31 March 2022

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

Final Results
Strong growth in Annual Contract Value, Revenue and Customer numbers provides platform for expansion in 2022

Windward (LON: WNWD), a leader in maritime predictive intelligence, is pleased to announce audited results for the year ended 31 December 2021.

Financial Highlights

- Annual Contract Value (ACV[1]), a key indicator of future revenue growth, up 38.7% to $21.2m (2020: $15.3m)
- Revenue up 18.6% to $17.4m (2020: $14.6m)
- Gross margin of 72% (2020: 79%) reflecting investment in additional data to support product expansion, in line with H1 2021
- R&D investment for future growth of $9.4m (2020: $6.0m)
- Sales and marketing increased to drive future ACV growth of $9.8m (2020: $6.4m)
- Adjusted EBITDA[2] loss of $8.6m (2020: ($3.0m))
- Cash and cash equivalents of $43.7m at 31 December 2021

Operational Highlights

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

Outlook

- Positive trading has continued into 2022, building on the momentum of 2021
- ACV tracking in line with Company expectations
- Company is also seeing increased demand for products and technology in all parts of our business - security, compliance and logistics due to the Ukraine-Russia war
- We will continue to invest in our future by strengthening R&D and S&M for increased growth

(1) ACV, as of a given date, is the total of the value of each contract divided by the total number of years of the contract.
(2) EBITDA is earnings before interest, tax, depreciation and amortisation

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

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

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

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

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About Windward

Windward (LON:WNWD), is the leading Predictive Intelligence company fusing AI and big data to digitalize the global maritime industry, enabling organizations to achieve business and operational readiness. Windward's AI-powered solution allows stakeholders including banks, commodity traders, insurers, and major energy and shipping companies to make real time, predictive intelligence-driven decisions, providing a 360° view of the maritime ecosystem and its broader impact on safety, security, finance, and business. The company is publicly traded on the London Stock Exchange, For more information visit windward.ai.

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

Chairman's statement

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

OVERVIEW

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

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

Over the ten years since our inception, we have grown greatly, maintaining a strong financial track record and expanding to 130 employees in 4 locations. Our customer base includes blue-chip organisations such as BP, Shell and HSBC, and the United States Department of Homeland Security. I joined the Board in April 2018 and have seen the rapid development of the Company's ability to combine its deep maritime expertise with an AI-driven approach to problem solving.

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

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

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

PEOPLE AND CULTURE

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

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

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

ESG

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

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

I am pleased to see the Company delivering real social change through several initiatives. These include making our platform available free of charge to certain NGOs, such as the Center for Advanced Defense Studies, a non-profit research organisation reporting on global conflict and transnational security issues, and Sea Shepherd, an organisation dedicated to fighting illegal fishing. We also promote team activities that support local charities, including an organisation that works to prevent violence against women.

OUTLOOK

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

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

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

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

CEO statement

2021 was a milestone year for Windward, in which we delivered record growth in Annual Contract Value (ACV), nearly doubled our customer base and achieved a successful IPO. Recent world events have created an increased demand for our technology across all segments. We will continue to invest in the future as we see an opportunity for increased growth in 2022 and beyond.

OVERVIEW

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

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

Our ambition is supported by a strong commercial subscription model with high levels of recurring revenue providing revenue and cash flow visibility. In the year, annualised contract value, a key metric for the Company, grew 38% to $21.2m (2020: $15.3m) Significant growth in our market presence and an expanded breadth of customer engagements delivered revenue growth of 18% to $17.4m (2020: $14.6m). We added over 40 new customers by the end of the year, including banks, governmental organisations as well as trading and shipping companies and our first freight forwarders. Our gross margins will trend up as we benefit from the scalability of the platform and we remain confident in this direction of travel, with a clear roadmap towards positive EBITDA for FY2024.

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

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

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

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

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

OUR PLATFORM

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

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

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

COSTS AND MARGINS

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

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

1.LAND AND EXPAND

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

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

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

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

2. WINNING NEW ENTERPRISE AND GOVERNMENTAL CUSTOMERS

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

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

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

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

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

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

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

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

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

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

4. INNOVATION / PRODUCT EXPANSION

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

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

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

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

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

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

PEOPLE AND CULTURE

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

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

- Long term retention plans: Post IPO, the management, in conjunction with the Remuneration Committee has reviewed the compensation plans , benchmarked them with independent consultants, and has offered long term incentives to the executive management as well as key employees.
- Proactive approach: in our yearly and half yearly evaluations, as well as on an ongoing basis, we proactively work with our team members to encourage and accelerate their personal development.
- Systemically hiring: we systemically map the gaps in our talent and expertise and take deliberate actions to hire experts who will make a significant impact on our company. Such examples include hiring key business team members with specific ocean freight visibility experience in the container market, hiring banking experts to engage financial institutions and structuring our team for nurturing of key accounts by creating a strategic accounts function. We have also been deliberate in bringing industry expertise to further create synergy, and during 2021 have established our data acquisition team by bringing in both maritime data experts as well as due

diligence experts. All of these, combined with the deep technology talent pool we have built, enable us to execute an aggressive go to market strategy and create a continuous culture of growth.

- Globalisation: We recognise the importance of having a global, synergistic team. We have established London and Washington DC as key business hubs beyond our HQ in Tel Aviv and have appointed regional heads.

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

BUSINESS MODEL: INVESTING FOR GROWTH AND POSITIVE EBITDA IN FY24

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

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

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

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

CURRENT TRADING AND OUTLOOK

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

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

Ami Daniel
Co-founder and CEO

Financial Review

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

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

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

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

KEY PERFORMANCE INDICATORS ("KPIS") ($ IN THOUSANDS)

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

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

At the end of 2021 our largest customer was at 12.8% (2020: 10.7%) of ACV and the next 5 biggest customers together were 29.6% (2020: 35.4%) of ACV.

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

Churn in 2021 was 5.7% compared to 33% in 2020 when deep, Covid-19 related, budget cuts affected our government segments.

FINANCIAL OVERVIEW

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

REVENUE

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

Gross margin

Gross margin decreased in the year from 79% to 72%, primarily due to the investment in additional data required to support the compliance offering to include 7 levels of ownership and hiring additional staff to support the growing number of customers. We expect the margin to move towards 2020 levels.

R&D

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

S&M

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

G&A

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

*IPO related expense*s

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

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

CURRENCY EFFECT

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

ADJUSTED EBITDA

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

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

Statement of financial position

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

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

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

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

Ofer Segev
Chief Financial Officer

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(*) see note 8.

NOTE 1 - GENERAL

a. Windward Ltd. (the "Company" or and its subsidiaries the "Group") was incorporated in Israel and commenced its operations in January 2010. The registered office of the Company is Ha-Shlosha St 2, Tel Aviv-Yafo, Israel. Windward is a leading maritime AI company, providing an all-in-one platform for risk management and maritime domain awareness needs. The Company has established two wholly owned subsidiaries in the United Kingdom and one in the United States, that provide sales and marketing services to the Company.

b. On December 6, 2021, the Company completed a process of listing its existing shares and issuing new shares on the AIM market of the London Stock Exchange (the IPO). As part of the IPO, the Company issued 16,956,255 new ordinary shares, with a par value of NIS 0.002. In addition, as part of the IPO the convertible loan agreement converted to 2,035,317 ordinary shares, with a par value of NIS 0.002 and all the preferred shares that existed prior to the IPO were converted into 42,486,765 ordinary shares of par value NIS 0.002.

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

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

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation of the consolidated financial statements

The consolidated historical financial information presents the financial track record of the Group for the two years ended December 31, 2021 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, the 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 recognized in the period in which the estimate is revised if the revision affects only that period; they are recognized 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 is U.S. dollar ("$" or "dollar"). The consolidated financial statements are presented in in U.S. dollar ("$" 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 recognized 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. Principals 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 unrealized gains on transactions between Group companies are eliminated. Unrealized 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 deposit

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

f. Property and equipment

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

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

Leasehold improvements are amortized utilizing 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 recognized 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 recognizes 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 recognizes 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 recognized as an asset and amortized on a systematic basis that is consistent with the provision of the services under the specific contract.

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

i. Employee benefit liabilities

1. Short-term employee benefits:

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Israeli labor law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances. Company's pension and severance pay liability to certain employees is covered mainly by purchase of insurance policies. Pursuant to section 14 of the Severance Compensation Act, 1963 ("section 14"), some of the Company's employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments in accordance with section 14 relieve the Company from any future severance payments in respect of those employees and as such the Company may only utilize 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 labor 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 recognized 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 recognized 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 recognized 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 recognized 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 canceled, it is accounted for as if it had vested on the cancelation date and any expense not yet recognized for the grant is recognized immediately. However, if a new grant replaces the canceled grant and is identified as a replacement grant on the grant date, the canceled 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 recognized 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 realized, or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognized 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 realize the asset and settle the liability simultaneously.

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

l. Research and development costs

Costs associated with maintaining software programmers are recognized 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 recognized 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 recognized, the development costs are recognized as an expense in profit or loss as incurred. Development costs previously recognized as an expense are not recognized 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 recognized as an expense in profit or loss.

m. Leases

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment 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 recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 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 recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized 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 recognized in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-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 recognized 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 amortized cost is recognized in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

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

3. Derecognition of financial assets:

   a) financial asset is derecognized 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 amortized cost:

      Financial liabilities are initially recognized 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 amortized 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 derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or canceled 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.

n. Provisions

A provision in accordance with IAS 37 is recognized 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 recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized 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 recognized as interest expense.

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

Legal claims:

A provision for claims is recognized 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.

o. Government grants:

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

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

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

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized 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.
- 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

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 noncurrent, 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 waver 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 recognizing a separate provision for an onerous contract, the entity recognizes 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 JUDGMENTS, 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 judgments which have the most significant effect on the amounts recognized in the financial statements:

a) Judgments:

- Development costs:

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

- Deferred tax assets:

  Deferred tax assets are recognized 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 utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits, its source and the tax planning strategy. The Company didn't recognize deferred tax assets in all the reporting periods.

b) Estimates and assumptions:

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

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

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

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

NOTE 4 – CASH AND CASH EQUIVALENT:

	December 31	
	2021	2020
	U.S dollars in Thousands	
Cash for immediate withdrawal - ILS	5,568	1,638
Cash for immediate withdrawal - USD	1,119	7,691
Cash for immediate withdrawal - EUR	6,183	381
Cash for immediate withdrawal - GBP	30,714	88
Cash for immediate withdrawal - OTHER	104	116
	43,688	9,914

NOTE 5 – TRADE AND OTHER RECEIVABLES:

a) Trade receivables, net

	December 31	
	2021	2020
	U.S dollars in Thousands	
Trade receivables from contracts with customers	1,646	554
	1,646	554

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 was repaid after reporting date.

b) Other receivables

	December 31	
	2021	2020
	U.S dollars in Thousands	
Institutions	358	193
Prepaid expenses	887	998
Other	186	2
	1,431	1,193

NOTE 6 - PROPERTY AND EQUIPMENT:

As of December 31, 2020:

	December 31			
	Computers	Leasehold improvements	Office furniture and equipment	Total
	U.S dollars in thousands			
Cost:				
Balance as of January 1, 2020	507	1,224	176	1,907
Purchases	99	-	18	117
Balance as of December 31, 2020	606	1,224	194	2,024
Less - accumulated depreciation				
Balance as of January 1, 2020	(446)	(471)	(62)	(979)
Depreciation	(57)	(115)	(13)	(185)
Balance as of December 31, 2020	(503)	(586)	(75)	(1,164)
Depreciated cost as of December 31, 2020	103	638	119	860

As of December 31, 2021:

	December 31			
	Computers	Leasehold improvements	Office furniture and equipment	Total
	U.S dollars in thousands			
Cost:				
Balance as of January 1, 2021	606	1,224	194	2,024
Purchases	102	48	8	159
Balance as of December 31, 2021	708	1,272	202	2,183
Less - accumulated depreciation				
Balance as of January 1, 2021	(503)	(586)	(75)	(1,164)
Depreciation	(77)	(124)	(15)	(216)
Balance as of December 31, 2021	(580)	(710)	(90)	(1,380)
Depreciated cost as of December 31, 2021	128	562	112	803

NOTE 7 – LEASES:

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

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

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

Disclosures for right of use asset:

	U.S dollars in Thousands
Balance as of December 31, 2019	**1,159**
Depreciation charge	386
Balance as of December 31, 2020	**773**
Depreciation charge	386
Balance as of December 31, 2021	**386**

Disclosures for lease liability:

	U.S dollars in Thousands
Balance of December 31, 2019	**1,302**
Lease payments	(464)
Interest	82
Exchange rate differences	64
Balance of December 31, 2020	**985**
Lease payments	(495)
Interest	49
Exchange rate differences	(36)
Balance of December 31, 2021	**503**

Details regarding lease transactions

	December 31,	
	2021	2020
	U.S dollars in Thousands	
Interest expenses in respect of lease obligations	49	82
Total cash flow for leases	495	464

NOTE 8 – OTHER PAYABLE

a. Other payable

	December 31	
	2021	2020
	U.S dollars in Thousands	
Accrued vacation	956	742
Employees and institutions- December salaries	2,334	1,144
Accrued expenses	217	619
	3,507	2,505

b. Other payable related to Initial Public Offering

	December 31	
	2021	2020
	U.S dollars in Thousands	
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.

NOTE 9 - EQUITY

a. Issuance of share capital

Prior to the Initial Public Offering (see note 1b), the Company's equity contained of: Ordinary Shares, par value NIS 0.01 each and Preferred Shares, par value NIS 0.01 each and after Initial Public Offering contain of: Ordinary Shares, par value NIS 0.002 each and Preferred Shares, par value NIS

0.002 each the divided into the following classes: Preferred A Shares, Preferred B Shares, Preferred B-1 Shares, Preferred B-2 Shares, Preferred C Shares and Preferred C-1 Shares, as follows:

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

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

b. For additional information about the Company’s Initial Public Offering and the conversion of all of the preferred shares to ordinary share see note 1b.

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

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

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

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

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

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

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

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

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

e. Rights attached to shares:

1) Ordinary shares ("Ordinary Shares") confer upon their 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.

2) Series A, B and B-1, B-2, C, C-1 Preferred shares ("Preferred Shares") confers upon the holders thereof all of the rights conferred upon the holders of Ordinary Shares and, in addition, confer the following rights:

   a) Voting Rights - Each share of preferred shares confers upon its holder voting rights equal to the underlying number of Ordinary Shares into which such shares of Preferred Share may be converted according to the conversion rate in effect at the time of such vote.

   b) Conversion - Each of the Preferred Shares shall be convertible, at the option of the respective holder(s) thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable Ordinary Shares as is determined by dividing the applicable Original Issue Price of such share by the Conversion Price at the time in effect for such share (as such terms are defined in the Company's articles of association, as may be in effect from time to time) and otherwise as defined in the Company's articles of association.

c) Dividend - Subject to Article 101 of the Company’s articles of association, the Company, may upon the approval of the Board of Directors, declare a Dividend to be paid to the Shareholders, according to their rights and benefits in the profits, and to decide the time of payment.

d) Liquidation – The Preferred Shares provide the holders thereof with a non-participating liquidation preference in a liquidation event as defined in the Company’s articles of association.

3) The Preferred Shares have been classified as equity instruments as they are not redeemable by investors except for events that are under the Company's control and do not require the Company to pay a dividend.

f. Convertible Financing Agreement

On June 13, 2021 the Company entered into a convertible financing agreement ("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 plan (the “Plan”) to grant certain employees and consultants of the Company options to purchase Ordinary shares of the Company, 0.01 NIS par value each before the Initial Public Offering and 0.002 NIS after it, see note 1b and 9c.
Following is a summary of the status of the option plan as of December 31, 2020 and 2021, and the changes during the years ended on these dates:

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

As of February 2021, the Company granted in total 1,878,000 share options to its employees. The total fair value of the 1,878,000 share options is approximately $266 thousand.
Most of the share options vest over a four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

As of August 2021, the Company granted in total 1,606,500 share options to its employees. The total fair value of the 1,606,500 share options is approximately $2,961 thousand.
Most of the share options vest over a four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

As of November 2021, the Company granted in total 667,125 share options to its employees. The total fair value of the 667,125 share options is approximately $1,184 thousand.
Most of the share options vest over a four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

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

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

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

Total share-based compensation expenses recognized, were approximately:

	December 31	
	2021	2020
	U.S dollars in Thousands	
Research and development	238	25
Sales and marketing	275	58
General and administration	169	219
	682	302

NOTE 11 -FINANCIAL INSTRUMENTS

1. The Group holds the following financial instruments:

	December 31	
	2021	2020
	U.S. dollars in thousands	
Financial assets:		
Financial assets at amortized cost:		
Cash and cash equivalents	43,688	9,914
Trade receivables	1,646	554
Restricted deposit	1,178	1,011
	46,512	11,479

	December 31	
	2021	2020
	U.S. dollars in thousands	
Financial liabilities:		
Liabilities at amortized cost:		
Trade payables	493	634
Lease liability	503	985
Israel Innovation Authority loan	-	96
Other payable	4,758	616
	5,754	2,330

2. Fair value:

The 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 summarized below.

a. Market risk:

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

b. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates.
The Company's exposure to foreign currency risk relates primarily to the Company's continuing operation (when revenue or expense is recognized in a different currency from the Company's functional currency) .

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

c. Credit risk:

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

d. Liquidity risk:

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

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

December 31, 2021:

	Less than one year	**Total**
	Dollars in thousands	
Trade payables	503	503
Other payables	217	217
Lease liability	518	518
	1,238	1,238

December 31, 2020:

	Less than one year	1 to 2 years	Total
	Dollars in thousands		
Trade payables	634	-	634
Other payables	616	-	616
Lease liability	526	526	1,052
Israel Innovation Authority loan	96	-	96
	1,872	526	2,398

4. Credit line agreement

In October 2021, the Company signed a credit line agreement with a bank in Israel.
In accordance with the terms of the agreement, the credit line in the amount of NIS 14,700 thousand ($4,500 thousand) will be set for a period of up to 12 months in dollars and/or ILS.
According to the agreement the credit line proceeds 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 12. The loans shall be provided on the basis of a multiplier of **3** on the MRR.

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

USD loan - The loan shall be provided for a period of 3 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 created in favor of the Bank to secure the Credit:

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

The Company signed a letter of undertaking in favor 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 4 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" 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 12-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 thousands (approximately $1,500 thousands) and repaid it until the end of the reporting period.

NOTE 12 - COMMITMENTS:

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

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

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

d. Royalty commitments

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

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

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

NOTE 13 – REVENUES FROM CONTRACT WITH CUSTOMERS

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

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

In July 2021 the company paid the last payment and there wasn't longer committed to pay royalties.
The Group derives revenue from the transfer of services over time in the following major customer types and geographical regions:

	Year ended December 31	
	2021	2020
	U.S. dollars in thousands	
a. Customer types:		
Governments	13,724	12,490
Commercial	3,626	2,135
	17,351	14,625

	Year ended December 31	
	2021	2020
	U.S. dollars in thousands	
b. Geographical regions:		
Israel*	427	513
US	3,585	2,007
APAC	3,504	3,702
Europe	6,207	4,073
Gulf Cooperation Council (GCC) & Africa	3,414	4,299
South/Latin America	214	31
	17,351	14,625

*Substantially all of the non-current asset in the consolidated financial statement 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 December 31
	2020
	U.S. dollars in thousands
Customer A	1,630
Customer B	1,521

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

Deferred revenues

Movement in deferred revenues, net:

	U.S. dollars in thousands
Balance as of December 31, 2019	5,982
Revenue recognized that was included in the contract liability balance at the beginning of the year	(5,982)
Consideration received during the year in respect to performance obligation that will be satisfied in the next year	6,054
Balance as of December 31, 2020	6,054
Revenue recognized 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 December 31, 2021	11,862

	U.S. dollars in thousands
Short term Deferred Revenues	7,467
Long term Deferred Revenues	4,395
Deferred Revenues	11,862

NOTE 14 - SUPPLEMENTARY OPERATIONAL INFORMATION

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

NOTE 15 - TAXES ON INCOME:

a. Tax rates

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

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

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

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

b. Carry forward losses

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

c. Tax assessment

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

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

	Year ended December 31	
	2021	**2020**
	U.S dollars in thousands	
Loss before tax on income	13,117	4,029
Statutory tax rate	23%	23%
Tax benefit computed at the statutory tax rate	3,017	927
Adjustments:		
Increase in unrecognized tax losses in the year	(3,017)	(927)
Tax on income	-	-

NOTE 16 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. The related parties:

The Company's related parties are Ami Daniel and Matan Peled who founded Winward in 2010. Ami serves as the CEO and director, Matan is the Co-Founder & Head of US business and director. In addition, The Right, Honorable, The Lord Browne of Madingley ("The Lord Browne of Madingley") the chairman of the board of directors of the Company.

b. Balances with related parties:

	December 31	
	2021	2020
	U.S dollars in thousands	
Other accounts payable	133	149
Funds to be transferred to shareholders in connection with the Initial Public Offering (*)	3,341	-

(*) see note 8 above.

c. Transactions with related parties:

	December 31	
	2021	2020
	U.S dollars in thousands	
Payroll	666	637
Shared based compensation (*)	44	44
	710	681

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

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

NOTE 17 - EARNING PER SHARE

a. Details of the number of shares and loss used in the computation of loss per share:

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

(*) Adjusted to reflect shares splitting and bonus shares according to note 9c.
(**) 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 shares options to employees under share-based payment plans), have not been taken into account since their conversion decreases the loss per share.