WINDWARD

Empowering organisations with Maritime AI™

Annual Report and Financial Statements 2022

Decision support platform to accelerate global trade

We are the leading Maritime AI company, delivering actionable insights and analytics for supply chain visibility, risk and compliance management and maritime domain awareness needs

Strategic report

Governance

Financials

Highlights

Financial

$25.5m 2021: $21.2m
ACV[1]

$21.6m 2021: $17.4m
Revenue

$(12.1)m 2021: $(8.6)m
Adjusted EBITDA

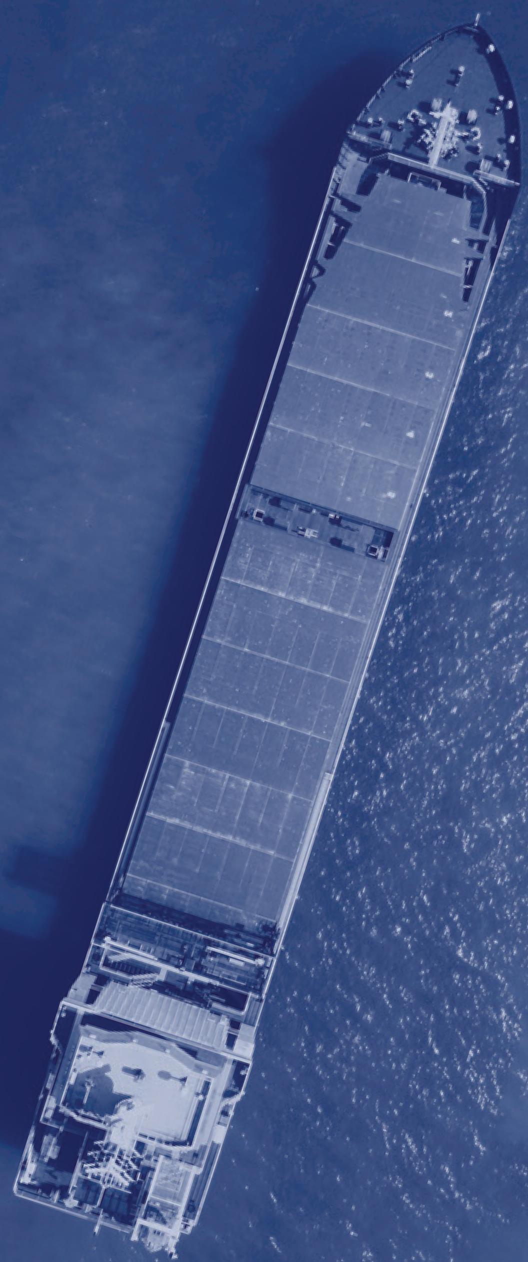
$22.1m 2021: $43.7m
Cash and cash equivalents

71.6% 2021: 72.2%
Gross margin

$12.3m 2021: $9.4m
R&D investment for future growth

Operational

- Strong growth in US Government (ACV +40%) and Commercial (ACV +42%), which now account for more than half of ACV for the first time.
- Customer numbers increased significantly to 132 (2021: 83).
- Entry into new customer segment with Supply Chain solution.
- New product launches: Russian Risk, Sanctions Compliance Solution, Non-Maritime Counterparty Due Diligence (CDD) capability, API Insights Lab and Vessel Fuel Consumption API capability.
- Commercial net retention rate (NRR) grew from 99% (2021) to 109% (2022), demonstrating the successful expansion within existing customer base, including a number of multi-year expansions with major customers.



Learn more: windward.ai

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

At a glance

Digitalising the maritime ecosystem

Windward's predictive intelligence platform fuses artificial intelligence and maritime expertise to digitalise the global maritime industry

200+
Years of maritime domain experience

99%
Subscription revenue

25%
Revenue growth

71.6%
Gross margins

ACV by customer type

2022 $'000

RoW Government	11,534
US Government	7,381
Commercial	6,622
Total	25,537

Total customers by customer type

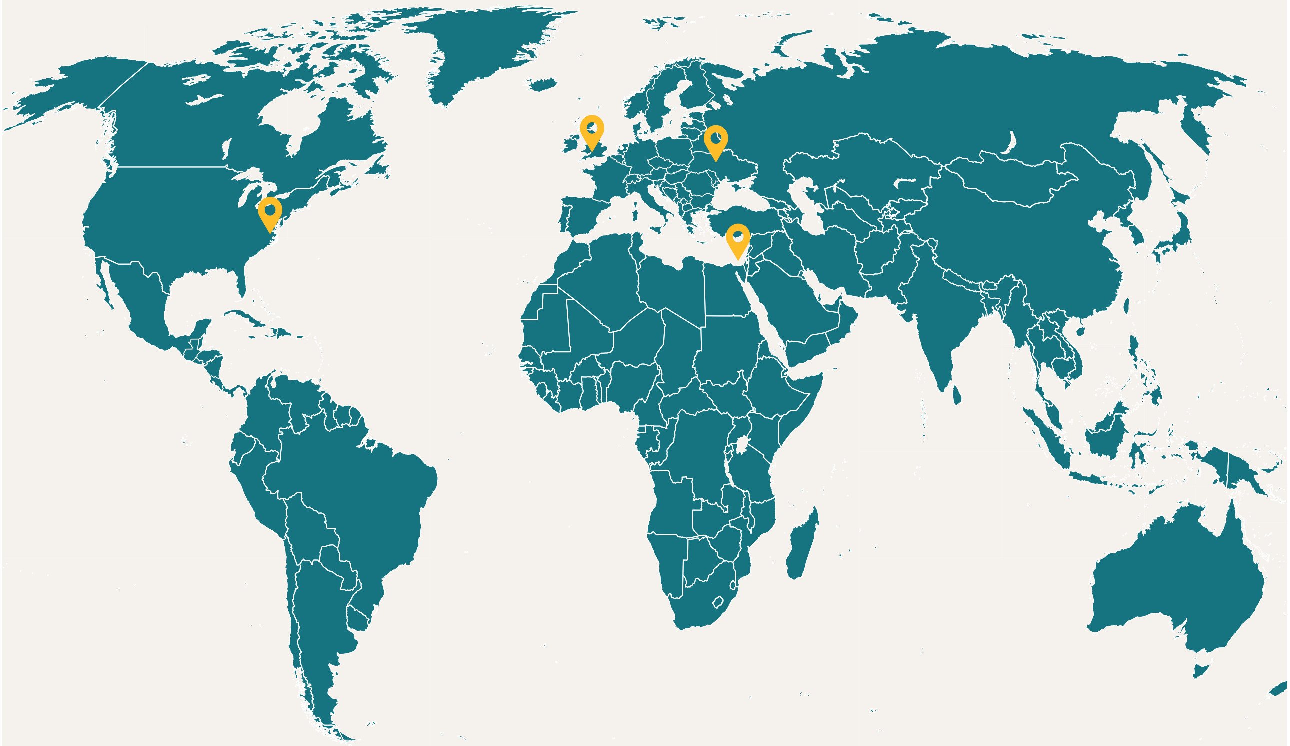
RoW Government	20
US Government	15
Commercial	97
Total	132

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.

12	4	150	130+	15+
Years	Locations	Team members	Customers	AI models



The Power of Maritime AI™

Decision support platform to accelerate global trade

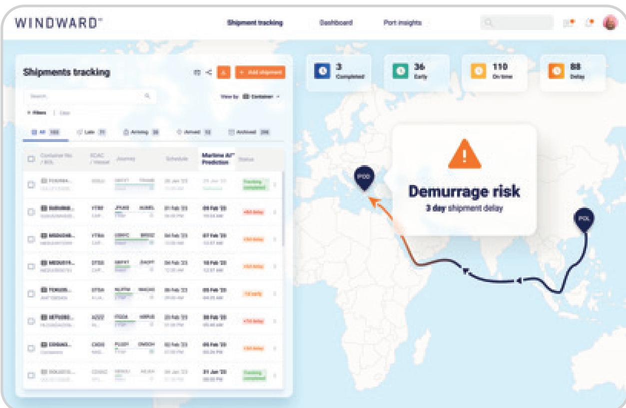
Actionable Maritime AI™ insights customised to your workflows

Supply Chain & Logistics

Reduce the costs of your ocean freight and container tracking operations, manage your supply chain efficiently, and bring more clarity and value to your customers with actionable visibility.

Automated carrier container milestones and geofenced Actual Time of Departure (ATD) and Actual Time of Arrival (ATA) timestamps.

- Accurate Maritime AI™-predicted ETAs for efficient planning, and avoiding fees and penalties.
- In-depth analysis of the top container ports and terminals around the world, including congestion status, turnaround efficiency, and more.
- Easy integration to your tools and workflow TMS, customer-facing portals and BI tools.

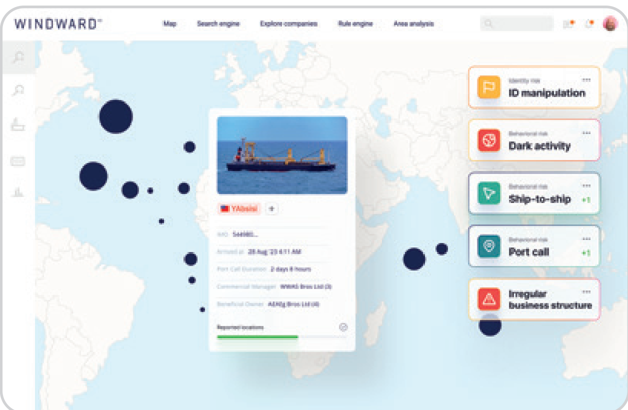


Trading & Shipping

Real-time insights into vessel behaviour, ownership, and cargo that allows customers to trade with confidence and create a customised, holistic view of risk.

Quick clearance of vessels with accurate data and decision-ready insights.

- Automatic risk alerts on different sanctions programmes based on customised compliance and business needs.
- Clear explanations and context for every vessel movement, identity, activity, and voyage update.

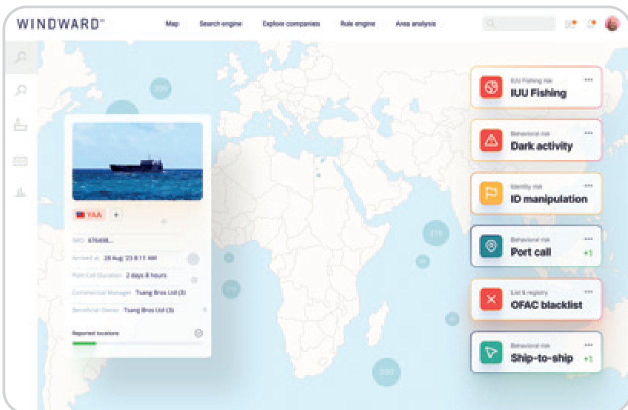


Government & Public Sector

Quickly identify behavioural anomalies and deviations from patterns of life to drive visibility and efficiency in operational decision-making:

Track vessels throughout their lifetime with a patented entity resolution resistant to identity spoofing.

- Discover new leads based on user-defined behavioural risks and advanced AI-based classifiers on a global level.
- Export and share unclassified, multiple intelligence (multi-INT) reports through an integrative common operating picture (COP).
- Seamless API integration of insights and risk recommendations with a scalable onboarding.



Meeting the needs of the maritime industry

A complex and evolving market

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. Illegal, unregulated and unreported fishing (IUU) is becoming a major issue impacting global trade and forced labour. Deceptive shipping practices are becoming more advanced and more commonly used, increasing the need for more sophisticated technologies. Artificial Intelligence (AI) 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 growth of global trade and increasing pressure on its supply chains. Cargo owners expect better ROI and customer service, and according to Gartner supply chain visibility and predictability are key themes which are expected to continue.

Decarbonisation

Increasing regulation and 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.

February 2022

Following Russian invasion of Ukraine, Western allies announce new sanctions, including restrictions on Russia's central bank and expelling key banks off the main global payments system.

March 2022

European Council introduces further restrictive measures with regard to the export of maritime navigation goods and radio communication technology to Russia.

May 2022

New wave of lockdowns in China, resulting in significant port congestion in Shanghai.

The aggregate time of turnaround (ToT) for the three largest European container ports, Rotterdam, Antwerp and Hamburg, are 8%, 30% and 21% respectively above their five-year normal levels.

June 2022

President Biden signs national security memorandum to combat illegal, unreported, and unregulated fishing and associated labour abuses.

August 2022

UK port Felixstowe staff strike, causing further supply chain difficulties.

September 2022

A price cap related to the maritime transport of Russian oil for third countries is announced.

October 2022

Rules on ship carbon intensity and rating system enter into force.

Driving efficiencies

Recessionary conditions experienced globally are leading organisations across the maritime industry to look for solutions which drive efficiencies and reduce their cost base.

The Group's solutions drive efficiency and enable greater ROI across the maritime industry through digitalisation and automation of workflows, actionable visibility and predictability, and planning capabilities.

Key examples include Windward's Vessel Fuel Consumption API, launched in Q3, which can generate up to 10% fuel savings for organisations.

Elsewhere, the Company's API Insights Lab enables organisations to build their own unique workflows by implementing APIs from Windward's platform, meaning customers can significantly reduce the time they are investing into compliance processes while ensuring they maintain highest standards.

Further information on driving supply chain efficiency can be found on pages 24 and 25.

Geopolitical pressure and sanctions compliance

Supporting new capabilities

- **March 2022:** The launch of Windward's "Russia regime risk" capabilities as part of our Sanctions Compliance solution.
- **September 2022:** Introduction of new capabilities to our Sanctions Compliance solution in light of the price cap on Russian oil agreed between the EU, US and G7.
- **Throughout 2022:** We have issued ongoing reports on Russia risks, positioning ourselves as a key source for insights and analysis to the industry and the world media on the impact and deceptive shipping practices that have evolved as a result of the war. Windward's insights have been included in publications such as the New York Times.

Further information on our platform in action can be found on pages 12 and 13.

Supply chain pressures

Supporting new capabilities

- **February 2022:** Launch of Ocean Freight Visibility (OFV) solution.
- **June 2022:** New AI capabilities added to OFV solution, Predicted ETA.
- **August 2022:** Port and Terminals Insights.

Further information on driving supply chain ROI can be found on pages 22 and 23.

Decarbonisation

Supporting new capabilities

- **October 2022:** Launch of Windward's fuel consumption AI model and API.

Further information on our fuel consumption AI model and API can be found on page 27.

Here are six reasons to invest

Our platform combines comprehensive data and ground-breaking technology to solve the toughest maritime challenges impacting global trade

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.

We believe that we can always do better and are continuously upgrading our data and technologies to deliver better, faster, and more powerful Maritime AI solutions for the entire maritime supply chain.

In 2022, we launched key solutions which have considerably expanded our addressable market and increased our product differentiation. This includes the ground-breaking launch of our Ocean Freight Visibility solution to address supply chain challenges, considerably expanding our pipeline, and our API Insights Lab, which enables stakeholders to optimise work flows, while increasing economic efficiency.

20+
Data sources including multi-source satellite imagery

We have the right team in place

Our strategy is supported by an experienced and knowledgeable Board and a proven management team across Tel Aviv, London and Washington DC. We have a proven maritime track record, with a combined experience of 200+ years from naval commanders, maritime data scientists, and maritime trade and shipping leaders.

150
Team members

4
Locations

200+
Maritime years of experience

We are supported by a scalable business model

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 achieve these ambitions and maintain high levels of growth in ACV.

Our high margin, SaaS platform delivers our solution over a cloud infrastructure and with clients contracting 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. Our API Insights Lab opens an additional business model to scale through third-party partners.

We achieved 21% growth in ACV in 2022, reaching $25.5m.

Our plan to reach profitability in FY2024 remains on-track, as we rapidly scale our subscription revenues from existing and new clients.

21%
ACV growth for FY2022

We service a diversified and growing customer base, providing a strong basis for further expansion and new partnerships opportunities

Our customer base is drawn from a diverse range of verticals across the Government and Commercial sectors, including border protection, defence and intelligence, oil and energy, marine insurance, commodity trading, freight forwarders and beneficial cargo owners. We operate across four continents/regions.

In 2022, our customer base has grown 59% year-on-year, and we remain focused on expanding our work with existing customers alongside new customer acquisitions, supported by our investments into sales and marketing activities. Our API Insights Lab launch opens a new world of opportunities for customers and partners to leverage our Maritime AI insights in their products and current workflows.

130+
Customers

Geopolitical and regulatory changes are driving a greater need for our solutions

Within the large maritime ecosystem, a number of geopolitical and regulatory changes are driving a greater need for our solutions. In particular, the supply chain crisis and the war in Ukraine have exposed the necessity for comprehensive, data-driven insights and analysis in order to best track and manage the maritime space. Alongside this, organisations are facing increased pressure to combat illegal, unreported, and unregulated fishing and associated labour abuses, stepping up the need for actionable visibility over these practices.

Among both the Commercial and Government sectors, we believe the expectation for sophisticated, real-time solutions is greater than ever. The standard for the global maritime industry has changed, and our platform provides our customers with a unique solution and an efficiency-driven approach.

1,200+
Tankers identified as “high risk” in the context of sanctions compliance and deceptive shipping practices

The size and complexity of the maritime industry provides us with a large addressable market

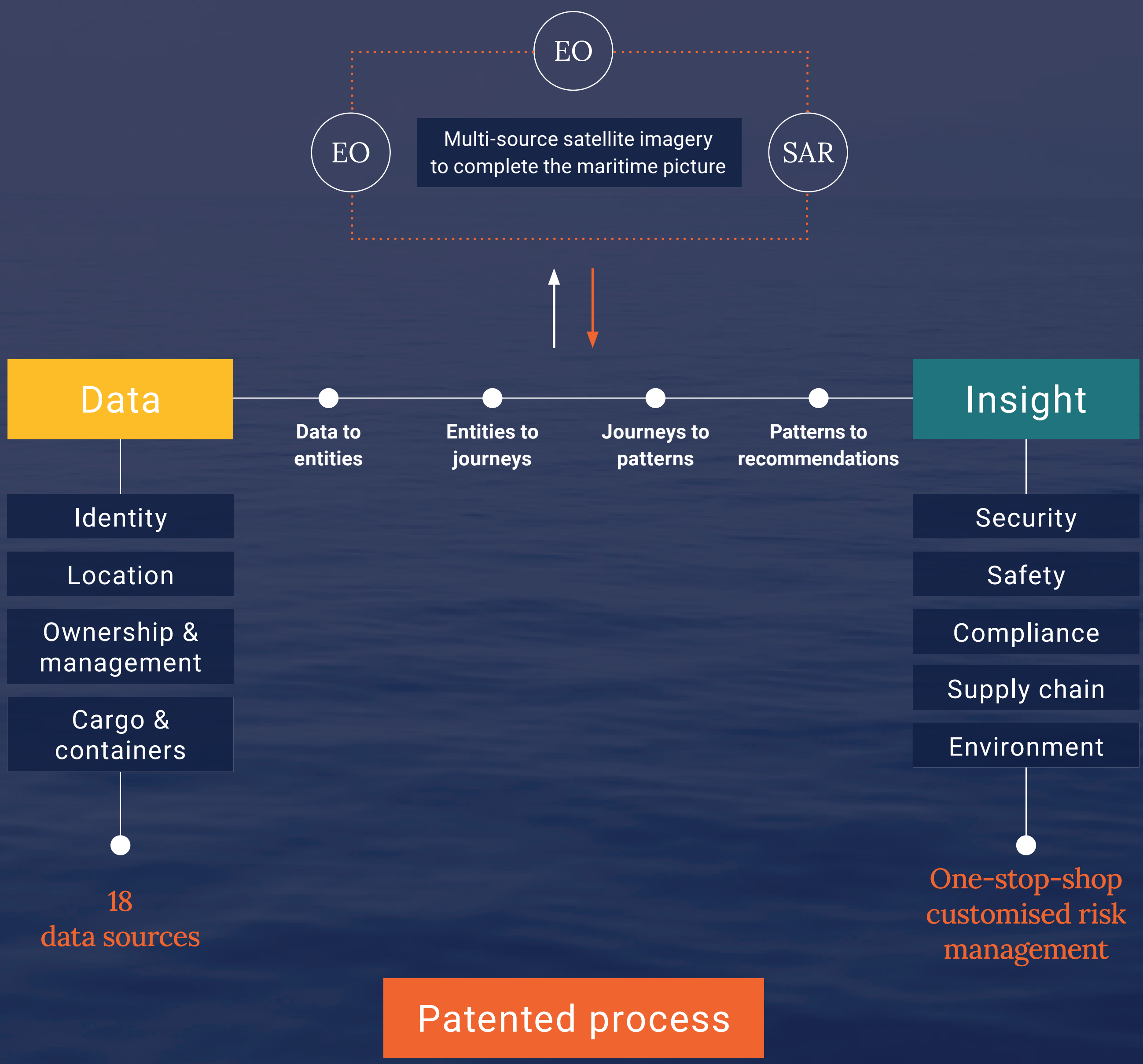
The maritime shipping industry transports around 90% of world trade, through an ecosystem that is complex, global in nature and includes many different stakeholders. The movement of cargo via vessels is based on specialised terminology, rules, regulations and long-standing market practices.

We are using our deep maritime knowledge and insights to digitalise 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.

$10bn+
Total addressable market

Our platform

An all-in-one AI-based platform



What makes us unique

- All-in-one AI platform
- 15+ AI models
- US patent
- Ecosystem of expert consultants
- Domain in-house research team
- Global industry experts
- Chief Data Scientist
- $42m R&D costs (2017-2022)

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

Our platform in action

Revealing how deceptive shipping practices helped conceal the origin of Russian oil

In February 2023, The Maritime Executive published that a tanker was blocked from calling port in Spain over a second-hand ship-to-ship (STS) operation with an ex-Russian vessel – a Cameroon-flagged tanker called the Nobel which we had been tracking for a few weeks and had been flagged as high-risk in our Maritime AI™ platform since November 2021 for many risk indicators, such as location (GNSS) tampering, irregular business structure, STS operations, and multiple identity changes. This vessel was also still beneficially owned by Russia.

Leveraging the insights from Windward's Russia risk model we were able to complete the story behind the Nobel and show the full details of the Nobel's deceptive shipping practices that gave a very strong indication for the origin of the oil that was eventually found on board the two other vessels involved.

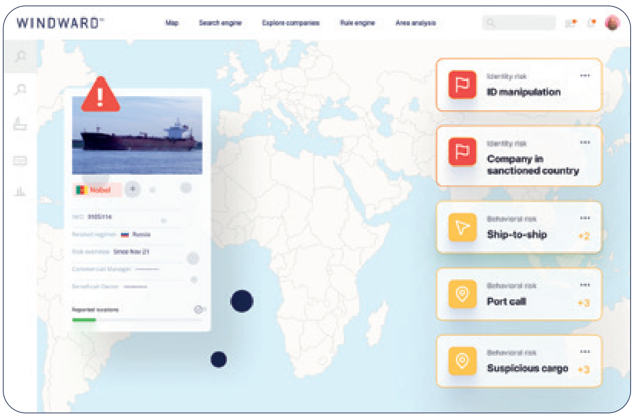
Highlights that were exclusively flagged in the Windward platform:

The Nobel had a GNSS manipulation event in the Black Sea a few weeks before the meetings in Ceuta, as flagged by our unique AI models.

The Nobel was seen as problematic due to its historical de-flagging from Russia, however it was still beneficially owned by a Russian company – made visible via our exclusive Russia risk model that highlights Russian-affiliated vessels.

There were recorded draft changes after each discussed STS – indicating oil was transferred – we have the best-in-industry STS model with 95% accuracy in flagging illicit meetings.

The Elephant (the vessel that met both the Nobel and Maersk) called port in a different port of Spain – showing how the Russian oil did make its way into Europe after all.

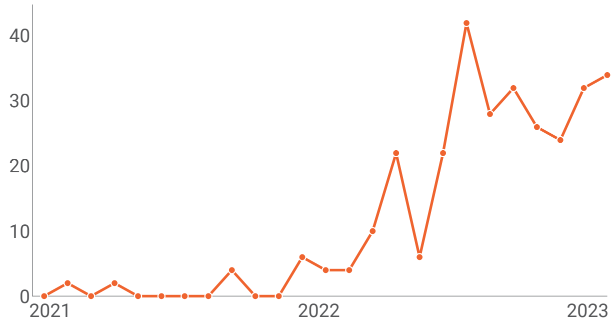


Vessel profile, showing risk indicators.

A new hub for smuggling Russian oil: Alboran Sea

Windward identified Ceuta as a new hub for tanker STS engagements. Ceuta is an autonomous Spanish city on the north coast of Africa. Bordered by Morocco, it lies along the boundary between the Mediterranean Sea and the Atlantic Ocean. The area is also known as a drug trafficking hub.

Our Maritime AI™ platform found an increase in the number of STS operations by crude oil tankers since the Russia-Ukraine conflict began.



An increase in crude oil tanker to crude oil tanker STS operation in the Alboran Sea (excluding bunkering operations).

More accurate analysis

While competitor systems were able to see the vessels were near each other based on their transmission coordinates, their platforms did not flag these meetings at all, let alone as suspicious or risky.

Windward's unique STS model was not only able to identify all three meetings, but also flagged them as risky and gave the most accurate context as to where the oil that was transferred came from.

The benefits of the Windward platform

This case study indicates the trends and combinations of deceptive shipping practices (DSP) that Windward is seeing from vessels attempting to evade sanctions and capitalise on Russian oil and oil products trading.

Automatically flagging risks in advance can truly protect businesses from reputational, financial and regulatory risk.

Chairman's statement

With an increasingly broad and blue-chip customer base, expanding offering and industry-leading levels of innovation, I remain convinced Windward is only at the start of its growth trajectory.

Edmund John Phillip Browne,
The Lord Browne of Madingley
Non-Executive Chairman

2022 has been another landmark year for Windward, in which the Company has proven its ability to capture market share in the key Commercial and US Government segments, while continuing to add a range of powerful capabilities to its unique Maritime AI platform.

Our platform pushes the boundaries of comprehensive data and ground-breaking technology to solve the toughest marine challenges. In a year which has witnessed the ongoing devastating impact of the Russian invasion of Ukraine and the lingering effects of the COVID-19 pandemic on the supply chain and shipping costs, the insights the Windward platform provides have never been more important – enabling our customers to trade with confidence, manage risks and drive efficiency across their operations.

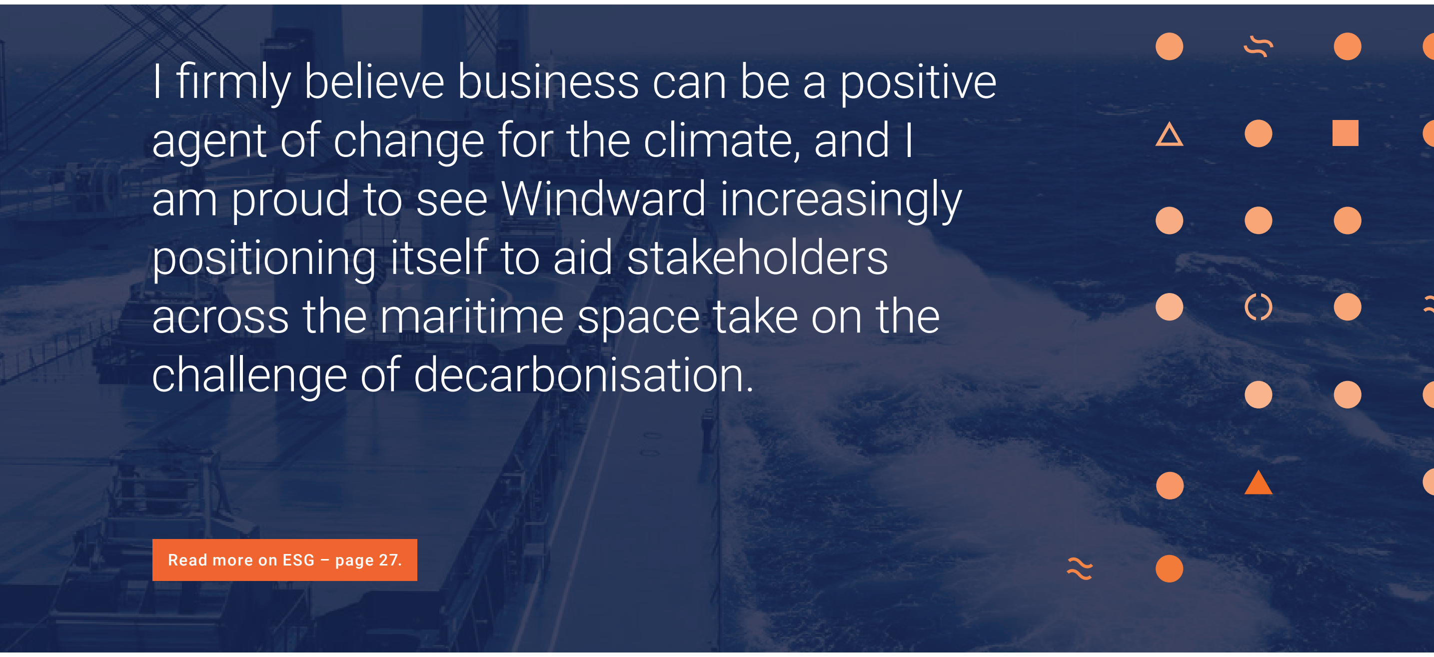
The funds raised at IPO in December 2021 have been carefully invested in the expansion of our R&D teams and sales and marketing activities, with the benefits of these investments already clear to see in the significant expansion of our customer base, which now numbers over 130.

However, Windward is not immune to the wider inflationary environment, and in recognition of the need to ensure costs remain contained, such that the Company can be financially self-sufficient, the management team have embarked on a substantial efficiency drive across the organisation. The intention being for the business to reach EBITDA breakeven earlier than previously planned, while continuing to deliver on its product roadmap and growth trajectory.

A growing base of high-margin, recurring revenues

Windward has delivered ACV growth of 21% in the year, exiting 2022 with ACV of $25.5m, providing a solid basis for further expansion in 2023. While the overall rate of growth was impacted by lower than anticipated levels of renewals in Non-US government customers (specifically an EMEA customer which we expect to renew in H1 2023). This still represents 40% ACV growth in our strategic areas of focus: Commercial and US government, where we see far greater opportunity and more predictable revenues.

Revenue increased 25% to $21.6m (2021: $17.4m), with an adjusted EBITDA loss of $12.1m (2021: $8.6m). The Company remains well capitalised with net cash of $22.1m at year end, significantly more than required to meet its expected costs, and enters 2023 in an enhanced strategic position, due to its expanded offering, capabilities, broader customer base and supportive market drivers.



> I firmly believe business can be a positive agent of change for the climate, and I am proud to see Windward increasingly positioning itself to aid stakeholders across the maritime space take on the challenge of decarbonisation.

Read more on ESG – page 27.

People and culture

The Windward team expanded considerably during 2022 and now numbers 150 people across its four locations, all bonded by a shared culture and vision. The pace of innovation at Windward is extraordinary, and this is undoubtedly due to the passion, commitment and drive of its people. On behalf of the Board, I would like to extend my thanks to them all for their part in the Company's ongoing success.

ESG

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

Given the reality of the current energy trilemma of climate change, security and affordability, we are assisting decarbonisation and energy efficiency. Essential to the global economy is the application of innovative technologies which are likely to play an increasingly critical role in transforming the world we live in for the better. Our work on sanctions assists in defining energy security.

Windward has expanded its Data for Decarbonisation initiative, enabling all stakeholders in the industry to partner and contribute data to support the future reduction of emissions. This led to the launch in Q3 of Windward's Vessel Fuel Consumption API, which provides fuel consumption assessments with up to 95% accuracy, on average, per voyage, resulting in up to 10% fuel savings. The solution has the potential to play a significant role in the reduction of fuel consumption by ships and we are committed to continuing to innovate, to support the decarbonisation agenda, and ultimately, contribute to more sustainable and environmentally friendly practices across the maritime space.

Outlook

With an increasingly broad and blue-chip customer base, expanding offering and industry-leading levels of innovation, I remain convinced Windward is only at the start of its growth trajectory. The legislative and practical complexity within the maritime industry is increasing and visibility remains low – meaning a range of maritime actors increasingly require sophisticated and comprehensive analysis and insights in order to manage their risks and compliance, adhere to sanctions, and drive efficiencies.

This growing demand represents a huge opportunity for Windward, against which the team have proven their ability to execute. The business has entered 2023 with a focus on efficiency alongside growth, and the Board is confident in a successful year ahead.

Edmund John Phillip Browne,
The Lord Browne of Madingley
Non-Executive Chairman

29 March 2023

CEO statement

The last twelve months have highlighted the value of our platform and the responsiveness of our Company.

Ami Daniel
Co-founder and CEO

I am pleased with the Company's progress against our key strategic objectives in our first full year as a publicly traded company. We have expanded our offering to enter new areas of the maritime industry and secured many new customers, including some of the world's largest energy companies.

We have seen Annual Contract Value (ACV) from our two core market segments of US Government and Commercial both grow by 40%, meaning they now account for more than half of our ACV for the first time, demonstrating the applicability of our offerings to these significant parts of the maritime market.

The growth in our customer numbers in the year, from 83 to over 130 by year end, demonstrates the applicability of our offerings and effectiveness of our sales and marketing activities, while also providing a considerable expansion opportunity for Windward moving forward, with customers typically growing their use of the platform over time.

Commercial net retention rate (NRR) grew from 99% (2021) to 109% (2022).

Overall, ACV growth remained healthy at 21%, reaching $25.5m (2021: $21.2m), resulting in revenue growth of 25% to $21.6m (2021: $17.4m). Significant customer expansions include multi-year contracts with Shell and Gard. With our strategic focus areas of Commercial and US Government segments now the larger part of our business, and a lower level of non-US Government renewals due in the current year, we are confident we will continue to see growth in ACV in 2023.

Focus on efficiency and optimisation

As reported in our trading update for FY2022 on 12 January 2023, as part of our strategy to accelerate the time taken to reach profitability, management team has introduced cost reduction measures across our operations to ensure our cost base for 2023 does not exceed the 2022 level. Certain efficiencies have been identified, including reductions in our cloud hosting costs, a freeze on management pay, and a careful reduction in headcount and the use of consultants. As a result of these measures, in combination with the considerable opportunity to rapidly scale our high margin subscription revenues from existing and new clients, we are targeting to reach EBITDA breakeven earlier than as previously stated in 2024. More than anything, it's a mindset that we have driven throughout the Company and it is being positively adopted.

The Company remains well capitalised, with net cash of $22.1m at year end, more than required to meet our plans to reach breakeven, and the management team believes 2023 will show an improved performance over 2022.

Growing profile and capabilities

2022 saw Windward's profile increase considerably, both through the use of our insights within the international business press regarding the impact of the Russian invasion on Ukraine on the shipping industry and trade, as well as through the winning of high-profile new customers. We are now a recognised challenger to some of the more traditional data providers to the maritime industry, and we are confident that our approach to the fusion of deep artificial intelligence capabilities with maritime expertise will continue to set us apart.

Innovation is expanding our opportunity

We believe that we can always do better and are continuously upgrading our data and technologies to deliver better, faster, and more powerful Maritime AI solutions for the entire maritime supply chain.

In 2022, we entered the supply chain market which is orders of magnitude larger than others we have been operating in. After launching our Ocean Freight Visibility solution, we have signed up more than two dozen clients, including importers/exporters, logistics service providers and key port operators. The products rely heavily on our data platform and utilise our mature AI capabilities.

We have also expanded our product suite to our trading and shipping customer base by launching our Vessel Fuel Consumption product, a differentiated AI solution providing fuel consumption assessments with up to 95% accuracy on average per voyage, enabling stakeholders to optimise chartering decisions and manage their carbon footprint, while increasing economic efficiency.

With initial early results indicating return on investment of up to $70k per voyage, we believe our carbon solution will be attractive both to existing and new customers and hope to report on positive interest from across our customer base as we progress through the year.

Key focus areas for 2023

Entering the new financial year, we continue to expand our insights and innovation across our platform while capturing the growing industry demand.

Our key focus areas are to:

- expand our Commercial customer base and take our fuel consumption product to market;
- build our supply chain business;
- expand our customer base in the US Government market and deepen our reach into the Defense space, aiming to sign multi-year contracts; and
- retain existing business in the RoW Government and achieve modest growth in this segment.

The hard work and talent of our teams continues to play an instrumental role in our success. I would like to express my gratitude to all our colleagues for their part in our shared ambition to drive innovation and transform the maritime market.

Growth strategy

Land and expand

Upselling and cross-selling opportunity.

Addressable market

Expanding the go-to-market approach to further increase the addressable market.

New enterprise

Winning new enterprise and governmental customers.

Innovation/product expansion

Ensuring our platform remains an innovative and compelling option.

CEO statement continued

Current trading and outlook

Trading in the first few months of 2023 is progressing well. ACV is tracking in line with our expectations for this point in the year, and our focus on efficiency provides a clear roadmap to positive EBITDA.

The last twelve months have highlighted the value of our platform and the responsiveness of our company, giving me great confidence in our ability to continue to successfully navigate the ongoing challenges of the inflationary environment, while delivering the insights required by our customers for their organisations to thrive.

As we move into 2023, our mission to become the leading decision support platform for real-time maritime data intelligence through ground-breaking technologies remains unchanged. The increasing risks in maritime trade presented by the war in the Ukraine, ongoing supply chain delays, and an increasing pressure to tackle illegal, unreported, and unregulated (IUU) fishing and associated labour abuses are fuelling demand for our offering. In the wider market, we see increasing levels of M&A and capital raises, suggesting this is a golden age for maritime and AI, and as a result for Windward. Our technology and team are at the forefront of this market opportunity, ready and willing to build a global leader in the space.

Delivering on our growth strategy: four pillars to capture market demand and widen scope of services

Land and expand

A core element of Windward's strategy is to focus on deepening its customer relationships through expanding the level and range of services it offers to customers following an initial project.

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.

In 2022, in view of the increased need to monitor maritime compliance requirements, ongoing supply chain delays and the ongoing drive to secure efficiencies across all industries, many of the Company's customers expanded their use of the platform in the year.

Commercial NRR grew from 99% to 109%.

Key expansions with existing customers in the year included:

- a significant upsell with an existing US Federal customer, representing a 70% contract growth and extending the contract period for up to five years;
- growth in one of our supermajor accounts;
- tripling of ACV for a RoW Caribbean customer, including a multi-year agreement; and
- two-year extension with an Indian Government customer, representing 50% growth in ACV.

Winning new enterprise and governmental customers

Windward segments its customers into three areas: Commercial, US Government and Rest of World (RoW) Government. Across these areas, Windward continued its rate of customer acquisition during the period, adding more than 50 new customers in the year, taking our total to over 130.

In line with its diversification strategy, Windward saw strong growth in its US Government and Commercial segments in particular during the year, with these segments now accounting for over 50% of the ACV, and growing year-on-year by more than 40%.

Key new customers secured during the year included:

- a three-year enterprise contract with one of the world's largest publicly traded international oil and gas companies, adding to the existing blue-chip energy firms already utilising Windward's services;
- a two-year contract with a North American energy company; and
- $6m three-year contract with an EMEA government customer.

Having launched our Ocean Freight Visibility (OFV) solution in February 2022, we signed over 20 new customers for this service from across the significant new market segments opened up by this product, including freight forwarders and cargo owners. Key customers include DSV, LF Logistics and Nippon Express.

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 such as the announcement during the year of a partnership with Sea/, the world's first end-to-end digital shipping platform, which will see the joint delivery of a solution to enable Sea/ customers to increase efficiency in chartering negotiations by streamlining compliance and due diligence processes.

Innovation/product expansion

Ensuring our platform remains an innovative and compelling option across our target markets is a core priority for Windward. Accordingly, as part of its strategy, the Company has focused on increasing the number of solutions and insights to support existing customers and target new markets during the period. These enhancements help to further embed our relationships with existing customers as well as opening up Windward to new customers and markets.

Key solutions released in 2022 include:

Ocean Freight Visibility

In February, we 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.

New AI prediction capabilities were launched in June to complement the OFV solution, which provide accurate and reliable estimated time of arrival predictions and real-time visibility into container and vessel journeys, meaning customers can plan according to ongoing changes and disruptions to their supply chain.

"Russia" sanctions solution

In March we launched our "Russia" sanctions solution to support organisations in navigating newly introduced sanctions.

API Insights Lab

In June, we launched our API Insights Lab, meaning customers and partners are able to integrate Windward's artificial intelligence directly into their internal systems. We have seen first revenues from this product during 2022 and expect further growth in 2023.

Vessel Fuel Consumption API

In October, we launched our Vessel Fuel Consumption API, a differentiated AI solution providing fuel consumption assessments with up to 95% accuracy on average per voyage, as well as actionable insights.

Other areas of expansion include the introduction of a Non-Maritime Counterparty Due Diligence (CDD) capability, enabling Windward's customers to complete their due-diligence process with full third-party screenings all in-one platform; and the expansion of Windward's maritime risk insights platform to include illegal, unregulated, and-unreported (IUU) fishing, providing law enforcement and-government agencies a holistic view of the implications of this practice.

Ami Daniel
Co-founder and CEO

29 March 2023

Business model

Our purpose

To empower organisations with Maritime AI™

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 2022, 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.

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 currently has ten employees in its direct sales team.

Distribution channels and 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.

Online sales

In 2022, 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.

Read more on page 19.

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.

Land and Expand – upselling and cross-selling opportunity

Winning new enterprise and governmental customers

Expanding the go-to-market approach to further increase the addressable market

Innovation/ product expansion

Read more on pages 18 and 19.

Value generated

Our customers

Our platform uses 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.

Our colleagues

We are crew. We know that to create meaningful solutions, everyone must be a part of our journey. We promote workplace transparency, and involve all crew members in our successes, challenges and ambitions for the future.

Our shareholders

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 achieve these ambitions and maintain high levels of growth in ACV.

The environment

Our central purpose is to deliver solutions which improve the transparency, accountability and decarbonisation of global maritime trade.

Driving supply chain ROI

UK forwarder saves $2.54m with Windward's Maritime AI™ Predicted ETAs

A leading global freight forwarder based in the United Kingdom was trying to improve the efficiency of their internal processes and their ability to better serve their customers.

Using Windward Ocean Freight Visibility (OFV) and its Maritime AI Predicted ETAs, this leading global forwarder was able to see **massive improvements in their inbound container planning and ocean shipment visibility in under five weeks.**

The challenge

Data latency and unreliable ETAs

The forwarder's Transportation Management System (TMS) was feeding them information from carriers, but due to data latency issues, the ETAs presented in the TMS were actually even less accurate than those provided directly by the carriers.

ROI of $12.7 per container[1]

By using Ocean Freight Visibility and leveraging Maritime AI Predicted ETAs, this UK forwarder was able to avoid penalty charges, reduce operational costs and grow customer revenues by:

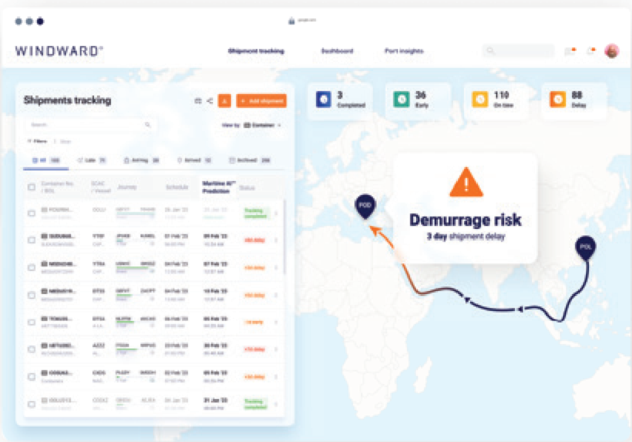
Improved planning abilities by 163%

Reduced detention and demurrage fees by 10%

Removal of all data latency issues

The solution

Windward OFV produces predicted times of arrival for every container based on Maritime AI, which leverages machine learning and deep learning algorithms to fuse all relevant data points including weather, port congestion, vessel schedules, historical data and many more.



The value and impact

Using Windward Ocean Freight Visibility allowed the operations team to rely on the most accurate ETA predictions, enabling them to plan the haulage booking correctly and minimise rebooking costs (caused by wrongful ETAs), while avoiding detention and demurrage fees (caused by early/late arrivals). In addition, it empowered the service team to have continuous access to real-time insights on their customers' containers at their fingertips at any moment, which reduced the service costs required to handle daily tickets related to delay notifications, times of arrival and departure communications, and other status checks.

1. Based on a calculation made in collaboration with the forwarder.

Driving supply chain efficiency

Streamlines Le Chameau's logistics operations and shipment planning

Le Chameau is a retailer specialising in manufacturing top-quality, high-end rubber boots. They manage their supply chain from end to end, using freight forwarding services on their outbound shipments.

The challenge

Data latency and unreliable ETAs

Le Chameau synchronises the flow of goods from the raw materials provided by multiple suppliers throughout Asia, to their manufacturing plant in Morocco, and from there to multiple distribution centres in Europe and the US. Overall, they ship around 250 TEUs[1] per year.

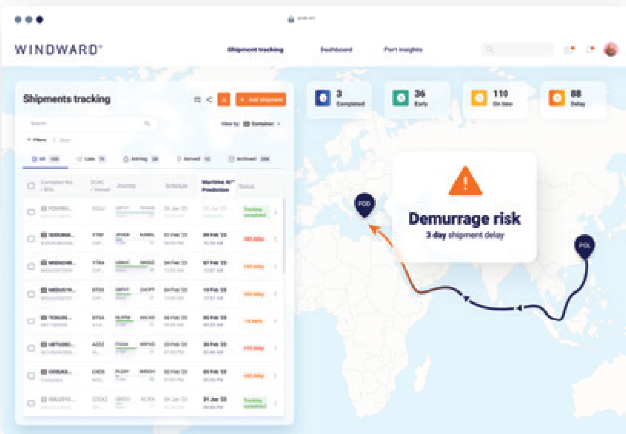
Le Chameau's supply chain manager (SCM) was tracking container status updates on multiple websites, including a vessel tracker, a cargo tracking website, a separate container tracking site, and a carrier website. That was, as she recalls, "an absolute nightmare," taking up too much of her time. Additionally, the different teams along the supply chain received multiple, conflicting, updates about containers' routes and estimated times of arrival (ETAs).

The company wanted to make its entire supply chain operations more efficient by avoiding errors that occurred due to using disparate information sources. Plans to align the entire organisation on a single source of truth made it paramount for the solution to be highly intuitive.

The solution

After trying out a few visibility solutions, the company chose to implement Windward Ocean Freight Visibility for two main reasons:

- best results in terms of real-time visibility and ETA predictions; and
- ease of use and visual aspect of the web application – this was an equally important decision factor.



1. TEU (20-foot container – this is the smallest equipment used to transport goods).

The impact

In this case study, you will learn how Le Chameau, a UK-based retailer, was able to:

- Enhance shipment planning
- Gain visibility on OTIF performance
- Save 12 monthly hours of manual work
- Invest saved time on efficiency improvements

The value and impact

A more streamlined and efficient supply chain

Two months after the adoption of Windward Ocean Freight Visibility, 15 colleagues are now using the platform, including the supply chain team in Casablanca and the company's purchasing, accounts, production, product, and warehousing teams and management.

The impact could be felt on multiple levels:

- better shipment planning, resulting in 20% decrease in shipment times; and
- delivery performance visibility and tracking.

Visibility and tracking

Enabling the manufacturing team in Casablanca to know and measure their delivery performance rates, as well as understand where things did not go well, and pinpoint the areas needing improvement.

Operational improvement projects

The SCM is using the twelve hours saved monthly on manual checks to review the efficiency across the entire supply chain, draft plans to improve processes and work on ensuring organisation-wide conformity.

Preparing payments to supplier

Accounts teams can see when a container shipped by a supplier is due to arrive, allowing them to plan ahead for when they need to process the payment.

What's next?

After the initial period using the solution only on inbound shipments, the company plans to roll out Windward Ocean Freight Visibility for outbound as well, covering their entire maritime supply chain.

In addition, the company plans to begin leveraging Windward's solution to help track, manage, and refute faulty detention and demurrage invoices, by accessing geofenced arrival and departure dates.

ESG

Improving the maritime industry through our compliance and environmental solutions.

Supporting our customers in their ESG journey

Looking after our people

Upholding our values

Supporting our communities

To read more about how we are supporting the detection of Illegal, Unreported, and Unregulated (IUU) Fishing, go to pages 30 and 31.

Our central purpose is to deliver solutions which improve the transparency, accountability and decarbonisation of global maritime trade.

Commitment to all stakeholders and the environment is at the heart of Windward's mission, vision and product offering. Throughout the year, we have been dedicated to the expansion and execution of effective solutions across the spheres of Environment, Social and Governance (ESG) via our product offering and company operations.

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.

Supporting our customers in their ESG journey

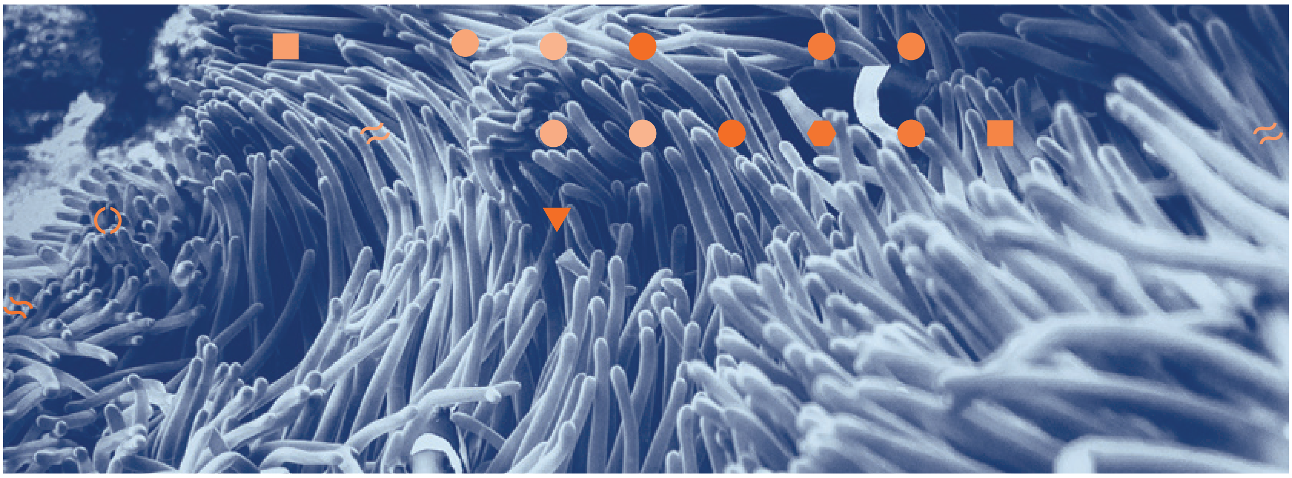
Windward's fundamental values are positioned around promoting better transparency and practices for our customers through better compliance and environmental policies.

Building on the launch of the Data for Decarbonisation Programme in 2021, we launched our Vessel Fuel Consumption API in 2022, as part of our efforts to contribute positively to the reduction of emissions in the maritime industry. The API provides fuel consumption assessments with up to 95% accuracy, on average, per voyage, as well as actionable insights. This enables stakeholders to optimise chartering decisions and manage their carbon footprint, while increasing economic efficiency. We believe the solution will play a significant role in the reduction of fuel consumption by ships and, ultimately, contribute to more sustainable and environmentally friendly practices across the maritime space.

Environmental sustainability

On 19 January 2022, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (SI 2022/31) (the "CFD Regulations") were published, which make climate-related financial disclosures (CRFD) mandatory for UK registered companies with more than 500 employees. The CFD Regulations came into force on 6 April 2022 and apply in respect of financial years beginning on or after that date and are aimed to improve and increase reporting of climate-related financial information.

Although Windward is not formally required to publish CRFD, since it has less than 500 employees and is not a UK registered company, as described herein, the Company continues to assess how it grows its business responsibly and considers all stakeholders in its strategic planning.



ESG continued

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

Looking after our people

We are immensely proud of the team we have built and we recognise the ability to recruit and retain staff as a key driver in the evolution of the Company's success. On this basis, across our four locations, we emphasise on employee wellbeing, training and support.

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 employees; and
- 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.

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

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; and

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.

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; and
- 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 was exercised prior to admission.

Preserves insurer's reputation and prevents risk exposure

Detecting forced labour and illegal, unreported and unregulated fishing

Forced labour and IUU fishing are frequently linked and pose a serious threat to the sustainability of fish stocks and the marine ecosystem. Windward's IUU API allows companies concerned about their reputation, legal risks, sustainability, and supply chain transparency to ensure their operations are protected through AI-driven insights into fishing vessels' behaviour and connections to supporting fleets.

Looking beyond IUU fishing vessel types

A leading maritime insurance firm started reviewing its portfolio as part of its preparation work for upcoming renewals in February 2023. As part of the review process, they check all 1,000+ vessels insured for suspicious behaviour, or ownership changes during the past year. This ensures they are not exposing the firm to financial and regulatory risks.

As part of their due diligence process and ESG procedures, the company was looking for indications of any involvement in illegal, unreported, and unregulated (IUU) fishing operations and indirect enablement of forced labour violations.

During the review process, a reefer, which is not traditionally thought of as being involved in IUU fishing operations, was flagged by Windward's Maritime AI™ technology as suspicious for IUU fishing operations. This was due to numerous ship-to-ship meetings within IUU fishing hot zones, with high-risk fishing vessels.

Windward offers visibility

Our platform identified the reefer, which was being insured by the firm, met with a high-risk IUU fishing vessel within an IUU fishing hot zone identified by Windward, just outside of the Argentinian exclusive economic zone (EEZ).

It can be reasonably assumed that during this meeting, which lasted eleven hours, the fishing vessel transferred the illegal catch to the reefer, enabling it to continue operating without calling port, or reporting the catch. By supporting such high-risk fishing vessels, they are likely involved and directly contributing to illegal fishing and forced labour violations.

Outcomes

ESG – Reduced support for illegal fishing and forced labour violations

Cost – Reduced insurance claims

Regulations – Compliance with regulations

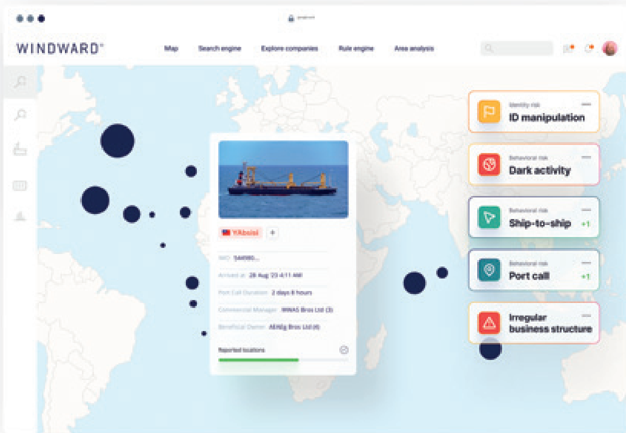
Reputation – Protection of the insurer’s reputation

Potential payout averted

IUU fishing can be potentially pricey for insurers. Insured IUU fishing vessels are sometimes sunk on purpose, to help the crew obscure evidence and collect on insurance claims. Vessel owners also sometimes try to launder IUU fishing profits through insurance claims. There can also be lawsuits or claims involving crew members who suffered damages as part of coerced, or forced, labour.

Going a step further, insuring a vessel involved in IUU, whether it’s the primary fishing vessel or part of the support fleet, can put insurers in the position of violating regulations and established ESG policies they have committed to.

In this specific case, the insurance firm decided to drop this vessel from its 2023 portfolio until the case will be further investigated.



Financial review

Windward increased its ACV by 21% over 31 December 2021, driven primarily by the increase in customers from 83 to 132 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.

Ofer Segev

Chief Financial Officer

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

A key driver of future revenue is annual contract value (ACV)

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

As at 31 December 2022, Windward increased its ACV by 21% over 31 December 2021, driven primarily by the increase in customers from 83 to 132 over the same period, and to a lesser extent by an increase in upsells to existing customers made possible by expansion of the number of users or the product set. Growth in ACV has been in the US Government and Commercial markets while in RoW Government there was a slight decrease in ACV due to higher than normal churn.

We separate our Government customers into two market segments: Government outside USA (RoW) and US Government. We do this as the buying cycle and pricing for each segment is different. For Government RoW, in most cases Windward is responding to a Request for Proposal (RFP) process which can take between nine and 18 months to conclude. For US 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 December 2022 our largest customer was at 10.9% (2021: 12.8%) of ACV and the next five biggest customers together were 26.9% (2021: 29.6%) 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 2022 was 19.5% (32% in RoW Government and 5% in the other markets) compared to 5.7% in 2021. This higher than usual RoW Government churn was due to losing two customers and one delayed renewal (expected to be renewed in H1 2023).

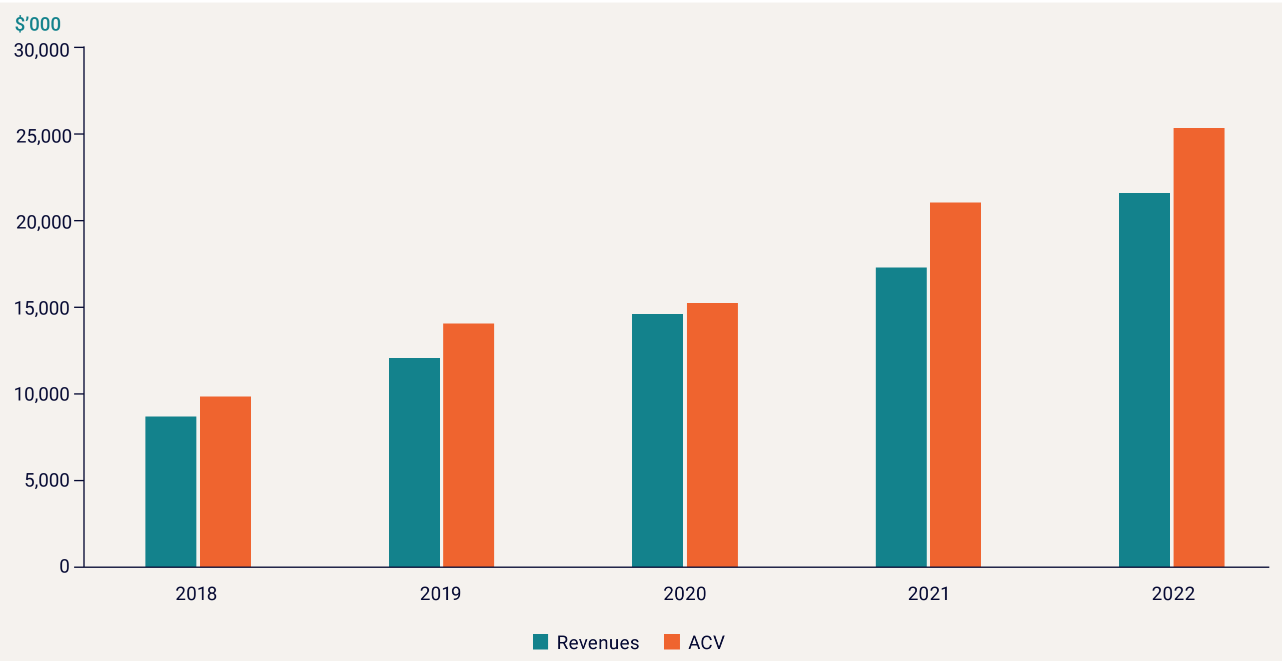
Key performance indicators (KPIs) ($ in thousands)

ACV	2022 $'000	2021 $'000	% change
RoW Gov	11,534	11,239	3
US Gov	7,381	5,271	40
Commercial	6,622	4,664	42
Total	25,536	21,174	21

Revenues			
RoW Gov	9,986	10,059	(1)
US Gov	6,041	3,666	64
Commercial	5,616	3,626	55
Total	21,643	17,351	25

Number of customers	Count	Count	
RoW Gov	20	18	11
US Gov	15	13	15
Commercial	97	52	87
Total	132	83	59

The following graph represents the compound annual growth rate of 28% for both ACV and revenues:



Financial review continued

Financial overview as of 31 December

	2022 $'000	2021 $'000	% change
Revenues	21,643	17,351	24.7
Cost of revenues	6,146	4,816	27.6
Gross profit	15,497	12,535	23.3
Gross margin	71.6%	72.2%	
R&D	12,306	9,405	30.8
S&M	13,173	9,805	34.3
G&A	5,528	3,222	71.6
IPO-related expenses	–	2,628	–
Total operating expenses	31,007	25,060	23.7
Operating loss	(15,510)	(12,525)	23.8
Adjusted operating loss	(15,510)	(9,897)	56.7
EBITDA	(12,112)	(11,241)	7.7
Adjusted EBITDA	(12,112)	(8,613)	40.6

Revenue

Revenue increased by 24.7% to $21.6m (2021: $17.4m). This increase was driven by 64% growth and 55% growth in our US Government and Commercial segments respectively, mostly from new customers adopting our solution for the first time. RoW Government decreased 1% in 2022 because of the high churn.

Gross margin

Gross margin decreased slightly to 71.6% in 2022 (72.5% in 2021), primarily due to hiring additional staff to support the growing number of customers and the continued investment in additional data required to support the compliance and the Ocean Freight Visibility offering and higher hosting costs. We expect margins to improve over time.

R&D

Research and development increased 30.8% from $9.4m in 2021 to $12.3m in 2022 as additional personnel were hired to support the development of new products as well as improving our existing solution, and higher than normal wage increases because of the ongoing inflation. All R&D costs are expensed as they occur, we do not capitalise R&D costs.

S&M

Sales and marketing increased 34.3% from $9.8m in 2021 to $13.2m in 2022. The main reason for the increase was hiring additional sales managers in the US and Europe. 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 71.6% from $3.2m in 2021 to $5.5m in 2022, reflecting the increased level of business activity and the Company being a public company from December 2021.

Currency effect

Approximately 60% of the annual operating expenses are incurred in New Israeli Shekels (NIS), whilst most of the revenue is invoiced in USD and consequently the Company reports in USD. The average exchange rate between NIS and the U.S. dollar increased by 4% in 2022 versus 2021. Between 1 January and 30 June 2022, the U.S. dollar strengthened against GBP by approximately 11% and against the NIS and Euro by approximately 8%. During this period the Company maintained its cash balances in all those currencies. This change resulted in $2.9m of reported financial expenses in 2022.

EBITDA and Adjusted EBITDA

We define EBITDA as profit before depreciation, amortisation, interest, tax and share-based payment charges and associated employer tax charges.

Adjusted EBITDA for 2021 excluded $2.6m of IPO related expenses.

Statement of financial position

Cash and cash equivalents

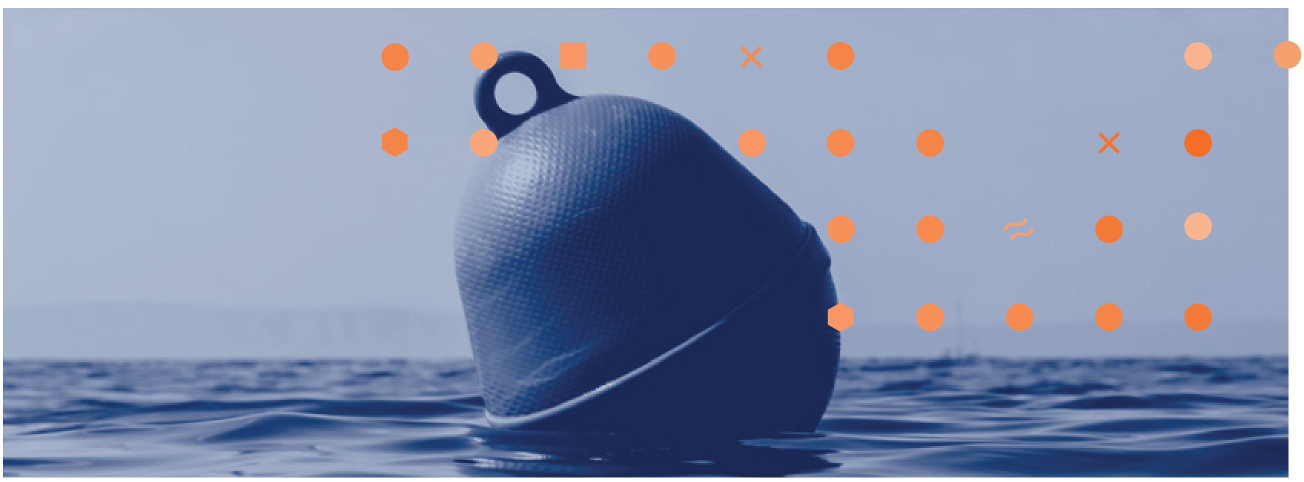
Windward had cash and cash equivalents on 31 December 2022 of $22.1m, a decrease of $21.5m from 31 December 2021. The decrease in cash was due to IPO-related payments of $4.5m that were paid in early 2022, cash used for operations amounting to $13.8m and $3.1m exchange rate losses on cash and cash equivalents we held in currencies other than the U.S. dollar, mainly GBP, NIS, and Euro.

Cash flow

Windward used $13.8m to finance operating activities in 2022, a 123% increase from the $6.2m used in 2021. An additional $4.5m was used as payments related to the December 2021 IPO process relating to the exercise of options and sale of shares by certain existing option holders, where the Company acted as a paying agent.

Ofer Segev
Chief Financial Officer

29 March 2023



KPIs

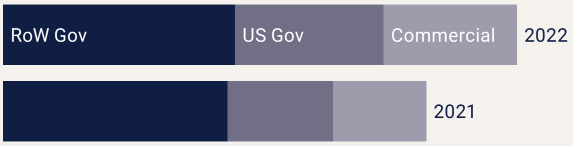
We monitor progress against the delivery of our strategy using both financial and non-financial KPIs.

Financial

ACV
($'000)

25,536
(2021: 21,174)

21%
change



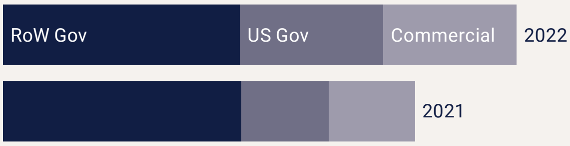
Adjusted EBITDA loss $12.1m (2021: loss of $8.6m).

Annual ACV churn 19.5% (2021: 5.7%).

Revenue
($'000)

21,643
(2021: 17,351)

25%
change

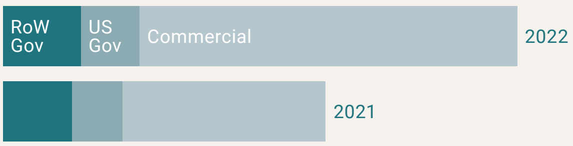


Non-financial

Number of customers
(Count)

132
(2021: 83)

59%
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 supply chain 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 2022, approximately 74% 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 26% of our ACV in 2022, 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 churn risk.	Our agreements with existing customers are of varying duration, and in particular our commercial customers' typical contract length is twelve months. There is a risk that our customers will not renew their agreements or will reduce the scope of their agreements for our products.	We are building strong relationships with existing customers and continuously improve our products to remain relevant to their needs. We also diversify our product offerings and customer base to reduce reliance on a single product or customer.
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

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

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. 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 hedging transactions to mitigate the exposure to fluctuations.
Ability to generate profits.	Since its inception, Windward has never been profitable. There is no certainty that Windward will be able to achieve profitability in the future. It is possible that the Company's costs of sales and operating expenses will increase at a faster rate than its revenue, leading to further net losses. The future success depends on our ability to increase sales of our products and services to new and existing customers. A failure to increase sales to customers could materially adversely affect our financial condition, operating results and prospects.	We continue to expand the business and the breadth of our operations, hire additional employees, expand into new markets, and invest in research and development, sales, and marketing. We have implemented various efficiency initiatives across the business at the start of 2023, to expedite reaching profitability.
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 continually benchmark the wage levels of our employees against market levels to stay competitive. We are also relying on indirect measures to create a more attractive work environment.

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.
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.
Access to data resources.	Windward's continued growth is contingent on its ability to access a diverse range of data resources from various providers. Any disruption in data availability or changes in providers' policies could negatively impact the Company's operations and limit its ability to maintain its competitive advantage.	To ensure data redundancy we utilise a variety of data sources and ensure long-term agreements with our data providers. Having multiple providers reduces reliance on one source, and hence the impact of any data disruption.
Possible legislative changes in Israel	The Israeli government has recently proposed legislative changes that, if adopted, would alter the current separation of powers among the three branches of government. Individuals, organisations, and institutions, both inside and outside of Israel, have expressed concerns about the potential negative impacts of such changes and the controversy surrounding them. The negative impacts could include, among others, a downgrade of Israel's sovereign credit rating, increased interest rates, currency fluctuations, inflation, civil unrest and volatility in the securities markets. This could adversely affect our operating conditions and discourage foreign investors from investing or transacting business in Israel. Due to the rapid pace at which these events unfold, we cannot accurately estimate their impact.	We are monitoring developments and will adapt as necessary as circumstances change.

Governance and Financials

What's in this section

Governance

Financials

Chairman's introduction

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

Dear Shareholder

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, our increased focus on driving efficiencies both for our customers and ourselves, and our growing blue-chip customer list, position the Company well for continued strong growth and success.

Edmund John Phillip Browne,
The Lord Browne of Madingley
Non-Executive Chairman

29 March 2023

Board structure

Board

Audit Committee
- Stuart Kilpatrick (Chair)
- Guy Mason
- Shereen El Zarkani

Remuneration Committee
- Guy Mason (Chair)
- Shereen El Zarkani
- Tom Hutton

Nominations Committee
- The Lord Browne of Madingley (Chair)
- Tom Hutton
- Stuart Kilpatrick

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 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, Trustee and Chairs the board 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 is currently chief financial officer of Systal Technology Solutions, a global managed network and security solutions provider. He previously served for over ten years as group finance director of James Fisher and Sons plc, the UK's leading marine service provider, during which time the group joined 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

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 its 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 platforms and marketplaces in order to distribute them to a wider audience. One of the Company's offerings is a dedicated web portal for customers who wish to consume the Company's per use solution. 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.

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 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 partnerships, 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; and **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.

Corporate governance report continued

Principle	How the Company complies
3. Take into account wider stakeholder and social responsibilities and their implication for long-term success continued	**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.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board has in place 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 is 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 37 to 39. **Internal auditor** In accordance with the requirement of the Companies Law, the Company must appoint an independent qualified internal auditor. In 2022, the Audit Committee, as the body governing internal audit activity, has approved the appointment of Company's internal auditor, to conduct an internal audit of the functions and activities of the Company. The approval included the terms of reference of the internal audit and the internal audit work plan for the years 2022 and 2023. Pursuant to the Company's Internal Audit Charter, the internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight, and the purpose is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. In order to achieve such objectives, the internal auditor shall have complete and unrestricted access to all Company personnel, documents, records, and assets, including those owned or engaged by Company-controlled entities, to the extent necessary to carry out any internal audit engagement, while maintaining confidentiality. The internal auditor is responsible for: • executing the internal audit plan as approved by the Audit Committee; • reporting periodically to the Audit Committee about its observations and findings as per the internal audit plan, as well as the status of corrective actions; • ensuring that the internal audit activity remains free of conditions that threaten the ability to carry out its activities in an unbiased manner; • disclosing to the Audit Committee if independence or objectivity is impaired in fact or appearance; and • reporting periodically about internal audit quality assurance measures or improvement programmes. Internal audit activities are subject to the Israeli Internal Audit Law 5752-1992. Among others, it encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes. The internal audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditor's (IIA) International Professional Practices Framework (IPPF), including its Code of Ethics.

Principle	How the Company complies
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation continued	**External auditor** Kesselman & Kesselman, Certified Public Accountants (Isr.), a member firm of PricewaterhouseCoopers International Limited, serves as the Company's external auditor. The Audit Committee, as well as the Directors, reviews and assesses, on an annual basis, the performance of the external auditor, their independence and the reasonableness of their audit fees, and makes recommendations to be brought forward to the shareholders' meeting as to the appointment, or re-appointment, or replacement of the external auditor of the Company.
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, using the Board's management platform. 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, senior leadership experience, 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, that each of its members has the skills, knowledge and experience to perform the functions required of a director of a listed company, and that the Board's current size and composition meets all relevant Company needs. Where the Board considers that it does not possess the necessary expertise or experience it may engage the services of professional advisers. Please see pages 42 and 43 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 which is also being reviewed under the Nominations Committee. This includes using self-evaluation assessment questionnaires, consideration of the performance of the Directors against the current strategy, and this feeds through to future planning.

Corporate governance report continued

Principle	How the Company complies
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. The Company's employees were requested to read and approve the Company's code of conduct ("Code"), and as part of the employee starter pack all new employees are provided with the Code, 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; and • 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; and • the Company employs a dedicated well-being expert who oversees initiatives to support employee well-being in the Company.
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.

Principle	How the Company complies
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board continued	**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 is present at every Board meeting and Board committee meeting. All of the Directors have access to the Company Secretary's services. Where further advice is required, the Board may employ further professional legal 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 2022 annual general meeting (AGM) was held at the offices of Fladgate LLP, London, on 11 May 2022. The results of voting were published via the Regulatory News Service and on the Company's corporate website at windward.ai. The Chairman, CEO, CFO, Chairs of the Committees and Company Secretary attended the AGM.

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

Corporate governance report continued

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.

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.

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, external auditor and internal auditor 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 auditor. The members of the Audit Committee are Stuart Kilpatrick (as Chair), Guy Mason and Shereen El Zarkani, all of whom are independent Non-Executive Directors.

The Companies Law sets forth the duties and responsibilities of the Audit Committee and the qualification to serve as a member of 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 Chair).

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 once each year. The members of the Nominations Committee are Tom Hutton, Stuart Kilpatrick and The Lord Browne of Madingley (as Chair).

Within the deliberations of the Nominations Committee the Board carried out a review of its skills using a skills matrix which was filled out by each Board member. The review was facilitated by the Chairman of the Board who reviewed and discussed the results. The Nominations Committee was satisfied with the current size and composition of the Board, which meets all relevant Company needs.

Nominations Committee report

On behalf of the Board, I am pleased to present the Nominations Committee report for the year ended 31 December 2022.

The Lord Browne of Madingley
Chair of the Nomination Committee

Members

The members of the Committee since its formation are:

The Lord Browne of Madingley
Chair, appointed to the Committee on 6 December 2021

Tom Hutton
Appointed to the Committee on 6 December 2021

Stuart Kilpatrick
Appointed to the Committee on 6 December 2021

Responsibilities of the 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 Committee is scheduled to meet once or twice a year, as required by the Chairman. The Committee reports to the Board on how it has discharged its responsibilities in accordance with its terms of reference.

The Committee believes that the Directors are able to devote sufficient time to the Group, taking into account their other commitments.

Activity during the year

The Committee has reviewed the succession planning for Directors and other senior executives of the Company, considering the challenges and opportunities facing the Company, and what skills and expertise are therefore needed in the future. Each Board member was requested to fill out a performance skills matrix. As a result of reviewing the skills matrix results, the Committee was satisfied with the size and composition of the Board, which meets all relevant Company needs.

As part of succession planning for Directors and senior executives, the Committee considered alternatives should an emergency prevent the CEO or CFO from serving in their position.

The Committee has reviewed the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace and resolved that based on the training plans provided by the Company, the current process is effective and meets the leadership needs.

The Lord Browne of Madingley
Chair of the Nominations Committee

29 March 2023

Audit Committee report

I am pleased to present the report of the Audit Committee Year ended 31 December 2022.

Stuart Kilpatrick
Chair of the Audit Committee

Membership

The members of the Audit Committee, which was established following the Company's Admission to AIM on 6 December 2021 are:

Stuart Kilpatrick (Chair, appointed to the Committee on 6 December 2021)

Guy Mason (appointed to the Committee on 6 December 2021)

Shereen El Zarkani (appointed to the Committee on 6 December 2021)

Key objectives

To monitor the integrity of the Group's reporting process and financial management and to ensure that risks are carefully identified and assessed and that sound systems of risk management and internal control are in place.

Key responsibilities

- The accounting principles, policies and practices adopted in the Group's accounts.
- Reviewing external financial reporting and associated announcements.
- Managing the appointment, independence, effectiveness and remuneration of the Group's external auditor, including the policy on the award of non-audit services.
- Initiating and supervising a competitive tender process for the external audit when next required.
- The resourcing, plans and effectiveness of Internal Audit.
- The adequacy and effectiveness of the internal control environment.
- The Group's risk management processes and performance.
- The provision of advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

The Committee holds a minimum of three scheduled meetings during the year.

Dear Shareholder,

I am pleased to present the report of the Audit Committee Year ended 31 December 2022. The Audit Committee supports the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As Chair of the Audit Committee it is my responsibility to ensure that the Audit Committee fulfils its responsibilities in a rigorous and effective manner.

The Board is satisfied that as chair of the Audit Committee, I have significant and relevant financial experience being a chartered accountant who has served as finance director of two publicly listed companies. I have been attending audit committee meetings for more than ten years.

Audit Committee report continued

The members of the Audit Committee collectively have broad financial, commercial, professional and technical experience and are considered by the Board to have competence relevant to the sector in which the Group operates and of exercising independent judgement.

Audit Committee meetings

The Audit Committee met once in December 2021 following admission to AIM and four times during 2022 with meetings scheduled to coincide with the financial reporting cycle. Meetings were attended by the members of the Committee and by invitation other individuals such as the Chief Executive and Chief Financial Officer, internal and external auditors were able to attend. Audit Committee attendance is shown below. The Committee has continued with its schedule of meetings since the financial year end in order to discharge its responsibilities to the Board.

Audit Committee meeting attendance

	03.02.2022	28.03.2022	09.08.2022	13.12.2022
Guy Mason	✓	✓	✓	✓
Shereen El Zarkani	✓	✓	✓	✓
Stuart Kilpatrick	✓	✓	✓	✓

Matters of focus for the Audit Committee

December 2021

The Committee met to consider and subsequently approve to the Board a contract with a party related to an Executive Director, given the transaction was at arms-length and for the benefit of the Company.

February 2022

Reviewed the audit plan by the Group's auditor for the year ended 31 December 2021.

March 2022

Reviewed the draft Annual Report and Accounts for the year ended 31 December 2021 and recommended their approval to the Board, considering the following:

- the accounting policies adopted in the preparation of the financial statements;
- the key accounting estimates and judgements used in their preparation including but not restricted to the impairment of goodwill and revenue recognition;
- the assumptions and methods used in accounting for the Management Incentive Plan; and
- principle risks as set out in the Board's Strategic Report.

Considered whether the Annual Report was fair, balanced and understandable.

Reviewed the reports from the Group's auditor with respect to the Group's accounting and internal controls.

Reviewed any external announcements by the Company.

August 2022

Reviewed the 2022 Half Year results, Interim Statement and announcement and considered any changes to the accounting policies adopted by the Company and key accounting estimates and judgements applied in the preparation of the Half Year results.

Reviewed External Auditor Half Year report.

Appointment of Internal Auditor and proposed work plan for 2022.

December 2022

Reviewed the audit plan by the Group's auditor for the year ended 31 December 2022.

Agreed proposed internal audit work plan for 2023.

Financial reporting

The Audit Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, with both senior management and the external auditor, the appropriateness of the Group's Interim Statement and Annual Report and Accounts, with particular focus on:

- whether suitable accounting policies have been adopted and properly applied;
- compliance with financial reporting standards and relevant financial and governance reporting requirements;
- whether management has made appropriate estimates and judgements in material areas or on issues raised by the external auditor; and
- whether the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In making its assessment in relation to the assessment on whether the Annual Report and Accounts is fair, balanced and understandable, the Board has taken into account its own knowledge of the Group, its markets and performance in the year. The Committee has considered whether there is consistency between the accounts and the narrative provided in the Annual Report and Accounts and whether there is a balance between the reporting of weaknesses and challenges and its successes.

Significant areas of judgement

The Audit Committee reviewed a wide range of financial reporting and related matters in respect of the Company's annual results statements and the Annual Report and Accounts prior to their consideration by the Board.

The following key areas of risk and judgement have been identified and considered by the Audit Committee with management and the external auditor in relation to the business activities and financial statements of the Group:

- revenue recognition;
- management override of controls;
- impairments; and
- accounting in relation to admission to AIM.

Reports highlighting key accounting matters and significant judgements were received from the Executive Directors and the external auditor and discussed by the Committee. The Group's management and auditor confirmed to the Audit Committee that they were not aware of any material misstatements in the financial statements. Having reviewed the reports received from management and the auditor and discussed the same with them, the Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised, are sufficiently robust and that the financial reporting disclosures made were appropriate.

Internal control and risk management systems

In applying the QCA Code, the Board recognises the need to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Directors have overall responsibility for ensuring that the Group maintains a system of internal control and risk management to provide them with reasonable assurance regarding effective and efficient operations, internal control and compliance with laws and regulations.

The system of internal control and risk management is designed to manage rather than eliminate the risk of failure to observe business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group views the careful management of risk as a key management activity. Managing business risk to deliver results from opportunities is a key part of all activities.

The Directors have continued to review the effectiveness of the Group's system of internal controls, including strategic, commercial, operational, compliance and financial controls and risk management systems. These were updated, enhanced, consolidated and presented within the Company's Financial Position, Prospects and Procedures (FPPP) document ahead of Admission. The FPPP document included an assessment of internal controls, in particular internal financial controls. In addition, as part of its reporting to the Audit Committee and Board, the external auditor's report following its audit work included matters identified in the course of its statutory audit work which were reviewed by the Audit Committee. Procedures are in place to take appropriate action if any significant failings or weaknesses are identified in the Board's review of internal controls or are otherwise brought to the Board's attention.

There is a clearly defined organisational structure. The Group operates a comprehensive annual planning and budgeting process, which is updated by monthly forecast revisions. Corporate objectives are defined at the start of each year and cascaded to the Executive Management team and then throughout the organisation. The performance of each business unit and the business as a whole is reviewed by the Executive Management team and the Board. Any corrective actions are taken where required.

Non-audit services

The Audit Committee accepts that certain work is best undertaken by the external auditor and to safeguard the external auditor's objectivity and independence the Audit Committee has implemented a policy in 2023 on engagement of the external auditor for non-audit services, which includes a requirement for Audit Committee approval. During 2022, the auditor carried out work in relation to the Company's corporation tax assessment and filing for a total fee of £50,000.

Internal audit

During the year, the Company appointed an independent internal auditor to review and report on key commercial, financial and control risks across the Group. The internal auditor undertakes their work in accordance with a work plan approved by the Audit Committee.

Internal audit's focus in 2022 was to review the FPPP assessment of internal controls and to report to the Committee on progress made and any further actions recommended.

Stuart Kilpatrick

Chair of the Audit Committee

29 March 2023

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.

Guy Mason

Chair of the Remuneration Committee

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.

The Committee and its work in 2022

The Remuneration Committee comprises myself, Tom Hutton and Shereen El Zarkani. In 2022, the Remuneration Committee met on two occasions and passed a further three written resolutions on separate occasions, with participation from all committee members at each of these five events. The CEO and CFO attend meetings except for matters relating to their own remuneration. The Committee is supported by an independent remuneration specialist consultant.

During the course of 2022, the Committee considered feedback from shareholders at the time of the AGM, developed the Company's remuneration policy (the "Remuneration Policy"), reviewed the Committee's terms of reference and completed a Committee effectiveness review at the end of the year. The effectiveness review showed the Committee to be working satisfactorily.

Remuneration policy

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.

The Remuneration Policy was approved by shareholders at the AGM held on 11 May 2022. The Remuneration Policy was developed taking into account the mandatory provisions of the Companies Law on directors' and officers' remuneration. The approved policy took effect from the date of its approval at the 2022 AGM and will be in effect until 6 December 2026. In general, the Remuneration Policy must be approved at least once every three years, by the following: (i) the Board of Directors, taking into account the recommendations of the Remuneration Committee; and (ii) the shareholders by a special majority. However, according to the Israeli Companies Regulations (Reliefs regarding the Obligation to Determine Compensation Policy), 2013, the first remuneration policy approved following the Company's IPO can be re-approved five years after the date of the IPO.

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. Executive Directors' remuneration comprises a fixed base salary, a variable cash bonus and an equity award. The cash bonus is performance based, seeks to align Executive Director and shareholder interests, and is individually weighted for each Executive Director based on delivery of pre-determined targets for Annual Contract Value, EBITDA, collection milestones and personal targets (Management By Objective). In 2022, the Windward equity programme awarded Restricted Share Units (RSUs) to management which are awarded in two parts: (i) 50% shall vest over a period of four years, with 12.5% vesting after twelve months and the remainder vesting in twelve equal portions of 3.125% each quarter; and (ii) 50% shall vest upon the achievement of Company targets.

The Remuneration Committee considers on an ongoing basis whether it is appropriate to link remuneration targets to ESG measures. It has concluded that, for now, it is premature to do so, but that it will keep this consideration under review for future years.

Remuneration outcomes for 2022

Directors' remuneration for the period 1 January 2022 to 31 December 2022 was as follows (all amounts in U.S. dollars):

Executive Directors

Remuneration in the tables below include base salary and benefits, bonus and stock based compensation as recorded in the financial statements.

	Ami Daniel ($'000)	Ofer Segev ($'000)
Base salary	300	214
Benefits[1]	49	26
Cash bonus	138	50
Equity award	—	37
Pension	24	17
Total remuneration	511	344

1. Benefits for Ami Daniel include: car expenses, recuperation pay, advanced study fund. Benefits for Ofer Segev include: recuperation pay, advanced study fund.

Cash bonuses are performance based and individually weighted for each member of management based on delivery of targets specified at the beginning of each year. For Mr Daniel these targets were for delivery of Annual Contract Value (ACV) and EBITDA and for Mr Segev, these targets were based on delivery of ACV, EBITDA and targets for collecting client payments. For 2022, the cash bonuses paid reflect 55% and 48% of the target bonus amounts respectively for Mr Daniel and Mr Segev.

In 2022 and prior years, Mr Segev received equity awards under the Windward Global Stock Investment Plan 2011. The award above reflects equity that vested in 2022. Mr Daniel has not participated in the Windward Global Stock Investment Plan 2011 prior to 2022 and, in 2022, a bespoke one-off equity award was designed vesting at the end of 2022 after twelve months. The award was performance based depending upon the delivery of ACV and EBITDA outcomes for 2022. As neither ACV nor EBITDA targets set out in the bespoke equity awards were met, no award was made to Mr Daniel.

Inter-company remuneration ratio: our remuneration policy requires that the overall remuneration of each Executive Director should not be more than 35 times the average or 35 times the median of other employees.

Remuneration Committee report continued

Non-Executive Directors

Non-Executive Directors' remuneration is awarded part in cash and part in equity. There are no performance criteria for either component. Equity is awarded in the form of RSUs which vest at the end of each year.

		Cash ($'000)	Equity ($'000)	Total ($'000)
Edmund John Phillip Browne, The Lord Browne of Madingley	Chairman, since April 2018, Non-Executive Director	45	109	154
George Thompson (Tom) Hutton	Non-Executive Director, since 2018	49	40	89
Roderick Guy Mason	Non-Executive Director, since December 2021	51	40	91
Shereen Jasmine Amir El Zarkani	Non-Executive Director, since December 2021	51	40	91
Stuart Charles Kilpatrick	Non-Executive Director, since December 2021	48	40	88

Windward's most highly compensated people

The remuneration of the Company's five most highly compensated executives and managers (including two of its Executive Directors) in 2022 was as follows (all amounts in U.S. dollars):

	Position	2022 ($'000)
Amiad Daniel	CEO	511
Matan Peled	Co-Founder & Head of US business	414
Ofer Segev	CFO	344
Benny Keinan	VP R&D	343
Irit Singer	CMO	341

Directors' equity holdings

As at 31 December 2022, 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:

Directors	Shares	Options	RSUs
Ofer Segev	–	323,367	115,000
Amiad (Ami) Daniel	6,270,795	–	–
Edmund John Phillip Browne, The Lord Browne of Madingley	167,512	1,033,725	48,387

Implementation of the policy for 2023

For 2023, no base salary increases are planned for any of Windward's management.

Cash bonuses will continue to be performance based and individually weighted for each member of management, with an increased focus on delivery of EBITDA targets in 2023. The on-target awards for 2023 are unchanged from 2022. 2023 bonuses, payable in Q1 2024, will be paid 50% in cash and 50% in RSUs which will vest immediately.

The Windward Global Stock Investment Plan 2011 will continue into 2023 with both the CEO and CFO participating in this programme, with the CEO participating for the first time. The equity award vests over a four-year period.

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 132 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. As at 31 December 2022, the Company had 157 permanent employees.

Business review

The information that fulfils the requirements of the business review, including details of the 2022 results, principal risks and uncertainties, are set out in the Chairman and CEO statements and the financial review on pages 14 to 19, and 32 to 35 in this Directors' report.

Directors

The following Directors held office as indicated below Year ended 31 December 2022 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 57 and 58. 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 44 to 51.

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 its disposal to continue its 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 37 to 39.

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 2022, Windward has spent approximately $37.5m 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 engineers 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 2022 are set out in note 9 to the consolidated financial statements.

Shareholders

Name	Number of Ordinary Shares	% of share capital
Aleph, L.P. (and affiliates)	13,941,461	16.28%
Gresham House Asset Management	7,806,452	9.11%
Canaccord Genuity Wealth Management	6,492,908	7.58%
Amiad (Ami) Daniel	6,270,795	7.32%
Matan Peled	6,270,795	7.32%
XL Innovate	6,180,129	7.22%
Maritime Invest Scandinavia AB	5,983,149	6.99%
The Marc R. Benioff Revocable Trust	5,049,150	5.89%
Starry Leader Limited	4,584,960	5.35%
Eliot International Limited (and affiliates)	3,365,022	3.93%
Oppenheimer & Co, New York	3,183,805	3.72%
La Maison ITF S.à r.l.	2,731,977	3.19%

Independent auditor

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 auditor.

Kesselman & Kesselman (a member of PricewaterhouseCoopers International Limited) was engaged to perform the 2022 audit. The total fee paid to the Company's auditor for audit services rendered to the Company during that year was $170,000 and $62,000 for other services.

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 2022 and 2021, 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 2022 and 2021, 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

28 March 2023

Consolidated statements of comprehensive income

Year ended 31 December 2022

	Note	Year ended 31 December 2022 $'000	2021 $'000
Revenues	13	21,643	17,351
Cost of revenues	14	6,146	4,816
Gross profit		15,497	12,535
Operating expenses:			
Research and development, net	14	12,306	9,405
Sales and marketing	14	13,173	9,805
General and administration	14	5,528	3,222
Initial Public Offering issuance costs	1(b)	–	2,628
Total operating expenses		31,007	25,060
Operating loss		(15,510)	(12,525)
Financial expenses (income), net:			
Financial expenses		3,946	593
Financial income		257	1
Total financial expenses, net	14	3,689	592
Loss for the year		(19,199)	(13,117)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share	17	(0.22)	(0.55)

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

Consolidated statements of financial position

As at 31 December 2022

	Note	Year ended 31 December 2022 $'000	2021 $'000
Assets			
Current assets:			
Cash and cash equivalents	4	22,141	43,688
Trade receivables	5	2,448	1,646
Other receivables	5	2,861	1,431
Total current assets		27,450	46,765
Non-current assets:			
Restricted deposit	12	1,143	1,178
Property and equipment, net	6	796	803
Right-of-use asset	7	1,956	386
Total non-current assets		3,895	2,367
Total assets		31,345	49,132
Liabilities and shareholders' equity			
Current liabilities:			
Trade payable		878	493
Current maturities of lease liabilities	7	320	503
Other payable	8a	3,637	3,507
Other payable related to Initial Public Offering	8b	–	4,541
Deferred revenues	13	8,315	7,467
Total current liabilities		13,150	16,511
Non-current liabilities:			
Liability for employee rights upon retirement, net		57	64
Deferred revenues		4,078	4,395
Lease liability	7	1,725	–
Total non-current liabilities		5,860	4,459
Total liabilities		19,010	20,970
Commitments	12		
Shareholders' equity:			
Ordinary Shares of 0.002 NIS par value	9	27	27
Additional paid-in capital	9,10	80,858	77,486
Accumulated deficit		(68,550)	(49,351)
Total shareholders' equity		12,335	28,162
Total liabilities and shareholders' equity		31,345	49,132

Ami Daniel
Chief Executive Officer

Ofer Segev
Group Chief Financial Officer

Date of approval of the consolidated financial statements by the Company's Board of Directors: 28 March 2023.

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

Consolidated statements of changes in shareholders’ equity

Year ended 31 December 2022

	Ordinary Shares $’000	Preferred Shares $’000	Additional paid-in capital $’000	Accumulated deficit $’000	Total $’000
Balance as of 31 December 2020	6	8	40,161	(36,234)	3,941
Changes during 2021					
Exercise of options by employees	[1]	–	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
Changes during 2022					
Exercise of options by employees	[1]	–	536	–	536
Share-based compensation	–	–	2,836	–	2,836
Loss for the year	–	–	–	(19,199)	(19,199)
Balance as of 31 December 2022	27	–	80,858	(68,550)	12,335

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 2022

	Year ended 31 December	
	2022 $'000	2021 $'000
Cash flows from operating activities:		
Loss for the year	(19,199)	(13,117)
Adjustments to reconcile loss for the year to net cash used in operating activities:		
Depreciation	562	602
Share-based compensation expenses	2,836	682
Effect of exchange rate	3,127	(451)
Finance expenses of lease liabilities	79	13
Changes in asset and liability items:		
Increase in trade receivables	(802)	(1,091)
Increase in other receivables	(1,430)	(238)
Increase (decrease) in trade payables	385	(141)
Increase (decrease) in other payables and accruals	(681)	1,776
Increase in deferred revenues	531	5,808
Decrease in accrued severance pay, net	(7)	(26)
Net cash used in operating activities	(14,599)	(6,183)
Cash flows from investing activities:		
Purchase of property and equipment	(182)	(159)
Increase (decrease) in restricted deposit	17	(153)
Net cash used in investing activities	(165)	(312)
Cash flows from financing activities:		
Proceeds from exercise of options	536	414
Repayment of Israel Innovation Authority loan	–	(96)
Funds received (paid) in respect of the sale of shares by shareholders and consultants in connection with the Initial Public Offering (See also note 8)	(3,730)	3,730
Principal elements of lease payments	(411)	(438)
Interest paid	(71)	(49)
Issuance of shares, net (less issuance cost)	–	32,942
Proceed from convertible loan agreement	–	3,300
Net cash provided by/(used in) financing activities	(3,676)	39,803
Increase (decrease) in cash and cash equivalents	(18,440)	33,308
Balance of cash and cash equivalents at beginning of year	43,688	9,914
Effects of exchange rate changes on cash and cash equivalents	(3,107)	466
Balance of cash and cash equivalents at end of year	22,141	43,688

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

Notes to the consolidated financial statements

Year ended 31 December 2022

Note 1 – General

(a) Windward Ltd. (the "Company" and/or its subsidiaries the "Group") was incorporated in Israel and commenced its operations in January 2010. The registered office of the Company is Hashlosha 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 14,300,405 ordinary shares of par value NIS 0.002.

The gross issue proceeds amounted to approximately GBP 26,300 thousand ($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 thousand 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.

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 2022 and have 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.

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. The consolidated financial statements are presented in U.S. dollar ("$" or "dollar") currency units, which is the Company and its subsidiaries' functional currency and the Group 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, and guarantees required under a customer agreement. 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.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 2 – Significant accounting policies continued

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 the 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.

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.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 2 – Significant accounting policies continued

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.

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) A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset has 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.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 2 – Significant accounting policies continued

P. 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.

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).

Q. Loss per share

(i) 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; and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) 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.

R. 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.

S. 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.

T. 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 didn't 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.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 4 – Cash and cash equivalents

	31 December 2022 $'000	31 December 2021 $'000
Cash for immediate withdrawal – ILS	1,354	5,568
Cash for immediate withdrawal – USD	17,132	1,119
Cash for immediate withdrawal – EUR	947	6,183
Cash for immediate withdrawal – GBP	2,706	30,714
Cash for immediate withdrawal – other	2	104
	22,141	43,688

Note 5 – Trade and other receivables

a) Trade receivables, net

	31 December 2022 $'000	31 December 2021 $'000
Trade receivables from contracts with customers	2,448	1,646
	2,448	1,646

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

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

b) Other receivables

	31 December 2022 $'000	31 December 2021 $'000
Institutions	128	358
Prepaid expenses	2,695	887
Other	38	186
	2,861	1,431

Note 6 – Property and equipment

As of 31 December 2021	Computers $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Total $'000
Cost:				
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	2,182
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

As of 31 December 2022	Computers $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Total $'000
Cost:				
Balance as of 1 January 2022	708	1,272	202	2,182
Purchases	120	30	32	182
Balance as of 31 December 2022	828	1,302	234	2,364
Less – accumulated depreciation				
Balance as of 1 January 2022	(580)	(710)	(90)	(1,380)
Depreciation	(44)	(130)	(14)	(188)
Balance as of 31 December 2022	(624)	(840)	(104)	(1,568)
Depreciated cost as of 31 December 2022	204	462	130	796

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 7 – Leases

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.

As of 31 December 2021, The Company had 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.

In June 2022, the Company exercised its option to extend the office lease period for additional five years starting on 1 January 2023. The quarterly lease payments during the option period will be approximately 423,000 NIS (approximately 121,000 dollars). As a result of the above, the Company recognised an amount of approximately 1,797,000 dollars as increase of the lease liability against a corresponding increase in the right-of-use asset regarding the re-measurement of the lease liability.

Disclosures for right-of-use asset

	$'000
Balance as of 31 December 2020	773
Depreciation charge	386
Balance as of 31 December 2021	**386**
Additions	**1,797**
Other adjustment	**147**
Depreciation charge	**374**
Balance as of 31 December 2022	**1,956**

Disclosures for lease liability

	$'000
Balance as of 31 December 2020	985
Lease payments	(495)
Interest	49
Exchange rate differences	(36)
Balance as of 31 December 2021	**503**
Additions	**1,797**
Lease payments	**(482)**
Interest	**71**
Other adjustment	**147**
Exchange rate differences	**9**
Balance as of 31 December 2022	**2,045**
Current maturities of lease liabilities (ST)	**320**
Lease liability (LT)	**1,725**

Details regarding lease transactions

	31 December 2022 $'000	31 December 2021 $'000
Interest expenses in respect of lease obligations	71	49
Total cash flow for leases	482	495

Note 8 – Other payable

a. Other payable

	31 December 2022 $'000	31 December 2021 $'000
Accrued vacation	991	956
Employees and institutions – December salaries	2,469	2,334
Accrued expenses	177	217
	3,637	3,507

b. Other payable related to Initial Public Offering

	31 December 2022 $'000	31 December 2021 $'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 1b), 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.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 9 – Equity

a. Issuance of share capital

	Number of shares 31 December 2022 Ordinary Shares	Number of shares 31 December 2021 Ordinary Shares
Ordinary Shares, par value NIS 0.002	85,654,304	81,791,088

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 1b.

C. Rights attached to shares

Ordinary shares ("Ordinary Shares") confer upon their holder's 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.

D. 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 1b above.

Note 10 – Share-based compensation

In 2011 and 2021, the Company's Board of Directors approved a share option and RSUs 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 Par value after it; and RSUs, see notes 1b and 9c.

Options

As of February 2021, August 2021, and November 2021, the Company granted in total 4,151,625 share options to its employees. The total fair value of the 4,151,625 share options is approximately $4,411 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 following is a summary of the status of the option plan as of 31 December 2021 and 2022, and the changes during the years ended on these dates:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of year	9,840,108	0.31	8,184,150	0.32
Changes during the year:				
Options granted	–	–	4,151,625	0.32
Options exercised	(1,688,421)	0.34	(1,212,617)	0.34
Options forfeited	(1,065,684)	0.35	(1,283,050)	0.36
Options outstanding at end of year	7,086,003	0.34	9,840,108	0.31
Options exercisable at year end	4,901,675	0.34	5,007,908	0.32

RSUs:

(a) As of December 2021, the Chairman, receive warrants to purchase Ordinary Shares, in the event that the Company achieves certain performance milestones related to the company market value during the period of his service as Chairman. The total fair value is approximately $42 thousand.

(b) As of May 2022, the Company granted in total 599,000 RSUs to its employees. The total fair value of the 599,000 RSUs is approximately $997 thousand. The RSUs 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.

(c) As of May 2022, the Company granted in total 630,000 RSUs to its Senior employees. The total fair value of the 630,000 RSUs is approximately $965 thousand.

50% of the RSUs 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.

50% of the RSUs will vest once a target for IFRS revenue is achieved.

The company anticipates the performance goals will be achieved by the end of 2025.

(d) As of May 2022, the Company granted in total 170,000 RSUs to the CEO, Co Founder & Head of US business, the total fair value of the 170,000 RSUs is approximately $263 thousand.

Vesting of these RSUs are in accordance with the company 2022 performance.

The CEOs and Co Founder & Head of US business did not meet the company 2022 performance requirements. Therefore, no expense was recognised and the RSUs were forfeited.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 10 – Share based compensation continued

(e) As of June 2022, the Company granted in total 274,000 RSUs to its employees. The total fair value of the 274,000 RSUs is approximately $384 thousand.

The RSUs 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.

(f) As of July 2022, the Company granted in total 125,807 RSUs to its Chairman and Non-Executive Directors. The total fair value of the 125,807 RSUs is approximately $284 thousand. Vesting of these RSUs did take place on January 1, 2023.

(g) As of December 2022, the Company granted in total 170,000 RSUs to its employees. The total fair value of the 170,000 RSUs is approximately $135 thousand.

The RSUs 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.

Following is a summary of the status of the granted RSUs as of December 31, 2021 and 2022, and the changes during the years ended on these dates:

	Number	
	Year ended 31 December 2022	Year ended 31 December 2021
RSUs outstanding at beginning of year	–	–
Changes during the year:		
RSUs granted	1,968,807	–
RSUs Forfeited	(206,000)	–
RSUs outstanding at end of year	1,762,807	–

The assumptions used to value options granted during 2021 and 2022 were as follows:

	U.S dollars	
	Year ended 31 December 2022	Year ended 31 December 2021
Ordinary share fair value	0.535-1.064	0.952-2.15
Risk-free interest rate	–	0.3%-1.29%
Expected term (in years)	–	5.52-10
Dividend yield	–	0%
Volatility	–	26.9%-33.81%

Total share-based compensation expenses recognised, were approximately:

	31 December 2022 $'000	31 December 2021 $'000
Research and development	800	238
Sales and marketing	1,028	275
General and administration	1,008	169
	2,836	682

Note 11 – Financial instruments

1. The Group holds the following financial instruments

	31 December 2022 $'000	31 December 2021 $'000
Financial assets:		
Financial assets at amortised cost:		
Cash and cash equivalents	22,141	43,688
Trade receivables	2,448	1,646
Restricted deposit	1,143	1,178
	25,732	46,512

	31 December 2022 $'000	31 December 2021 $'000
Financial liabilities:		
Liabilities at amortised cost:		
Trade payables	878	493
Lease liability	2,045	503
Other payable	3,637	3,507
	6,560	4,503

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.

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 that 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.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 11 – Financial instruments continued

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 2022, the Company has excess financial and lease liabilities over financial assets in NIS currency in relation to dollars totalling approximately $2,038 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 2022:

	Less than one year $'000	1-2 years	2-3 years	4-5 years	5-6 years	Total $'000
Trade payables	878	–	–	–	–	878
Other payables	177	–	–	–	–	177
Lease liability	481	481	481	481	481	2,405
	1,536	481	481	481	481	3,460

31 December 2021:

	Less than one year $'000	Total $'000
Trade payables	493	493
Other payables	217	217
Lease liability	518	518
	1,228	1,228

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 (hereinafter: "MRR"). The MRR will be defined as the Company's Annual Contract Value divided by twelve. The loans shall be provided on the basis of a multiplier of three 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 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; and

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

The Company signed a letter of undertaking in favour of the bank, which shall include, 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 month) 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 thousand (approximately $1,500 thousand) and repaid it until the end of year 2021. The credit line agreement cancelled in 2022.

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 12 – Commitments

(a) As of 31 December 2022 and 2021, the Company pledged bank deposits in a total amount of approximately $328 thousand and $370 thousand respectively, in consideration of a lease agreement.

(b) As of 31 December 2022 and 2021, the Company pledged bank deposits in a total amount of approximately $70 thousand and $119 thousand respectively, in consideration of credit card guarantees.

(c) As of 31 December 2022 and 2021, the Company pledged bank deposits in a total amount of approximately $745 thousand and $689 thousand respectively, in consideration of guarantees required under a customer agreement.

Note 13 – Revenues from contracts with customers

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
a. Customer types		
Governments	16,027	13,724
Commercial	5,616	3,626
	21,643	17,351

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
b. Geographical regions		
Israel[1]	351	427
US	6,546	3,585
APAC	3,354	3,504
Europe	8,711	6,207
Gulf Cooperation Council (GCC) and Africa	2,189	3,414
South/Latin America	492	214
	21,643	17,351

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

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

	Year ended 31 December 2022 $'000
Customer A	2,785

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

Deferred revenues

Movement in deferred revenues, net:

	$'000
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 years	11,862
Balance as of 31 December 2021	11,862
Revenue recognised that was included in the contract liability balance at the beginning of the year	(11,862)
Consideration received during the year in respect to performance obligation that will be satisfied in the next years	12,393
Balance as of 31 December 2022	12,393

	31 December 2022 $'000	31 December 2021 $'000
Short-term deferred revenues	8,315	7,467
Long-term deferred revenues	4,078	4,395
Deferred revenues	12,393	11,862

Notes to the consolidated financial statements continued

Year ended 31 December 2022

Note 14 – Supplementary operational information

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Cost of revenues:		
Payroll and related expenses	1,855	869
Hosting services and data	3,865	3,773
Other	426	174
	6,146	4,816
Research and development, net:		
Payroll and related expenses	9,719	8,011
Share-based compensation expenses	800	238
Depreciation and building maintenance	1,134	908
Other	653	248
	12,306	9,405
Sales and marketing:		
Payroll and related expenses	7,854	5,647
Consultants	1,368	1,895
Travel expenses	624	272
Share-based compensation expenses	1,028	275
Depreciation and building maintenance	463	429
Other	1,836	1,287
	13,173	9,805
General and administration:		
Payroll and related expenses	2,664	2,136
Professional services	1,220	477
Depreciation and building maintenance	235	187
Share-based compensation expenses	1,008	169
Other	401	253
	5,528	3,222
Finance expenses,net:		
Bank commissions	46	46
Exchange rates differences	2,929	519
Interest and finance charges for lease liabilities	79	13
Interest and finance charges for IIA loan	–	9
Other	635	5
	3,689	592

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 2022 aggregate approximately $59,000 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 2016 are considered final.

D. Numerical reconciliation of income tax expense to prima facie tax payable

	31 December 2022 $'000	31 December 2021 $'000
Loss before tax on income	**19,199**	13,117
Statutory tax rate	**23%**	23%
Tax benefit computed at the statutory tax rate	**4,416**	3,017
Adjustments:		
Increase in unrecognised tax losses in the year	**(4,416)**	(3,017)
Tax on income	**–**	–

Notes to the consolidated financial statements continued

Year ended 31 December 2022

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 and other directors.

B. Balances with related parties

	31 December 2022 $'000	31 December 2021 $'000
Other accounts payable	327	133
Funds to be transferred to shareholders in connection with the Initial Public Offering (see note 8 above.)	–	3,341

C. Transactions with related parties

	31 December 2022 $'000	31 December 2021 $'000
Payroll	1,168	666
Shared-based compensation[1]	284	44
	1,452	710

1. As of 2018 and 2019, the Company granted in total 444,255 and 589,470 share options to chairman of the board of directors, 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 additional grants for related parties for the years 2021 and 2022 in 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 2022		Year ended 31 December 2021	
	Weighted number of shares[1] In thousands	Loss attributable to equity holders of the Company In thousands	Weighted number of shares[1] In thousands	Loss attributable to equity holders of the Company In thousands
Number of shares and loss				
Loss of the year	87,087	(19,199)	26,089	(13,117)
Adjustment for cumulative preferred shares	–	–	–	(1,108)
For the computation of basic loss	87,087	(19,199)	26,089	(14,225)

1. 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.

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