30 March 2023

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

Final Results
Delivering on growth strategy with a growing base of high-margin, recurring revenues

Windward (LON: WNWD), a leader in maritime predictive intelligence, is pleased to announce audited results for the year ended 31 December 2022.

Financial Highlights

- Annual Contract Value (ACV[1]) up 21% to $25.5m (2021: $21.2m)
- Revenue up 25% to $21.6m (2021: $17.4m)
- Gross margin of 71.6% (2021: 72.2%)
- R&D investment for future growth of $12.3m (2021: $9.4m)
- Adjusted EBITDA[2] loss of $12.1m (2021: ($8.6m))
- Cash and cash equivalents of $22.1m as at 31 December 2022

Operational Highlights

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

Outlook

- Continued strong trading in early 2023
- ACV is tracking in line with Board expectations for this point in the year, and focus on efficiency provides a clear roadmap to positive EBITDA

(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:

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

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

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About Windward

Windward (LSE:WNWD), a publicly-traded company on the London Stock Exchange, is a leading Maritime AI company, enabling 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. For more information visit: https://windward.ai/.

Chairman's statement

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

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

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

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

A growing base of high-margin, recurring revenues

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

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

People and culture

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

ESG

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

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

Windward has expanded its Data for Decarbonisation initiative, enabling all stakeholders in the industry to partner and contribute data to support the future reduction of emissions. This led to the launch in Q3 of Windward's Vessel Fuel Consumption API, which provides fuel consumption assessments with up to 95%

accuracy, on average, per voyage, resulting in up to 10% fuel savings. The solution has the potential to play a significant role in the reduction of fuel consumption by ships and we are committed to continuing to innovate, to support the decarbonisation agenda, and ultimately, contribute to more sustainable and environmentally friendly practices across the maritime space.

Outlook

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

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

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

CEO statement

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

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

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

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

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

Focus on efficiency and optimisation

As reported in our trading update for FY22 on 12 January 2023, as part of our strategy to accelerate the time taken to reach profitability, the management team has introduced cost reduction measures across our operations to ensure our cost base for 2023 does not exceed the 2022 level. Certain efficiencies have been identified, including reductions in our cloud hosting costs, a freeze on management pay and a careful reduction in headcount and the use of consultants. As a result of these measures, in combination with the considerable opportunity to rapidly scale our high margin subscription revenues from existing and new clients, we are targeting to reach EBITDA breakeven earlier than as previously stated in 2024. More than anything, it's a mindset that we have driven throughout the Company and it is being positively adopted.

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

Growing profile and capabilities

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

Innovation is expanding our opportunity

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

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

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

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

Key focus areas for 2023

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

Our key focus areas are to:

1. Expand our commercial customer base and take our Fuel Consumption product to market.
2. Build our supply chain business.
3. Expand our customer base in the US Government market and deepen our reach into the Defense space, aiming to sign multi year contracts.
4. Retain existing business in the RoW government and achieve modest growth in this segment.

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

Current trading and outlook

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

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

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

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

1.LAND AND EXPAND

A core element of Windward's strategy is to focus on deepening its customer relationships through expanding the level and range of services it offers to customers following an initial project.
We have built a SaaS platform, delivering our solution over a cloud infrastructure and contracting with clients on a subscription basis. This ensures not only high levels of recurring revenue and visibility of revenue but also underpins our key strategic opportunity of upselling additional services and modules to our clients as we develop and release them.

In 2022, in view of the increased need to monitor maritime compliance requirements, ongoing supply chain delays and the ongoing drive to secure efficiencies across all industries, many of the Company's customers expanded their use of the platform in the year.
Commercial NRR grew from 99% to 109%.

Key expansions with existing customers in the year include:

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

2. WINNING NEW ENTERPRISE AND GOVERNMENTAL CUSTOMERS

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

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

Key new customers secured during the year included:

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

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

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

4. INNOVATION / PRODUCT EXPANSION

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

Key solutions released in 2022 include:

Ocean Freight Visibility
In February, the launch of our ground-breaking Ocean Freight Visibility solution to resolve one of the most critical issues currently affecting the maritime ecosystem - the lack of visibility over the supply chain. Powered by large datasets, the solution alerts freight forwarders and cargo owners to any potential delays to the shipping of their cargo, in real time, enabling these stakeholders to prepare for changes, communicate properly to their customers - and ultimately improve their planning.

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

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

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

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

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

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

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

ACV	**2022 ($'000)**	**2021 ($'000)**	**% change**
ROW Gov	11,534	11,239	3%
USA Gov	7,381	5,271	40%
Commercial	6,622	4,664	42%
Total	25,536	21,174	21%
Revenues			
ROW Gov	9,986	10,059	(1%)
USA Gov	6,041	3,666	64%
Commercial	5,616	3,626	55%
Total	21,643	17,351	25%
Number of Customers	**Count**	**Count**	
ROW Gov	20	18	11%
USA Gov	15	13	15%
Commercial	97	52	87%
Total	132	83	59%

We separate our Government customers into two market segments: Government outside USA (ROW) and USA Government. We do this as the buying cycle and pricing for each segment is different. For Government ROW, in most cases Windward is responding to a Request for Proposal ("RFP") process which can take between 9 to 18 months to conclude. For 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 December 2022 our largest customer was at 10.9% (2021: 12.8%) of ACV and the next 5 biggest customers together were 26.9% (2021: 29.6%) of ACV.

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

Churn in 2022 was 19.5% (32% in ROW Gov and 5% in the other markets) compared to 5.7% in 2021. This higher than usual ROW Gov churn was due to losing 2 customers and 1 delayed renewal (expected to be renewed in H1 2023).

FINANCIAL OVERVIEW as of 31 December:

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

REVENUE

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

Gross margin

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

R&D

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

S&M

Sales and marketing increased 34.3% from $9.8m in 2021 to $13.2m in 2022. The main reason for the increase was hiring additional sales managers in US, and Europe. In addition, we established a marketing team to support the increased focus on winning contracts in the commercial segment.

G&A

General and administrative expenses increased 71.6% from $3.2m in 2021 to $5.5m in 2022 reflecting the increased level of business activity and the company being a public company from December 2021.

CURRENCY EFFECT

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

EBITDA and Adjusted EBITDA

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

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

Statement of financial position

CASH AND CASH EQUIVALENTS

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

CASH FLOW

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

Ofer Segev

Chief Financial Officer

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2022	2021
		Year ended December 31	
		U.S. dollars in thousands (except share and per share data)	
REVENUES	13	21,643	17,351
COST OF REVENUES	14	6,146	4,816
GROSS PROFIT		15,497	12,535
OPERATING EXPENSES:			
Research and development, net	14	12,306	9,405
Sales and marketing	14	13,173	9,805
General and administration	14	5,528	3,222
Initial Public Offering issuance costs	1b	-	2,628
TOTAL OPERATING EXPENSES		31,007	25,060
OPERATING LOSS		(15,510)	(12,525)
FINANCIAL EXPENSES (INCOME), NET:			
Financial expenses		3,946	593
Financial income		257	1
Total financial expenses, net	14	3,689	592
LOSS FOR THE YEAR		(19,199)	(13,117)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted Loss per share	17	(0.22)	(0.55)

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2022	December 31 2021
		U.S. dollars in thousands	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	4	22,141	43,688
Trade receivables	5	2,448	1,646
Other receivables	5	2,861	1,431
TOTAL CURRENT ASSETS		27,450	46,765
NON-CURRENT ASSETS:			
Restricted deposit	12	1,143	1,178
Property and equipment, net	6	796	803
Right-of-Use asset	7	1,956	386
TOTAL NON-CURRENT ASSETS		3,895	2,367
TOTAL ASSETS		31,345	49,132
Liabilities and shareholders' equity			
CURRENT LIABILITIES:			
Trade payable		878	493
Current maturities of lease liabilities	7	320	503
Other payable	8a	3,637	3,507
Other payable related to Initial Public Offering	8b	-	4,541
Deferred revenues	13	8,315	7,467
TOTAL CURRENT LIABILITIES		13,150	16,511

	Note		
NON-CURRENT LIABILITIES:			
Liability for employee rights upon retirement, net		57	64
Deferred revenues		4,078	4,395
Lease liability	7	1,725	-
TOTAL NON-CURRENT LIABILITIES		5,860	4,459
TOTAL LIABILITIES		19,010	20,970
COMMITMENTS	12		
SHAREHOLDERS' EQUITY:			
Ordinary Shares of 0.002 NIS par value	9	27	27
Additional paid-in capital	9,10	80,858	77,486
Accumulated deficit		(68,550)	(49,351)
TOTAL SHAREHOLDERS' EQUITY		12,335	28,162
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		31,345	49,132

Ami Daniel	**Ofer Segev**
Chief Executive Officer	Group Chief Financial Officer

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary shares	Preferred shares	Additional paid-in capital	Accumulated deficit	Total
			U.S. dollars in thousands		
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**
CHANGES DURING 2022:					
Exercise of options by employees	(*)	-	536	-	536
Share based compensation	-	-	2,836	-	2,836
Loss for the year	-	-	-	(19,199)	(19,199)
BALANCE AS OF DECEMBER 31, 2022	**27**	**-**	**80,858**	**(68,550)**	**12,335**

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2022	**2021**
	U.S. dollars in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	**(19,199)**	**(13,117)**
Adjustments to reconcile loss for the year to net cash used in operating activities:		
Depreciation	562	602
Share based compensation expenses	2,836	682
Effect of exchange rate	3,127	(451)
Finance expenses of lease liabilities	79	13
Changes in asset and liability items:		
Decrease (increase) in trade receivables	(802)	(1,091)
Increase in other receivables	(1,430)	(238)
Increase (decrease) in trade payables	385	(141)
Increase (decrease) in other payables and accruals	(681)	1,776
Increase in deferred revenues	531	5,808
Increase (decrease) in accrued severance pay, net	(7)	(26)
Net cash used in operating activities	**(14,599)**	**(6,183)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(182)	(159)
Increase (decrease) in restricted deposit	17	(153)
Net cash used in investing activities	**(165)**	**(312)**

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from exercise of options	536	414
Repayment of Israel Innovation Authority loan	-	(96)
Funds received (paid) in respect of the sale of shares by shareholders and consultants in connection with the Initial Public Offering (See also note 8)	(3,730)	3,730
Principal elements of lease payments	(411)	(438)
Interest paid	(71)	(49)
Issuance of Shares, net (less issuance cost)	-	32,942
Proceed from convertible loan agreement	-	3,300
Net cash provided by (used in) financing activities	**(3,676)**	**39,803**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(18,440)**	**33,308**
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**43,688**	**9,914**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(3,107)**	**466**
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR	**22,141**	**43,688**

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

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 14,300,405 ordinary shares of par value NIS 0.002.

The gross issue proceeds amounted to approximately GBP 26,300 thousand ($35,000 thousands). The Company incurred transaction costs in the amount of approximately $4,686 thousands which were attributed $2,058 thousands for the issue of the new shares and were charged directly to equity and $2,628 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.

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, 2022 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

In determining and applying accounting policies, 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 recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

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

b. Functional and presentation currency

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

<u>Transactions and balances</u>

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

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

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

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

d. Cash and cash equivalents

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

e. Restricted deposit

Restricted deposits consist of cash deposits for office lease, credit card guarantee, guarantees required under a customer agreement. These deposits serve a collateral for bank guarantees.

f. Property and equipment

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

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

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

g. Impairment of long-lived assets

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

h. Revenue recognition

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

Transactions with financing:

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

The Company derives its revenue from-subscription fees from customers accessing the Company’s enterprise cloud computing services (Software as a Service). The Company's agreements do not provide

customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts.

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

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

i. Employee benefit liabilities

1. Short-term employee benefits:

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2. Post-employment benefits:

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

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

j. Share based compensation

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

Equity-settled transactions:

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

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

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

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

If a grant of an equity instrument is canceled, it is accounted for as if it had vested on the cancelation date and any expense not yet recognised for the grant is recognised 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 recognised if they arise from the initial recognition of goodwill.

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

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

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

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

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

l. Research and development costs

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

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

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

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

m. Leases

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

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

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

- The Company's business model for managing financial assets; and

- The contractual cash flow terms of the financial asset.

2. Impairment of financial assets:

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

a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low - the loss allowance recognised in respect of this debt instrument is measured at an amount equal to the expected credit losses within 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 recognised is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime expected credit losses).

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

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

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

3. Derecognition of financial assets:

a) financial asset is derecognised only when:

- The contractual rights to the cash flows from the financial asset has expired; or

- The Company has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or

- The Company has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

4. Financial liabilities:

   a) Financial liabilities measured at amortised cost:

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

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

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

5. Derecognition of financial liabilities:

   A financial liability is derecognised only when it is extinguished, that is when the obligation specified in the contract is discharged or 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.

o. Provisions

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

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

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

Legal claims:

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

p. Fair value measurement

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

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

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

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

q. Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

r. Segment reporting

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

s. Litigation

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

t. New International Financial Reporting Standards, Amendments to Standards and New Interpretations

1. **New International Financial Reporting Standards, Amendments to Standards and New interpretations not yet adopted:**

   The narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or 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 recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

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

NOTE 3 - SIGNIFICANT ACCOUNTING 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 recognised in the financial statements:

a) Judgments:

- Development costs:

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

- Deferred tax assets:

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

b) Estimates and assumptions:

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

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

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

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

NOTE 4 – CASH AND CASH EQUIVALENT:

	December 31	
	2022	2021
	U.S dollars in Thousands	
Cash for immediate withdrawal - ILS	1,354	5,568
Cash for immediate withdrawal - USD	17,132	1,119
Cash for immediate withdrawal - EUR	947	6,183
Cash for immediate withdrawal - GBP	2,706	30,714
Cash for immediate withdrawal - OTHER	2	104
	22,141	43,688

NOTE 5 – TRADE AND OTHER RECEIVABLES:

a) Trade receivables, net

	December 31	
	2022	2021
	U.S dollars in Thousands	
Trade receivables from contracts with customers	2,448	1,646
	2,448	1,646

a. At each reporting date the majority of the trade receivables have not yet reached their due date.
b. The majority of the trade receivables was repaid after reporting date.

b) Other receivables

	December 31	
	2022	2021
	U.S dollars in Thousands	
Institutions	128	358
Prepaid expenses	2,695	887
Other	38	186
	2,861	1,431

NOTE 6 - PROPERTY AND EQUIPMENT:

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

As of December 31, 2022:

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

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.

As of December 31, 2021, The Company had an option to extend the lease period for an additional five years. as part of the calculation of the lease obligation, the option to extend the said lease period was not taken into account, since it is not reasonably certain that it will be exercised.

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

Disclosures for right of use asset:

	U.S dollars in Thousands
Balance as of December 31, 2020	**773**
Depreciation charge	386
Balance as of December 31, 2021	386
Additions	1,797
Other adjustment	147
Depreciation charge	374
Balance as of December 31, 2022	**1,956**

Disclosures for lease liability:

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

Details regarding lease transactions

	December 31,	
	2022	**2021**
	U.S dollars in Thousands	
Interest expenses in respect of lease obligations	71	49
Total cash flow for leases	482	495

NOTE 8 – OTHER PAYABLE

a. Other payable

	December 31	
	2022	2021
	U.S dollars in Thousands	
Accrued vacation	991	956
Employees and institutions- December salaries	2,469	2,334
Accrued expenses	177	217
	3,637	3,507

b. Other payable related to Initial Public Offering

	December 31	
	2022	2021
	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

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

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

c. Rights attached to shares:

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

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

d. Convertible Financing Agreement

On 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 and RSUs plan (the "Plan") to grant certain employees and consultants of the Company options to purchase Ordinary shares of the Company, 0.01 NIS par value each before the Initial Public Offering and 0.002 NIS Par value after it and RSUs, see note 1b and 9c.

Options:

As of February 2021, August 2021, and November 2021, the Company granted in total 4,151,625 share options to its employees. The total fair value of the 4,151,625 share options is approximately $4,411 thousand.

Most of the share options vest over 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.

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

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

<u>RSUs</u>:

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

b) As of May 2022, the Company granted in total 599,000 RSUs to its employees. The total fair value of

the 599,000 RSUs is approximately $997 thousand.

the RSUs vest over 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.

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

50% of the RSUs vest over 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

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

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

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

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

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

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

the RSUs vest over 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.

f) As of July 2022, the Company granted in total 125,807 RSUs to its Chairman and Non-Executive Directors. The total fair value of the 125,807 RSUs is approximately $284 thousand.

Vesting of these RSUs did take place on January 1, 2023.

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

the RSUs vest over 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.

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

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

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

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

Total share-based compensation expenses recognised, were approximately:

	December 31	
	2022	**2021**
	U.S dollars in Thousands	
Research and development	800	238
Sales and marketing	1,028	275
General and administration	1,008	169
	2,836	682

NOTE 11 -FINANCIAL INSTRUMENTS

1. The Group holds the following financial instruments:

	December 31	
	2022	2021
	U.S. dollars in thousands	
Financial assets:		
Financial assets at amortised cost:		
Cash and cash equivalents	22,141	43,688
Trade receivables	2,448	1,646
Restricted deposit	1,143	1,178
	25,732	46,512

	December 31	
	2022	2021
	U.S. dollars in thousands	
Financial liabilities:		
Liabilities at amortised cost:		
Trade payables	878	493
Lease liability	2,045	503
Other payable	3,637	3,507
	6,560	4,503

2. Fair value:

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 summarised below

a. Market risk:

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

b. Foreign currency risk:

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

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

As of December 31, 2022, the Company has excess financial and lease liabilities over financial assets in NIS currency in relation to dollars totaling approximately $2,038 thousand.

c. Credit risk:

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

d. Liquidity risk:

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

The tables below analyse the Company 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, 2022:

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

December 31, 2021:

	Less than one year	Total
	Dollars in thousands	
Trade payables	493	493
Other payables	217	217
Lease liability	518	518
	1,228	1,228

4. Credit line agreement

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

In accordance with the terms of the agreement, the credit line in the amount of NIS 14,700 thousand ($4,500 thousand) will be set for a period of up to 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 year 2021.

The credit line agreement cancelled in 2022.

NOTE 12 - COMMITMENTS:

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

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

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

NOTE 13 – REVENUES FROM CONTRACT WITH CUSTOMERS

	Year ended December 31	
	2022	2021
	U.S. dollars in thousands	
a. Customer types:		
Governments	16,027	13,724
Commercial	5,616	3,626
	21,643	17,351

	Year ended December 31	
	2022	2021
	U.S. dollars in thousands	
b. Geographical regions:		
Israel*	351	427
US	6,546	3,585
APAC	3,354	3,504
Europe	8,711	6,207
Gulf Cooperation Council (GCC) & Africa	2,189	3,414
South/Latin America	492	214
	21,643	17,351

*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
	2022
	U.S. dollars in thousands
Customer A	2,785

For the year ended December 31, 2021 no costumers 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, 2020	6,054
Revenue recognised that was included in the contract liability balance at the beginning of the year	(6,054)
Consideration received during the year in respect to performance obligation that will be satisfied in the next years	11,862
Balance as of December 31, 2021	11,862
Revenue recognised that was included in the contract liability balance at the beginning of the year	(11,862)
Consideration received during the year in respect to performance obligation that will be satisfied in the next years	12,393
Balance as of December 31, 2022	12,393

	U.S. dollars in thousands	
	December 31	
	2022	2021
Short term Deferred Revenues	8,315	7,467
Long term Deferred Revenues	4,078	4,395
Deferred Revenues	12,393	11,862

NOTE 14 - SUPPLEMENTARY OPERATIONAL INFORMATION

	Year ended December 31	
	2022	2021
	U.S dollars in thousands	
Cost of Revenues:		
Payroll and related expenses	1,855	869
Hosting services and data	3,865	3,773
Other	426	174
	6,146	4,816
Research and development, net:		
Payroll and related expenses	9,719	8,011
Share based compensation expenses	800	238
Depreciation and building maintenance	1,134	908
Other	653	248
	12,306	9,405
Sales and marketing:		
Payroll and related expenses	7,854	5,647
Consultants	1,368	1,895
Travel expenses	624	272
Share based compensation expenses	1,028	275
Depreciation and building maintenance	463	429
Other	1,836	1,287
	13,173	9,805
General and administration:		
Payroll and related expenses	2,664	2,136
Professional services	1,220	477
Depreciation and building maintenance	235	187

Share based compensation expenses	1,008	169
Other	401	253
	5,528	3,222

Finance expenses, net

Bank commissions	46	46
Exchange rates differences	2,929	519
Interest and finance charges for lease liabilities	79	13
Interest and finance charges for IIA loan	-	9
Others	635	5
	3,689	592

NOTE 15 - TAXES ON INCOME:

a. Tax rates

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

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

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

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

b. Carry forward losses

Carry forward tax losses of the Company as of December 31, 2022, aggregate approximately $59,000 thousand. The Company did not recognise a deferred tax asset in respect of those losses as no taxable income is probable in the foreseeable future.

c. Tax assessment

The Company's tax assessments up until the year 2016 are considered final.

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

	Year ended December 31	
	2022	**2021**
	U.S dollars in thousands	
Loss before tax on income	19,199	13,117

Statutory tax rate	23%	23%
Tax benefit computed at the statutory tax rate	4,416	3,017
Adjustments:		
Increase in unrecognised tax losses in the year	(4,416)	(3,017)
Tax on income	-	-

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 and other directors.

b. Balances with related parties:

	December 31	
	2022	**2021**
	U.S dollars in thousands	
Other accounts payable	327	133
Funds to be transferred to shareholders in connection with the Initial Public Offering (see note 8 above.)	-	3,341

c. Transactions with related parties:

	December 31	
	2022	**2021**
	U.S dollars in thousands	
Payroll	1,168	666
Shared based compensation (*)	284	44
	1,452	710

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

The share options have granted in 2018 vest quarterly over between one or two years, and the share options has granted in 2019 vest quarterly over three years. See additional grants for related parties for the years 2021 and 2022 in note 10 above**.**

NOTE 17 - EARNING PER SHARE

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

	Year ended December 31,			
	2022		2021	
	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	**In thousands**	**In thousands**	**In thousands**
Number of shares and loss				
Loss of the year	87,087	(19,199)	26,089	(13,117)
Adjustment for cumulative preference shares	-	-	-	(1,108)
For the computation of basic loss	87,087	(19,199)	26,089	(14,225)

(*) 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.