Company's tax assessments up until the year 2015 are considered final.

D. NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	31 December 2021 $'000	31 December 2020 $'000
Loss before tax on income	13,117	4,029
Statutory tax rate	23%	23%
Tax benefit computed at the statutory tax rate	3,017	927
Adjustments:		
Increase in unrecognised tax losses in the year	(3,017)	(927)
Tax on income	—	—

NOTE 16 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

A. THE RELATED PARTIES

The Company's related parties are Ami Daniel and Matan Peled, who founded Windward in 2010.

Ami serves as the CEO and Director, Matan is the Co-founder & Head of US business and Director.

In addition, The Right Honourable, The Lord Browne of Madingley ("The Lord Browne of Madingley"), the Chairman of the Board of Directors of the Company.

B. BALANCES WITH RELATED PARTIES

	31 December 2021 $'000	31 December 2020 $'000
Other accounts payable	133	149
Funds to be transferred to shareholders in connection with the Initial Public Offering[1]	3,341	—

1. See note 8 above.

C. TRANSACTIONS WITH RELATED PARTIES

	31 December 2021 $'000	31 December 2020 $'000
Payroll	666	637
Shared-based compensation[1]	44	44
	710	681

1. As of 2018 and 2019, the Company granted in total 444,255 and 589,470 share options to Lord Browne, respectively. The total fair value of 444,255 and 589,470 share options is approximately $193 thousand and approximately $198 thousand, respectively.

The share options granted in 2018 vest quarterly over between one or two years, and the share options granted in 2019 vest quarterly over three years. See also note 10 above.

NOTE 17 – EARNINGS PER SHARE

A. DETAILS OF THE NUMBER OF SHARES AND LOSS USED IN THE COMPUTATION OF LOSS PER SHARE

	Year ended 31 December 2021		Year ended 31 December 2020	
	Weighted number of shares[1,2] In thousands	Loss attributable to equity holders of the Company NIS in thousands	Weighted number of shares[1,2] In thousands	Loss attributable to equity holders of the Company NIS in thousands
Number of shares and loss				
Loss of the year	26,089	(13,117)	23,070	(4,029)
Adjustment for cumulative Preferred Shares	—	(1,108)	—	(1,209)
For the computation of basic loss	26,089	(14,225)	23,070	(5,238)

1. Adjusted to reflect shares splitting and bonus shares according to note 9(c).
2. The amount of ordinary shares used in calculating the loss per share includes potential ordinary shares resulting from a potential conversion of options with a negligible exercise price.

To compute diluted net loss per share, convertible securities (dilutive potential ordinary share options to employees under share-based payment plans), have not been taken into account since their conversion decreases the loss per share.

Advisers

NOMINATED ADVISER AND SOLE BROKER

CANACCORD GENUITY LIMITED

88 Wood Street
London EC2V 7QR
United Kingdom

ENGLISH SOLICITORS TO THE COMPANY

FLADGATE LLP

16 Great Queen Street
London WC2B 5DG
United Kingdom

ISRAELI LEGAL ADVISERS TO THE COMPANY

YIGAL ARNON & CO

1 Azrieli Center
Tel Aviv, 6702101
Israel

AUDITOR TO THE COMPANY

KESSELMAN & KESSELMAN

Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers
International Limited
Building 25
MATAM, P.O. Box 15084
Haifa 3190500
Israel

PUBLIC RELATIONS ADVISER TO THE COMPANY

ALMA PR

71-73 Carter Lane
London EC4V 5EQ
United Kingdom

DEPOSITARY

COMPUTERSHARE INVESTOR SERVICES PLC

The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

REGISTRARS

COMPUTERSHARE INVESTOR SERVICES PLC

The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C005739

This report is printed on Revive 100 Offset which is manufactured from FSC® Recycled 100% post-consumer waste pulp.

Printed by DG3 Leycol, an FSC® and ISO 140001 accredited company.

Designed and produced by
lyonsbennett
www.lyonsbennett.com

Windward Ltd
2 Hashlosha Street
Tel Aviv, 6706054, IL

Phone: +972 360 33956

windward.ai