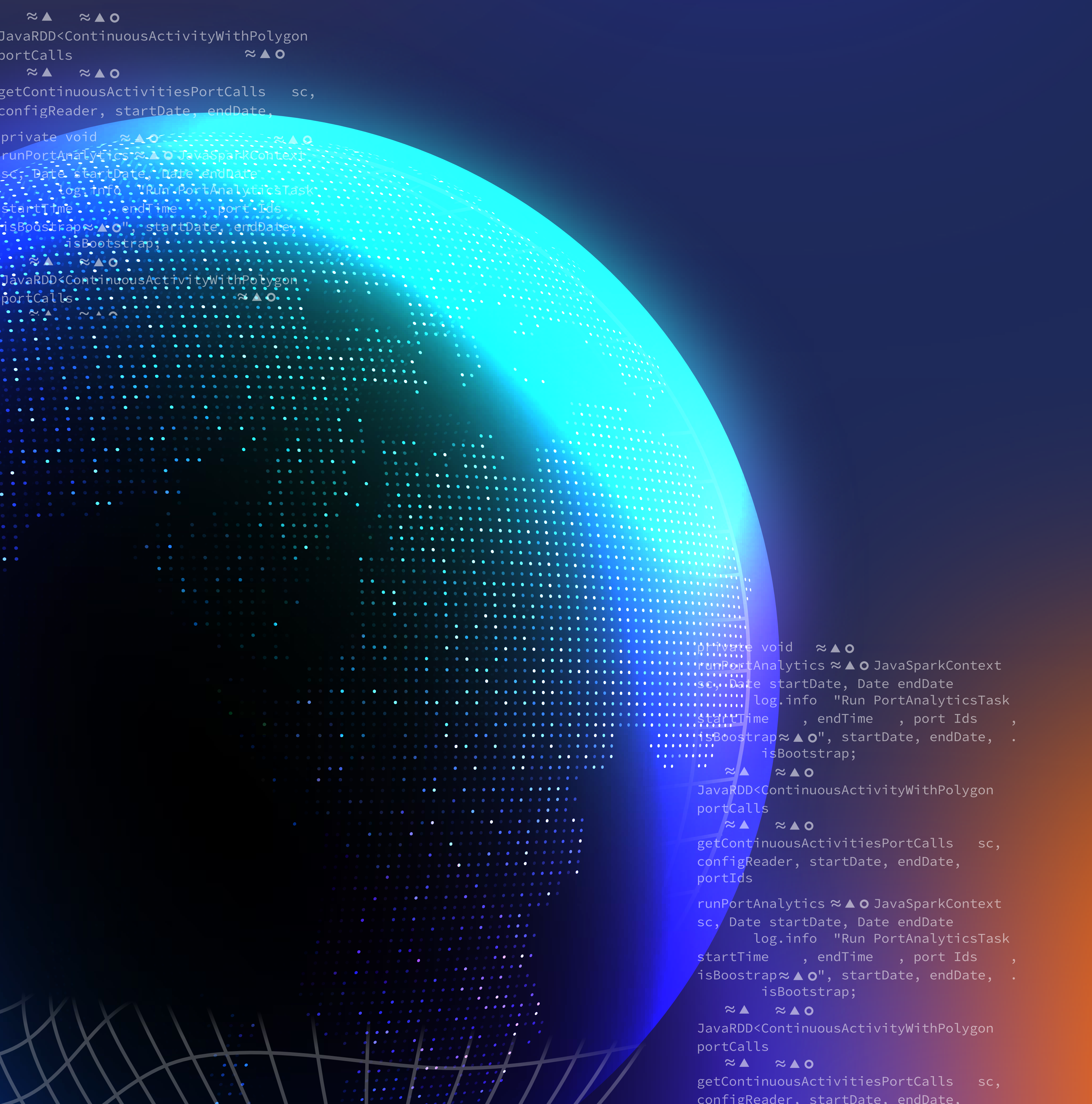
WINDWARD

Annual Report and Financial Statements 2023

Accelerating Global Trade with Maritime AI™



Windward is the leading Maritime AI™ company, providing an all-in-one platform to accelerate global trade.

Windward's AI-powered decision support and exception management platform offers a 360° view of the maritime ecosystem and enables stakeholders to make real-time, predictive intelligence-driven decisions to achieve business and operational readiness.

Contents

Highlights

Financials

$34.5m
2022: $25.5m
ACV[1]

$28.3m
2022: $21.6m
Revenue

$(5.0)m
2022: $(12.1)m
Adjusted EBITDA

$17.3m
2022: $22.1m
Cash and cash equivalents

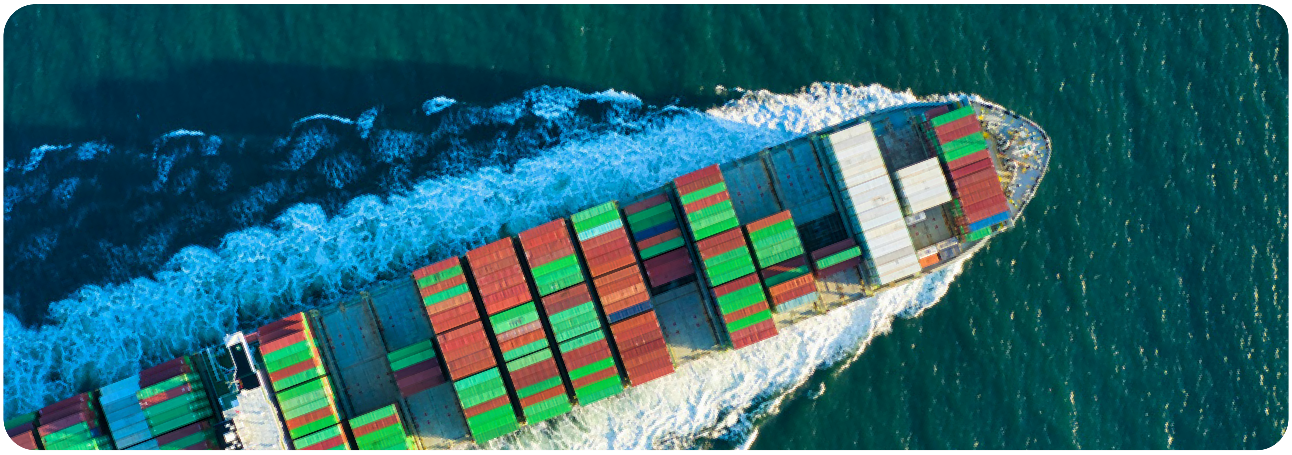
79.4%
2022: 71.6%
Gross margin

$11.1m
2022: $12.3m
R&D investment for future growth

Operational

- A year of financial and strategic progress, establishing Windward on the global stage
- Significant expansion of our blue-chip customer base
- Continued innovation to deliver better, faster and more powerful maritime AI solutions for the entire supply chain

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



At a glance

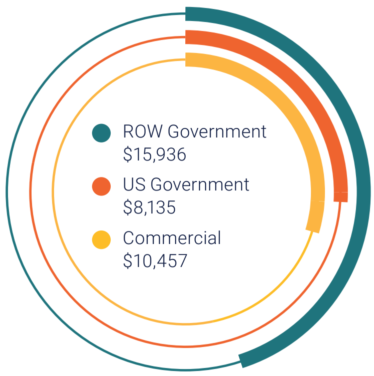
Accelerating global trade

Windward AI leverages proprietary algorithms, customer data and systems to ensure secure, smarter, frictionless global trade decision-making in real time, on every level from sea to port to warehouse.

- **170** Team members
- **99%** Subscription revenue
- **200+** Customers
- **15** AI models

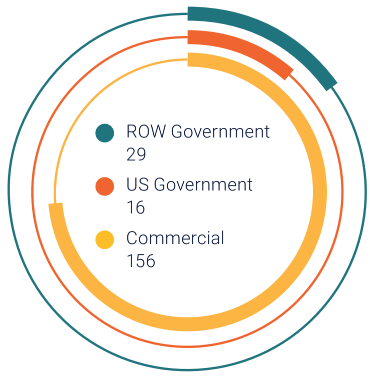
ACV by customer type

2023 $'000 (Total 34,528)



Total customers by customer type

(Total 201)



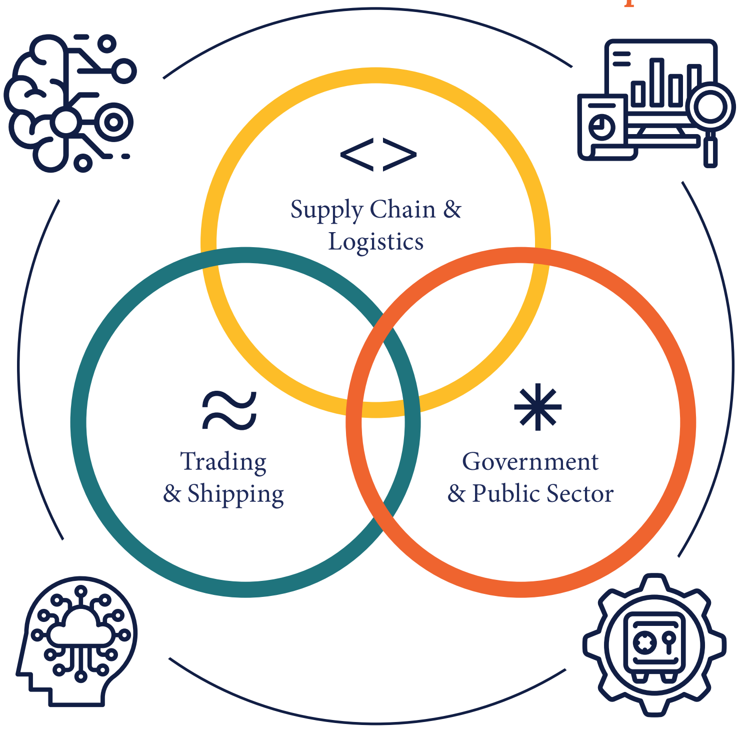
Our global customers and partners

At a glance continued

Accelerating global trade continued

AI-powered software solution

Real-time information, operational insights

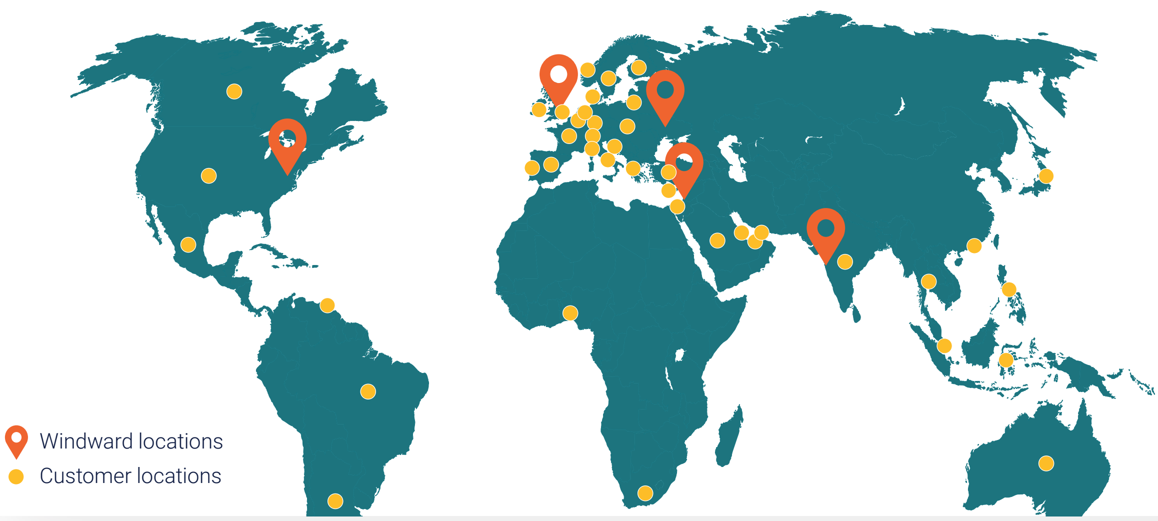


Intelligence-driven solutions

Risk management

Global reach

Windward's Maritime AI™ supports companies across industries. The Company's clients range from oil supermajors, freight forwarders and port authorities, to banks, shippers, insurers and governmental organisations.



Here are six reasons to invest

1

Digitalising a massive and growing global trade opportunity

Global maritime trade is a huge and complex market comprised of multiple stakeholders. The ability to ensure efficient, safe and timely transportation impacts many aspects of our lives: how much it costs to heat our homes, our weekly food shop, the gifts we buy. Technology is already transforming the reliability and visibility of how materials and goods are transported around the world, but there remains a significant opportunity for further digital transformation of the market and supply chains.

90%

of international trade is carried by sea

2

Chosen by a growing number of the world's largest and most important companies and government agencies

We have over 200 clients, across the commercial and government sectors. In Government, we help many major government agencies, such as the US Department of Defence, INTERPOL and Frontex, monitor and protect their borders.

From over a decade worth of experience supporting government agencies, we are now quickly penetrating the commercial sector and are a trusted partner to many of the world's largest companies at the centre of maritime trade, including BP, Shell and BHP.

200+

Clients

3

Providing visibility in a fast-evolving maritime market

The challenges of arranging and managing a global shipment across many geographies and stakeholders cost effectively, within a timeframe and ticking the regulatory checklists, are complex enough, but this workload is being compounded by sanctions, wars, and sea lane disruptions. Our insights are integrated into the day-to-day operations of our clients to provide them with the visibility to manage this complexity, saving them time and money and ensuring they remain flexible and responsive in an ever-changing environment.

London is a truly global city at the heart of the financial, shipping and trading industries and, through our LSE listing and key management and sales teams based in London, we are in optimum proximity to many of our key customers and investors.

>$10bn

Total addressable market

Here are six reasons to invest continued

4

Market-leading Maritime AI™ benefiting from 14 years of investment

We have invested for over a decade ($44m in R&D over the last five years), matching maritime domain expertise with best-in-class artificial intelligence to deliver better, faster, and more powerful maritime AI with a growing portfolio of applications that are transforming our clients' knowledge and insights. We have a market-leading AI-driven solution that is global in its reach but personal to each user.

20+
Data sources

5

Highly scalable platform, delivering high-margin recurring revenues, supported by strong cash balances

We have grown ACV by 2.3x from 2020 and in 2023 by 35%. We have the IP, cloud infrastructure and revenue model to scale into a much larger business. With net cash of $17.3m, we are well positioned to continue to invest in our people, platform and clients, and through our natural operational gearing we have the ability to reach profitability and cash generation in the near future.

35%
ACV growth for 2023

6

Right team in place to execute on our growth strategy

Our strategy has its foundations in, and is built upon, a highly experienced and knowledgeable Board and a proven management team across Tel Aviv, London and Washington DC. Equally, our sales teams, predominantly in Europe and North America, provide us with local access to prospective new customers across enterprise and government departments.

We have a proven maritime track record, with a combined experience of 200+ years from naval commanders, maritime data scientists and maritime trade and shipping leaders, and believe we are in a unique position to exploit what is a very large and growing market.

170
Team members

Decision support platform to accelerate global trade

Digitalising the maritime ecosystem

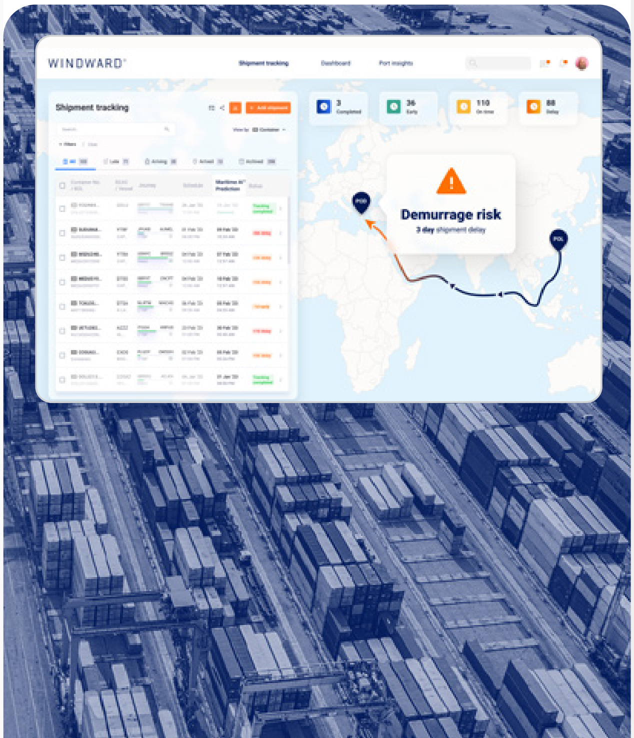
Actionable Maritime AI™ insights customised to your workflows

Supply Chain & Logistics

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

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

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



Decision support platform to accelerate global trade continued

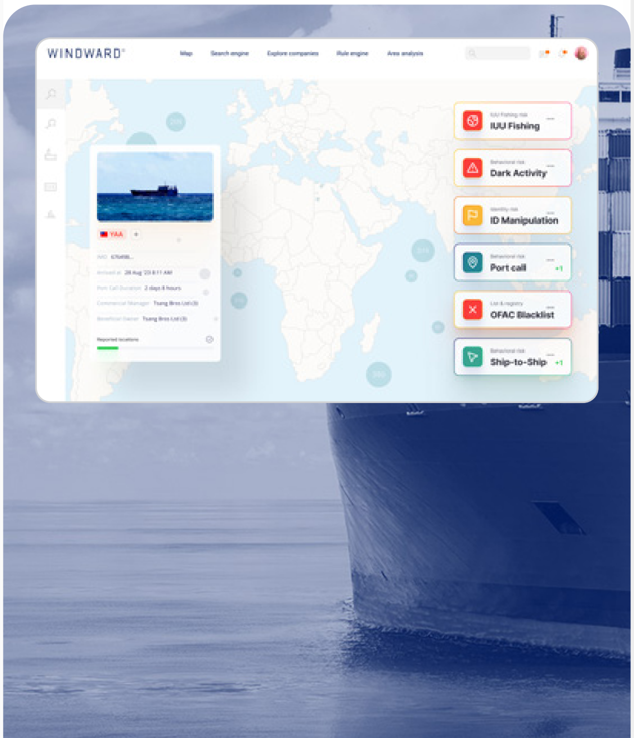
Digitalising the maritime ecosystem continued

Trading & Shipping

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

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

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

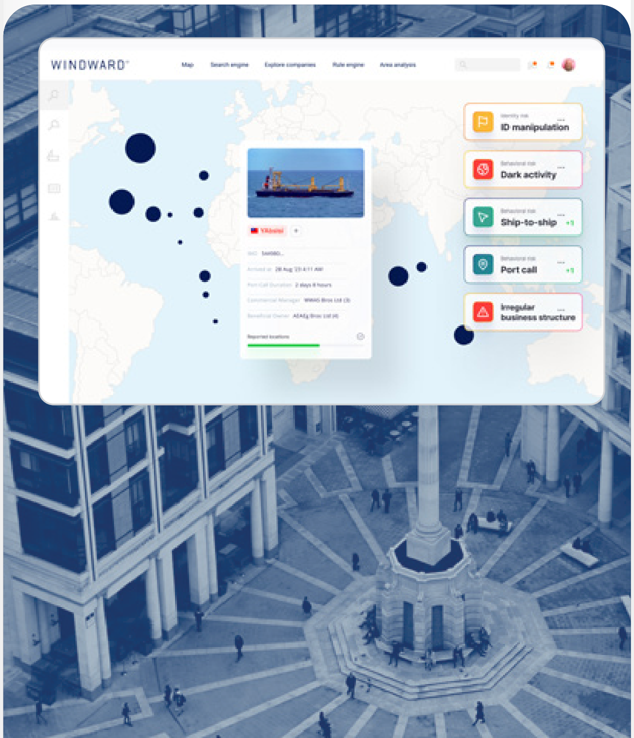


Government & Public Sector

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

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

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



Meeting the needs of global trade

Global trade impacts us all

Approximately 11 billion tonnes of goods totalling more than 14 trillion of U.S. dollars are transported by sea each year, accounting for around 90% of the volume of international trade. The time and cost of their arrival impacts everyone's lives every day, from everyday household items to raw materials used in industry.

For those organisations responsible for the safe and smooth delivery of these goods, optimal timing, cost efficiency and visibility of their transport is constantly of paramount importance.

Maritime trade is complex and constantly evolving

Of course, trade does not exist in a vacuum, and the maritime industry is highly impacted by geopolitical and economic factors which impact trade routes, delivery times and costs.

In 2023, the broad spectrum of maritime actors, including governments, freight forwarders, beneficiary cargo owners and commodity traders, have faced particular challenges.

Technology is the key...

The first steps into digitalisation have already taken place, with a notable uplift in demand and awareness within the industry post-pandemic, but there remains a significant opportunity for further transformation.

As needs continue to change quickly, the technology behind it must adapt at an equal pace.

Windward: Delivering AI-powered insights to accelerate global trade

We sit at a critical junction of this multi-trillion dollar industry encompassing a myriad of stakeholders.

For these stakeholders, our platform offers comprehensive solutions to the various challenges encountered in their day-to-day operations across sanctions and regulations, supply chain and security.

We have established ourselves a trusted partner to some of the largest names in global trade, helping them to not only optimise their efficiencies and costs, but to also improve their customer service, protect their people, and, ultimately, help get the goods we all rely on where they need to be.

Our AI technology is 14 years in the making, and our systems and data are continually enhanced to ensure we remain best in class. This is complemented by a strong management team with over 200 years of combined experience in the industry.

Meeting the needs of global trade continued

Sanctions and regulations

Geopolitics and the maritime ecosystem are interdependent, with the actions and responses of state and non-state actors resulting in significant impact to customers. As the ever-evolving Russia-Ukraine war continues, the year ahead will continue to pose problems for maritime operations.

Key events during the year included the EU issuing its 11th package of sanctions against Russia in June 2023 to deny port entry to vessels utilising deceptive shipping tactics. This was followed by multiple US-imposed sanctions against companies violating price caps on Russian oil, introduced by the US and EU towards the start of that year. These new sanctions add to an already existing stack of restrictions imposed since the war in Ukraine began in 2022, and there are likely more to come as the conflict persists.

Each new sanction makes compliance and risk management even harder for maritime stakeholders, and practices must constantly be updated to align with any future changes. Accurate data and actionable recommendations are therefore becoming vital to the smooth operation of global shipping.

Supply chain

Heightened trade policy tensions, disruption caused by the COVID-19 pandemic, and the war in Ukraine, had already moved supply chain configuration to the forefront of the agenda for industry and government policymakers.

But the focus was sharpened in 2023 through events such as the severe drought in the Panama Canal, leading to long shipping delays, and the impact of Houthi militant attacks on ships in the Red Sea in December, which has continued into 2024. The impacts of such events are enormous. For example, around 15% of the world's shipping traffic, and 40% of Asian-European trade, passes through the Red Sea. Required rerouting via the Cape of Good Hope has added up to ten days to voyages, which caused a 1.3% decline in world trade in December 2023 alone.

As these costs and delays are quickly passed on to consumers, these events demonstrate that fluid, high-stakes situations can impact all stakeholders in the maritime and supply chain industries. Therefore, it is vital for shipping companies to be able to predict the impacts quickly so that they can pass that information on to their customers, and drive efficiencies within their teams in the process.

With the operating environment becoming more complex, traders and supply chain managers are being forced to embrace new strategies to enable them to respond to the increasing challenges and control costs.

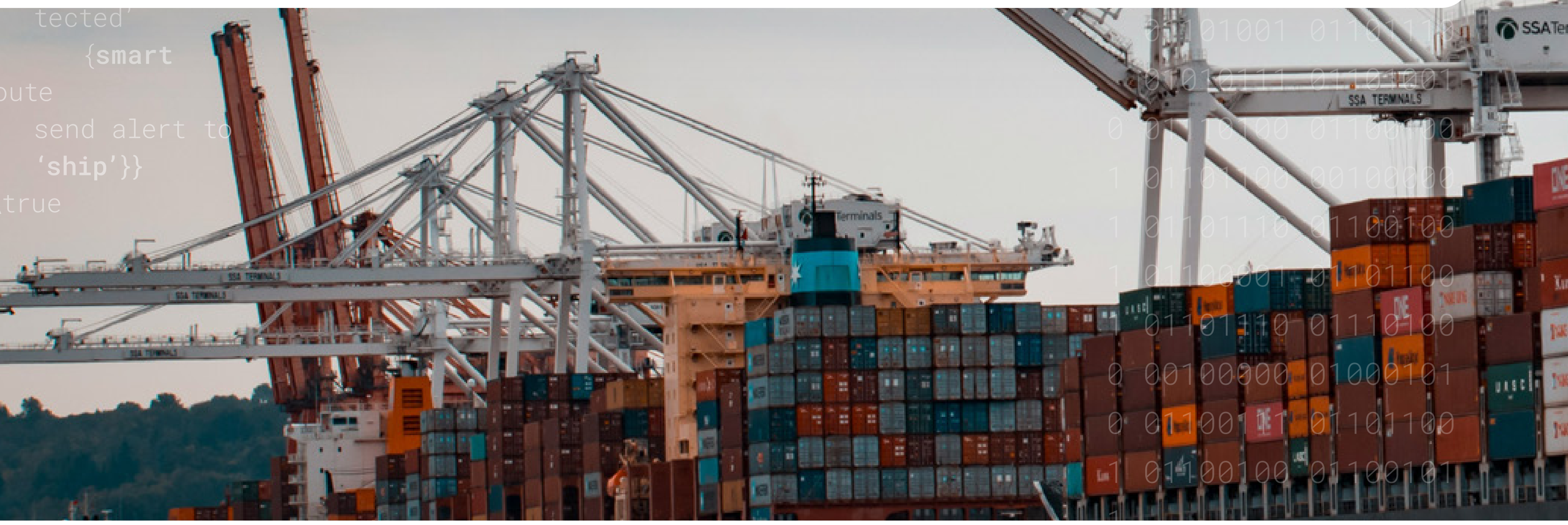
Security

Security challenges remain pressing for states across the globe. A country's ability to expose and investigate maritime crimes is dependent on its capacity to use reliable information to prioritise hundreds of potential threats every day. Predictive intelligence has emerged as a key tool to help defence and intelligence agencies safeguard national interests, protect borders and enforce laws to prevent widespread acts such as people trafficking, piracy and illegal fishing.

Being able to respond quickly to cross-border anomalies and predict these threats is becoming harder with more sophisticated bad actors frequently approaching borders.

Our platform in action

Navigating disruptions and geopolitical changes - Red Sea crisis use case

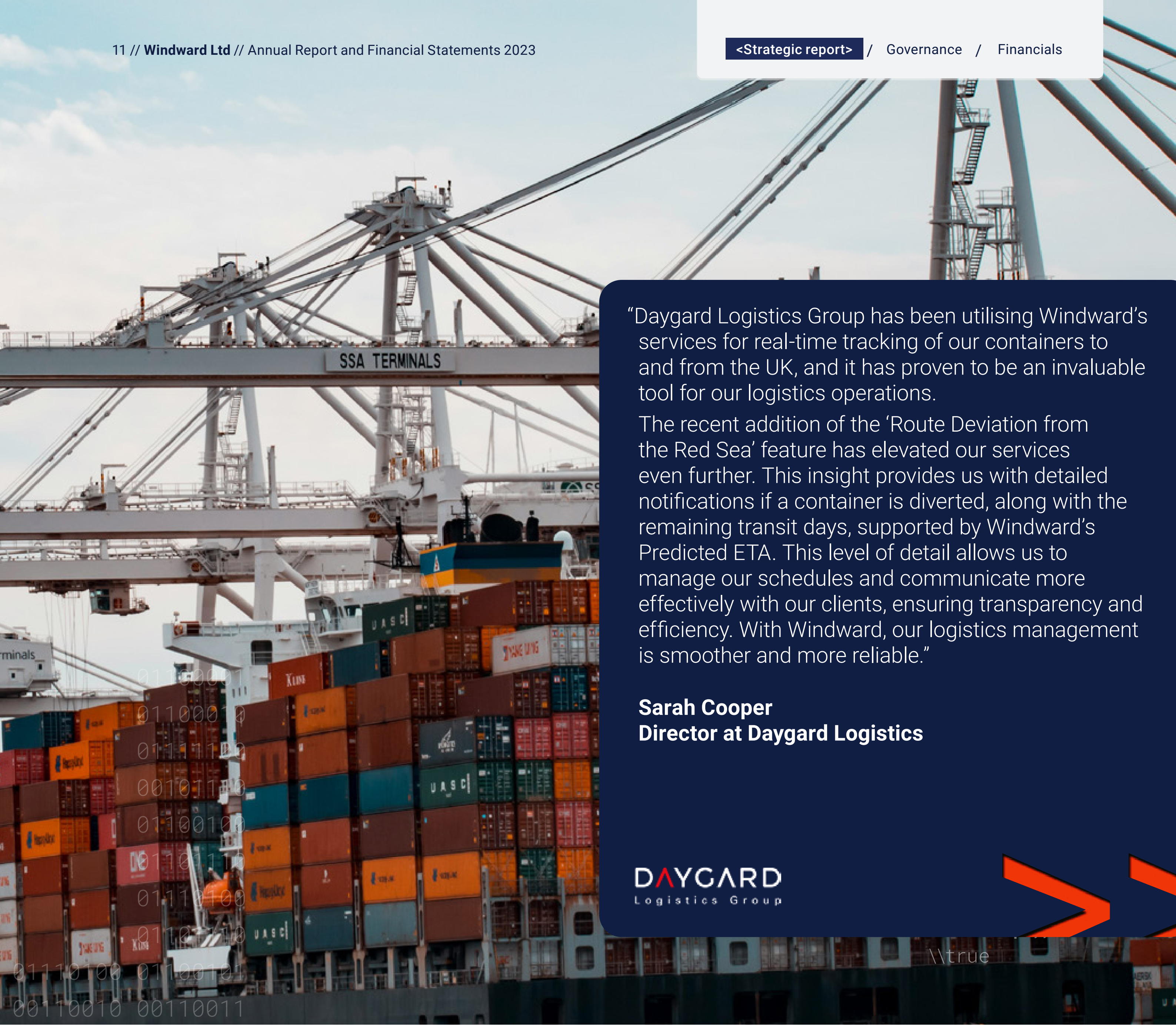


2023 saw many global challenges – from Russia's ongoing war against Ukraine and the accompanying regulations, to the lifting of sanctions relating to Venezuela, and most recently, the ongoing Houthi attacks in the Red Sea.

During October to December 2023, Iranian-backed Houthi rebels in Yemen attacked vessels going through the Red Sea which led to major shippers rerouting vessels to avoid the area.

These attacks caused major disruptions that affected the entire shipping ecosystem:

- The collective vessel market share of MSC, Hapag Lloyd and Maersk, all of which have rerouted vessels away from the area, accounts for approximately 60% of global trade. Many of the impacted vessels previously heading to Europe from Asia via the Red Sea are now sailing around the Cape of Good Hope in South Africa, likely adding ten to 14 days of travel time.
- As of the week of 17 December 2023, Windward's data shows a two-year low of area visits in Bab-el-Mandeb for container vessels, which marks a decrease of 27% compared to the weekly average in 2023.



"Daygard Logistics Group has been utilising Windward's services for real-time tracking of our containers to and from the UK, and it has proven to be an invaluable tool for our logistics operations.

The recent addition of the 'Route Deviation from the Red Sea' feature has elevated our services even further. This insight provides us with detailed notifications if a container is diverted, along with the remaining transit days, supported by Windward's Predicted ETA. This level of detail allows us to manage our schedules and communicate more effectively with our clients, ensuring transparency and efficiency. With Windward, our logistics management is smoother and more reliable."

Sarah Cooper
Director at Daygard Logistics

DAYGARD
Logistics Group

- The number of course deviations in the area connecting the Arabian Sea to the Gulf of Aden and the Red Sea has dramatically increased, from an average of 41 between December 2022 and September 2023, to 143 in October and 164 in November.

These deviations caused uncertainty and confusion in the global supply chain, creating delays in container ETAs, and requiring the reorganisation of ports, terminals and bunkering operations due to shifting supply and demand trends in new global hubs and areas.

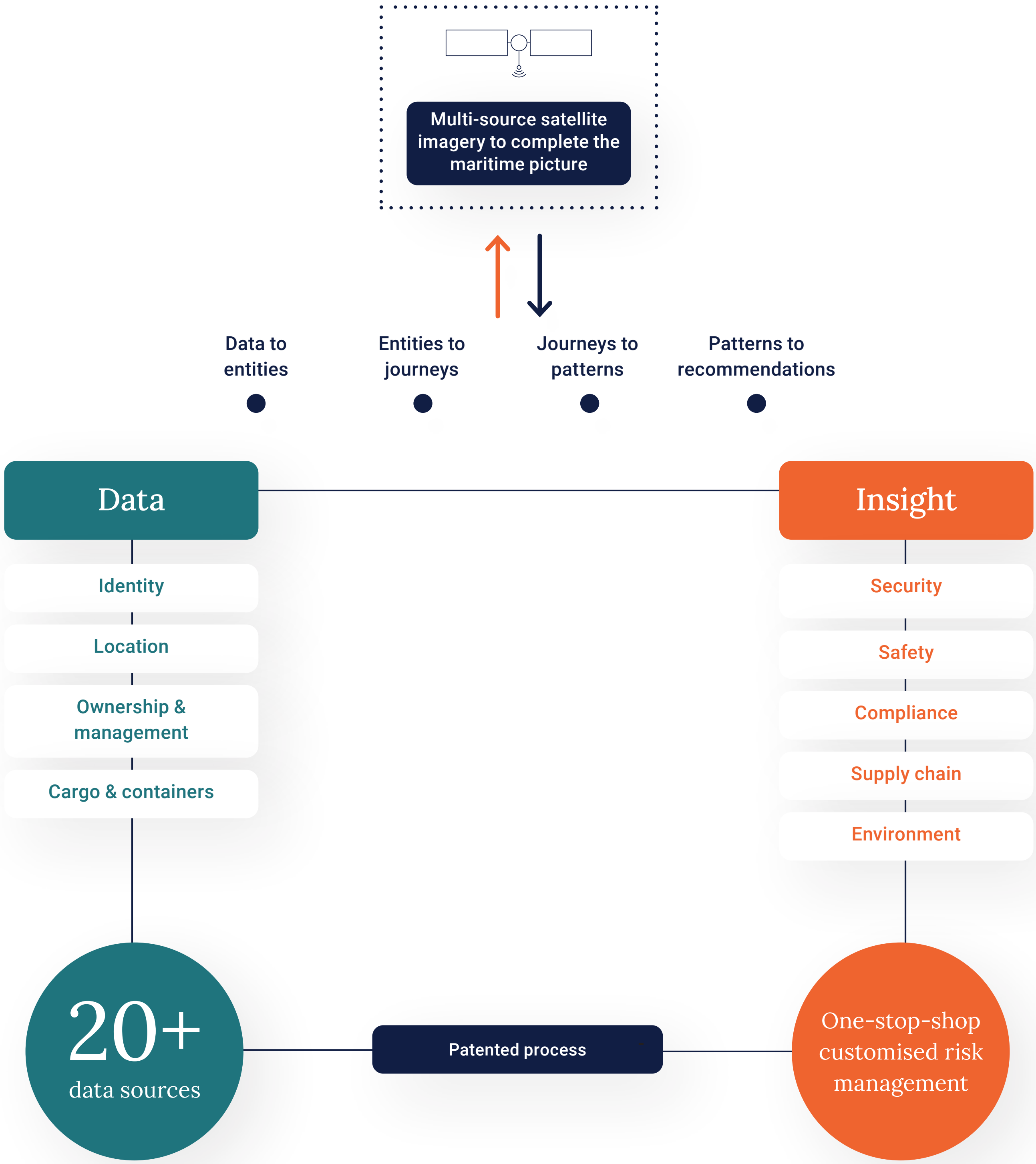
To give its users the most accurate real-time picture of trade flows at sea, Windward launched a new exception alert in December 2023 – Route Deviation – to flag route changes caused due to the geopolitical crisis in the Red Sea.

The new capability provides stakeholders with early alerts of changes to container shipments that have shifted away from entering the Red Sea, enhancing visibility and enabling them to efficiently adapt to changes and mitigate negative outcomes.

The newly launched Route Deviation capability provides stakeholders with enhanced visibility, enabling them to anticipate challenges and develop contingency plans, thus minimising disruptions to the supply chain and allowing them to manage costs more effectively. Early knowledge of impacted shipments enables companies to optimise their operations, whether it's adjusting timelines or reallocating resources to ensure timely delivery.

Our platform

An all-in-one AI-based patented process



Our platform continued

An all-in-one AI-based patented process continued

Why do customers choose Windward?

Strategic partner for everything at sea

We see ourselves as a partner to every one of our customers, building and developing our SaaS platform and APIs for their singular needs.

- Our interaction with customers does not stop once a contract is signed, we are an agile and thought-provoking sounding board, leading the conversation on the latest in AI innovation, to enable our customers to gain more business or tackle supply chain challenges as they arise.
- We have invested, and continue to invest, in supporting our users through a dedicated customer service group, with more than 30 global maritime experts and analyst team members – across Customer Service, Support, Research teams and API architects, who all work together for our customers, helping them overcome their challenges and ensuring round-the-clock and high-levels of support.

Further reading: catering to multiple business challenges on page 14

AI technology innovators

We are veterans in developing maritime-specific AI models in-house, with maritime and technology experts throughout the Company, creating one source of truth for decision support.

- 14 years and counting of investment into our platform, to ensure we stay ahead of the pack.
- 15 AI models and 20+ data sources, producing best-in-class insights.
- Patented technology, processes transforming data into insights. The accuracy and timeliness of our insights are of paramount importance and a focus for the entire team.

Our platform in action

Catering to multiple business challenges with one portfolio offering

As 90% of global trade sails through the sea, shipment insights and visibility are critical to accelerate global trade. Windward sets out to leverage data and AI to help predict, orchestrate and communicate all aspects of global trade in an increasingly unpredictable and disruptive world.

To align with this vision, Windward offers its customers insights on all maritime trade aspects, from sanctions compliance, and security and supply chain perspectives, to helping them stay on top of any evolving risk and business growth opportunities.

With a unique portfolio offering, Windward is able to cater to many different needs within the same organisation, helping them solve multiple challenges with one single solution.

An example of such a portfolio use case is with a supermajor company that started its journey with Windward for its chartering processes and sanctions compliance investigations.

- Once they realised Windward insights can generate more than just risk mitigation value, they acquired a business intelligence user functionality launched in 2023 allowing users to search the Windward platform for intelligence, to enhance their business teams.
- Next, the company acquired the Windward-as-a-Service Port Insights report to gain more visibility and better support its port operations, analysing the relevant ports for them.
- Having seen how impactful those insights were, they acquired API integration for their ports line of business to get congestion, detention and demurrage insights directly into their existing systems and workflows.

Ongoing expansion opportunities

- Ocean Freight Visibility solution to provide insights on containerised goods.
- Strategic projects building new data management solutions for the customer to maximise system capabilities, data sources and insights.

By enabling portfolio expansion and providing unique insights on all maritime entities, Windward was able to expand its business to many different verticals, delivering AI-based insights across the organisation, including:

- Best-in-class sanctions compliance insights.
- Windward Business Intelligence to give a competitive advantage.
- Managing supply chain risks and disruptions.
- Building an industry-best internal platform to optimise the Company's digitalisation process.

Chairman's statement

Windward's expertise in maritime AI is over a decade in the making, and remains second-to-none, placing us at the forefront of this growing opportunity.

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

Overview

This was a year in which Windward has become firmly established on the world stage, enabling efficiencies and supporting compliance across global trade, through its data and AI capabilities.

For a range of maritime participants, including governments, agencies, freight forwarders, traders and energy firms, Windward's AI platform represents a vital tool to address their needs in an unpredictable and ever-changing business environment. Windward is a trusted partner to these organisations, becoming an integral element of their day-to-day decision making, providing considerable scope for future growth as the Company's platform evolves.

Increasing complexity of global trade

The regulatory and sanctions landscape continues to place increasing pressure on organisations to ensure visibility of who they are dealing with and where the goods they are trading have come from. Key events such as the EU's 11th and 12th sanctions packages, a fourth round of US sanctions and, more recently, the UK's General Trade Licence sanctions against Russian vessels reflect the wide-reaching and enduring nature of these complexities within global trade.

At the same time, freight forwarders and their customers demand the highest levels of visibility across their supply chain, which has only been compounded by the wider macro-economic and geopolitical environment, as evidenced by issues observed in 2023 such as drought in the Panama Canal or attacks in the Red Sea, which can significantly affect routes and estimated times of arrival.

The ever-shifting maritime environment extends also to governments, as they look to secure their borders and secure themselves against threats. We were delighted to see strong growth in ROW Government ACV in the year, growing 38%, and no churn in Government customers in 2023.

Amid this complex web of security concerns, regulation and sanctions, cost, time and logistical pressures, Windward's proposition has emerged as a key solution to ensure optimal performance for both commercial and government actors.

Strong company performance

It has been a record year for Windward, with significant double-digit revenue growth and a considerable acceleration in its path to profitability, through disciplined cost control.

Windward has delivered ACV growth of 35% for 2023 to $34.5m, providing a solid basis for further expansion into the new year. This growth underscores the relevance and value of our proposition, particularly as businesses increasingly rely on our solutions to navigate complex operational landscapes.

Revenue increased 31% to $28.3m (2022: $21.6m), with a significantly decreased EBITDA loss of $5m (2022: $12.1m; H22023: -$1.2m) as a result of steps taken to streamline operations and control costs, which provides a clear pathway to achieving positive EBITDA. The Company remains well capitalised with net cash of $17.3m at 31 December 2023.

Chairman's statement continued

For a range of maritime participants, including governments, agencies, freight forwarders, traders and energy firms, Windward's AI platform represents a vital tool to address their needs in an unpredictable and ever-changing business environment.

A particular highlight has been the growth in customer numbers to over 200, up from 132 at 31 December 2022. This milestone reflects the diversification of the customer base and offering, with a particular success in growing Windward's presence among the commercial sector through its supply chain solution.

People and culture

Our continued success is driven by the hard work and talent across our teams. Underpinning this is a strong culture of innovation and entrepreneurship which binds our teams together in our vision.

In a year in which many of our colleagues have faced significant challenges, particularly from October, our people have maintained a focus on delivery. I would like to extend my deep gratitude for the hard work of our teams and their continued excellence during this time.

Positive outlook

For an increasing number of organisations, embracing technology is now an imperative to ensure maximum compliance and efficiency in their operations. Windward's expertise in maritime AI is over a decade in the making, and remains second-to-none, placing us at the forefront of this growing opportunity.

I'm extremely proud of the progress achieved to date, but as an organisation we recognise there remains an untapped opportunity ahead to further transform all spheres of the maritime industry.

I extend my gratitude to our Board members for their contribution over the past year. Shereen El Zarkani will be stepping down from the Board at the conclusion of the Annual General Meeting. On behalf of the Board, I wish to express our gratitude for her service and wish her all the best for future endeavours. We warmly welcome Claire O'Neill as a proposed Board Director, confident in her potential to strengthen our Board's capabilities.

Finally, I would like to extend my gratitude to our shareholders, customers and employees for their continued support. Together, we have achieved significant steps forward for the business, and the Board remains confident in the continued progress of Windward in the years ahead.

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

26 March 2024

Our platform in action

Windward chosen by INTERPOL, the world's largest international police organisation

Windward's platform was chosen to enhance the International Criminal Police Organization's global efforts to address illegal activities at sea and create a safer maritime environment.

Windward's Maritime AI™ will provide valuable intelligence and insights to help identify, track and prevent criminal activities such as illicit trafficking, human smuggling and illegal fishing, creating a more secure maritime environment.

About INTERPOL

INTERPOL's mission is to enable police around the world to work together to prevent and fight crime. It offers police a high-tech international infrastructure of technical and operational support to meet the growing challenges of fighting emerging types of crime.

The need

The vastness of the oceans and the sheer magnitude of vessels and containers in operation make maritime security a challenging task, especially due to its international nature. The lack of actionable visibility in the maritime domain emboldens criminals, negatively impacts global trade and poses significant threats to national and international security.

"Tackling maritime crime has become a crucial mission for law enforcement agencies and INTERPOL. We work with local, regional and international stakeholders to reduce maritime crime globally and improve maritime governance. We welcome the opportunity to leverage Windward's technological and maritime expertise to bolster our enforcement capabilities and help achieve a safer maritime environment."

Co-ordinator of Maritime Security Unit, INTERPOL

INTERPOL

The solution

Through this partnership, INTERPOL will leverage Windward's insights to advance investigations of suspicious vessels, activities and areas of interest worldwide.

Windward's platform will enhance INTERPOL's capacity to detect and disrupt illegal maritime activities, including smuggling, piracy, IUU, human trafficking and the transportation of illegal goods, to create a safer maritime environment which is essential for the smooth flow of global trade.

Windward's Maritime AI™ platform is powered by advanced machine learning and behavioural analytics models, utilising billions of data points to provide valuable insights into vessel behaviours, and ownership structures, and predict in real time which vessels are likely to be involved in illicit activities. Windward's solution is the global standard in maritime domain awareness, enabling government bodies across the globe to protect their borders, national interests and citizens, by bringing visibility to the opaque maritime environment.

CEO statement

We have executed against our stated strategy, delivering record results and new customer wins alongside further market-leading innovation across our service lines.

Ami Daniel
Co-founder and CEO

I am delighted to report on another year of significant progress for Windward. We have executed against our stated strategy, delivering record results and new customer wins alongside further market-leading innovation across our service lines. We have deepened our relationship with customers through product enhancements and updates in response to the ever-changing global environment, strengthening our position as a trusted partner in global trade.

Importantly, we advanced our plan for reducing costs to see the business through more quickly to cash generation, with total operating expenses reduced to $30.5m from $31.0m. We increased efficiencies and focus throughout the business, while delivering strong top line growth, as evidenced by ACV growth of 35% in the year to $34.5m and reduced EBITDA loss (-$1.2m) and cash burn in H2 to ($0.3m).

We have maintained our investment into new solutions and product offerings, and the success of our supply chain offering can be seen in the growth in the proportion of ACV derived from the Commercial sector, now growing to 30% of total ACV (2022: 26%), with a growth of 58% in commercial ACV in 2023. We have learnt much about the requirements of our supply chain customers in the year and see potential for further product development in 2024, to increase the competitive differentiation and addressable market.

We saw a good level of renewals and wins across our Government segment, including a significant increase of ROW customers and no churn. Looking ahead, we anticipate this segment will provide a steady cash generative base allowing us to continue to make investment into the Commercial segment.

With many of the world's largest participants in global trade as customers and partners, providing a significant endorsement of the power of our Maritime AI™ insights, a growing base of high-margin recurring revenue, and a committed and driven team, we have a fantastic basis on which to build in 2024. This is supported by our strong net cash balance of $17.3m, positioning us well to invest across our people and product as we scale.

Overview

Global shipping continues to confront multiple challenges, with all maritime actors needing to adapt to the shifting operational and regulatory landscape while effectively servicing global trade, whether this be achieving the optimal routes for cargo transport, ensuring compliance with the raft of regulations and sanctions in place, or securing territories against bad actors.

Windward has firmly established itself at a critical juncture within the maritime industry. Across the areas of security, supply chain and sanction compliance, our customers see us as a trusted and essential technology partner for their day-to-day activities, using the data, insights and analytics built from our vast network of data and AI tools to provide them with greater visibility and help them make the right decisions for their respective goals.

Our global team of maritime experts have their fingers on the pulse for all matters related to maritime risk, and as more and more government departments and businesses turn to our solution, we remain ready to react swiftly to the changing trade, sanctions and security environments.

CEO statement continued

Performance against FY23 ambitions

We started the year with a set of key aims to further grow our presence across all areas of maritime and uphold our competitive edge. These were to expand our commercial customer base, with a focus on capturing enterprise-level customers in the Commercial segment, build our supply chain business, while maintaining our strong presence with US Government and ROW Government customers.

We achieved a landmark of over 200 customers, representing the increasing recognition of the significant benefits technology plays in supporting the everyday maritime operations. However, this is only a fraction of the huge available market for us to target. Whilst we are delighted with the number of new customers, in no way did this affect the diligence with which we look after our existing customers. This is reflected in our strong rate of renewals.

Growing our supply chain business and capturing enterprise customers

In line with our stated ambitions for the year, we are seeing the further adoption of our Ocean Freight Visibility solution (OFV).

Following OFV's launch in 2022, we reacted to our learnings around the offering and the needs of the end market. Through this, we have identified that the sophistication of the solution means it is most appropriate for the largest freight forwarders, who require the deep insights and data points provided by OFV. These learnings have enabled us to tailor the solution to better meet the needs of freight forwarders, utilising the data sources we already have available to make insights available to customers within the platform, not only from port to port, but also warehouse to warehouse. Through this narrowed focus, we have been able to grow customer numbers and average deal size.

The feedback from this solution to date has been exceptional, and we were delighted to receive recognition of the superiority of our offering through the receipt for the award of The Supply Chain Innovation Award – Technology at the 2023 Supply Chain Excellence awards. Customers signed using OFV include Scan Global Logistics and Nowports.

Our direct sales have been complemented by key partnerships established during the year, including our significant partnership with the London Stock Exchange Group ("LSEG"). These partnerships, which embed Windward's capabilities into third party platforms, extend the reach of our services to new users. This is part of our strategy to expand our channel partnership as presented at the time of our IPO.

Post-period, in February 2024, we were pleased to announce an extension to our LSEG partnership through the integration of select LSEG's World-Check services into our platform. This extension provides our customers with comprehensive compliance and risk management solutions beyond the maritime domain, reinforcing our capability to enable businesses to manage the complexities of global trade risk.

Investing in our product

Our 14+ years of investment into AI and machine learning technologies and unrivalled datasets sets us apart from our peers and presents a significant barrier to entry for new entrants to the maritime space. Yet, as we broaden our offering, and as the maritime space encounters new challenges, we continue to focus on adapting and enhancing our product to deliver an unbeatable set of market-leading products.

In view of the changing trade flows and increased risks prompted by geopolitical and environmental dynamics, we launched two key enhancements in H1, additional ETA insights and Reasons for Delay API, to broaden and deepen the actionable insights and analytics for our customers.

Responding to recent events in the Red Sea region, in December, we also launched our Route Deviation Exception for stakeholders in view of the continually shifting situation in the region. This rapid responsiveness and deployment reflects the robustness of our platform and technology and its ability to swiftly adapt to clients' changing needs, whatever the circumstances.

We also launched an advanced Business Intelligence solution to enable the vast array of shipping stakeholders to elevate their tracking of shipments and gain an AI-driven commercial and strategic edge. Post-period, we enhanced this solution through the addition of 'Sequence Search', a first-of-its-kind capability that allows users to conduct advanced analysis of vessels' behavioural typologies and trade movements by searching for sequences of activities. This enhancement is now being offered to both existing and new customers as a new value package.

In keeping with our longstanding investment into AI, we are currently testing the deployment of generative AI across our platform, with the intention of formally launching this enhancement in 2024. This mirrors the pace of our customers' progress which many of them are busy deploying generative AI across their businesses. According to McKinsey, 94% of businesses will invest more in 2024 in AI-based technology solutions versus 2023.

CEO statement continued

Investing in our product continued

These innovations ensure the highest level of visibility and support for our existing customers and help to expand our reach to new customers and market segments.

We have continued to expand and strengthen our sales teams, the vast majority of which are based outside of Israel, giving us close access to new enterprise and government customers across the world.

For our teams in Israel, it has been a challenging time, however they have continued to deliver for our customers. The hard work and continued dedication to performance, day in and day out, has been exceptional, and I would like to thank our staff in Israel and across the world for their vital contribution to our success.

Cost management to optimise our profitability

A key focus for management through the year has been further optimising our efficiency and managing costs in the business to enhance our pathway to profitability. As set out last year, we are on track to reach EBITDA break-even run rate exiting FY24.

Key focus areas for 2024

Our key focus areas for the current financial year are to:

1. Continue to grow our commercial presence, capturing the significant opportunities across security, sanctions and compliance, and supply chain pressures.
2. Expand our range of partnerships to increase our revenue opportunities and routes to market while deepening relationships with existing partners.
3. Expand our customer base in the US Government market and deepen our reach into the defence space, aiming to sign multi-year contracts.
4. Retain existing business in the ROW Government and achieve modest growth in this segment.
5. Further investment into our product roadmap to deliver AI solutions that deliver tangible benefit for our customers.

Current trading and outlook

The positive momentum of 2023 has continued into 2024. This underscores the resilience and effectiveness of our solutions and positioning for profitability in the near term.

In December, I relocated to London with my family in a move which positions me closer to many of our key customers and investors. To date, London has represented a great environment for the business for accessing shareholders and customers, and I look forward to the benefits of increased interaction with our customers and wider stakeholders over the coming year.

As we continue to help our customers navigate the intricate nature of maritime trade across regulatory requirements, logistics and achieving cost efficiencies, our R&D teams are continuing to innovate in line with the shifting environment. We also plan to invest further into our sales and marketing functions to accelerate our growing presence in our markets.

Looking ahead to 2024 and beyond, we are excited about the opportunities that lie ahead, driven by the industry-wide expectation for greater actionable insights and visibility and our own continued innovation to keep up with these long-term trends. Whilst it is early in the year, we are confident in achieving results for FY2024 in line with market expectations.

We feel we have only scratched the surface with respect to the massive global opportunity across maritime trade, and I look forward to updating shareholders on our progress throughout the year.

Ami Daniel

Co-founder and CEO

26 March 2024

Delivering on our growth strategy:

Four pillars to capture market demand and widen scope of services.

1. Winning new enterprise and governmental customers

- Customer numbers are now over 200, a considerable increase from 132 at the end of 2022.
- Ocean Freight Visibility solution is increasingly capturing the enterprise supply chain segment.
- Commercial ACV now at 30% of total ACV (2022: 26%). Deals signed in the year include a three-year deal with an American supermajor, BHP, Peninsula Petroleum and DanPilot – the national Danish pilotage company.
- Substantial growth of Government customers in Rest of World, including a contract with Prefectura Naval Argentina, the maritime law enforcement agency of Argentina, INTERPOL, and a five-year contract with a European national coastguard, with zero churn in this segment.

2. Land and expand

- During the year, we initiated a portfolio sales approach to customers, enabling us to offer one comprehensive solution that provides insights on all aspects of maritime trade across sanctions compliance, security and supply chain perspectives, forming the basis for expansion with existing customers.
- Key successes include a leading oil company, which grew from using one solution to five solutions by year end, with Windward also supporting the company in a strategic project to build its new data management system.
- APIs enable our solutions to be delivered directly onto customer and third-party platforms, enhancing their services, processes and workflows in a seamless integration. This represents an important means to both initiate engagement with a new addressable audience and facilitate a quicker expansion pathway within existing customers.

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

- While our primary focus is on direct sales, partnerships enable the Group to expand our market reach and demonstrate the credibility of our platform and insights.
- This includes the signing of a milestone partnership in the year with LSEG, which provides Windward with a significant route to market and a channel to a significant list of potential clients. We are pleased to report the first paying customers via this partnership, including providing deep insights on risk and sanctions compliance to a leading global energy firm.
- We expanded this partnership in February 2024 to integrate LSEG's World-Check services into our platform, providing users with comprehensive compliance and risk management solutions beyond the maritime domain.
- In 2023 we also became an AWS Independent Software Vendor Partner and joined the AWS marketplace to become a certified partner.

4. Innovation/product expansion

- We have invested into and tailored our supply chain solution, Ocean Freight Visibility, in line with changing trade flows and the significant market opportunity in the enterprise freight forwarder market.
- We remain highly responsive to the evolving maritime environment, and in 2024 we will maintain investment across our platform to broaden and deepen our range of insights and product offering as we scale.
- We are testing the use of generative AI across our platform to improve user experience and insights and expect to launch this in 2024.

Business model

Our purpose

▶ To empower organisations with Maritime AI™

Overview

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

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

Go-to-market

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

Direct enterprise sales

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

Distribution channels and partnerships

A new indirect go-to-market channel has been successfully launched. The Company's APIs enable its solutions to be delivered directly onto customer and third-party platforms, enhancing their services, processes and workflows in a seamless integration. The Company is developing partnerships and distribution arrangements to provide and embed its solutions on third-party platforms and marketplaces in order to distribute them to a wider audience. Windward announced a major partnership during the year with LSEG, which continues to strengthen.

Read more on pages 26 and 27.

Business model continued

Growth strategy

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

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

- Winning new enterprise and governmental customers
- Land and Expand – upselling and cross-selling opportunity
- Expanding the go-to-market approach to further increase the addressable market
- Innovation/product expansion

Read more on page 23.

Value generated

Our customers

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

Our colleagues

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

Our shareholders

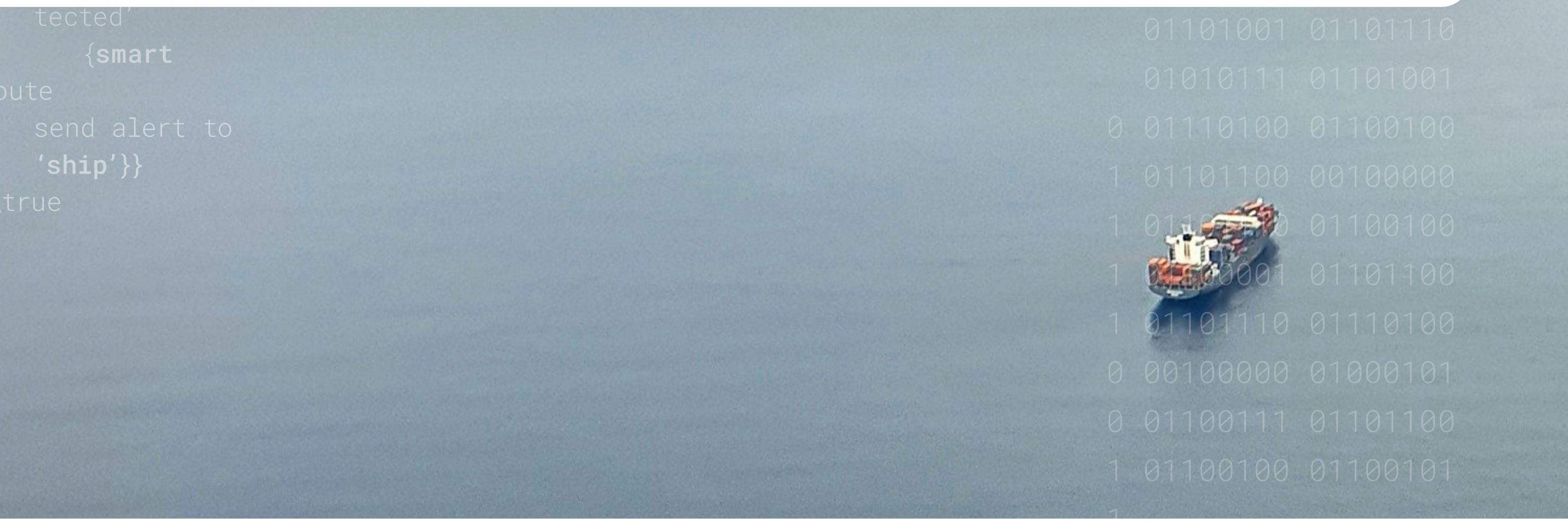
We have ambitious targets for both revenue and profit growth based on expanding our client base, growing our range of solutions while continuing to invest in innovation. Our business model is highly scalable and operationally geared with a clear strategy to achieve these ambitions and maintain high levels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

The environment

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

Our platform in action

Optimising pre & post fixture processes with Windward/LSEG integration



In July 2023, LSEG Workspace deployed Windward's artificial intelligence capabilities to combat 'sanctions-busting' across global shipping in real time. In February 2024, the partnership was expanded so that LSEG's World-Check services were integrated into the Windward platform to provide users with comprehensive compliance and risk management solutions beyond the maritime domain.

What is the fixture process?

Fixture processes, pre and post, are the negotiations between shipowner and charterer which are completed before a ship is chartered. A screening of the candidate ship takes place during the pre-fixture stage (Tier 1 for the first phase, and Tier 2 if a deeper investigation is required) to make sure it does not expose any party to regulatory, financial and reputational risks.

The post-fixture phase makes sure the ship reaches its destination without any unplanned milestones and encounters.

The need

A leading global energy company was looking for a solution to help them create a new sanction compliance workflow as part of their pre and post-fixture processes by:

- Implementing risk-based due diligence for Tier 1 with bottom line insights, and up-to-date maritime visibility.
- Streamlining escalation processes between Tier 1 and Tier 2.
- Providing Tier 2 with the best tools and insights to complete investigations and make smart business decisions.

"By blending Windward's vessel risk profiling with LSEG shipping analytics capabilities, we can now equip our trading and chartering users with the best solution to assess and mitigate the sanctions compliance risks in the maritime space as part of their daily workflow."

Fabrice Maille
Head of Shipping & Agriculture at LSEG

LSEG

The solution

The company chose to implement Windward's insights into their pre and post-fixture processes:

- Pre-fixture/Tier 1 – LSEG's existing Workspace platform was enriched with Windward Maritime AI™ Risk add-on. The Risk add-on provides the business with behavioural risk scores based on industry-best AI models and provides go/no go recommendations, providing an upsell opportunity for LSEG to its customers.
- Tier 2 teams – After getting the full risk score through the Tier 1 workflow within the LSEG workspace platform, if needed customers can proceed to Tier 2 investigation via the Windward platform, using AI-driven insights and visual investigation tools to efficiently complete case escalations and confidently clear more business opportunities.

The impact

- Alignment with regulatory requirements for a risk-based due diligence approach.
- One source of truth for both tiers to optimise communication, collaboration and audit processes.
- New insights directly fed to already existing LSEG screens and pre-fixture workflows, saving time and resources.

ESG

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

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

Looking after our people

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

We are committed to providing a supportive work environment to our personnel and partners. This is particularly the case given the events of October 2023 and beyond which have had a significant impact on many of our staff in Israel and beyond;

Windward's initiatives can be summarised below:

- Communication and inclusion are key tenets of employee engagement, with weekly all-hands Company meetings to share relevant information across the entire Group.
- In practice, Windward works to be an equal opportunity employer and looks to promote from within the organisation through training and staff progression policies. The Company holds management workshops for new managers with personal development plans for employees.
- The Company's hiring policy promotes diverse hiring and equal opportunity during the interview and hiring processes.
- The Company employs a dedicated wellbeing expert who oversees initiatives to support employees.
- Supporting our team in Ukraine: as of the first day of the invasion, we have been supporting our team in Ukraine, helping three to relocate to Poland and Moldova, as well as supporting the team financially.
- Supporting our team in Israel: wartime in Israel demanded swift action. Our company prioritised support, offering flexible work and aid. We communicated openly, prioritising wellbeing, and continue to do so.

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

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

In a move demonstrating our commitment to a culture aligned with our workforce, in 2023 we carried out a values survey, inviting employees to share their perspectives on the Company's core principles and how they are embedded in the day-to-day work environment.

The survey results, with 79% response rate, provided valuable insights into how employees perceive the Company's stated values and how they translate into tangible experiences.

ESG continued

Upholding our values

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

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

Partnership

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

Trust

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

Expertise

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

Innovation

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

Leadership

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

Recognising the need for continuous evaluation and refinement, we plan to delve deeper into our values throughout 2024.

This will involve roundtable discussions and activities designed to engage employees in meaningful dialogue about what the Company's values mean to them and how they can be further integrated into every facet of the Company's operations.

ESG continued

Supporting our communities

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

- Making our platform available free of charge to certain NGOs to support their work, such as the Center for Advanced Defense Studies, a non-profit research organisation reporting on global conflict and transnational security issues.
- Collaborating with universities and bringing on student interns to support employment, skills, training and education within our community.
- Promoting team activities that support local charities, including within an organisation that works to prevent violence against women. Windward has also been involved with a philanthropic fund, Tmura, which seeks to support educational initiatives and youth opportunities through the issue of the Tmura Warrant, which was exercised prior to admission.
- Windward employees are encouraged to volunteer in the community, and the Company provided our Israel-based employees the option to volunteer in agriculture, volunteer with the elderly and volunteer with deprived children.
- The Company purchases some of the gifts or swag items from businesses that support populations with special needs or from communities that were badly affected and need help recovering.
- The Company sponsored a surfing therapeutic course for a group of teenagers that suffered from traumatic events that occurred in Israel.

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

Environmental sustainability

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

Windward's approach

While Windward falls outside the scope of mandatory CRFD due to its size and location, since it has less than 500 employees and is not a UK-registered company, the Company firmly believes in operating responsibly and considering all stakeholders in its strategic planning. The Company actively assesses the environmental impact of its operations and identifies potential climate-related risks and opportunities. The Company regularly engages with stakeholders, including employees, investors, and the communities it serves, to ensure its growth aligns with their expectations and contributes to a more sustainable future.

Shining a light on Illegal Unreported and Unregulated fishing for Prefectura Naval Argentina

Prefectura Naval Argentina (PNA), the maritime law enforcement agency of Argentina, will use Windward's platform to monitor activities in areas of interest and major waterways and address threats such as smuggling and Illegal Unreported and Unregulated (IUU) fishing.

IUU fishing is a notorious issue in South America. Nearly a third of the Chinese fishing fleet's 3,000 vessels operate in South America, especially near the exclusive economic zone of Argentina. Argentina has taken strong measures to prevent illegal fishing in the maritime areas under its jurisdiction – in accordance with the United Nations Convention on the Law of the Sea – through the control and prevention of unauthorised intrusions into its exclusive economic zone. By increasing its awareness of the maritime domain, it seeks to reduce the negative impact that any illegal activities may have on security, the environment and, ultimately, socio-economic development.

By leveraging Windward's Maritime AI™ and multi-source capabilities, Prefectura Naval Argentina will have one source of truth and a full operational picture for all relevant stakeholders. Windward's AI will also augment the PNA's internal systems and integrated assets with data and insights to allow them to monitor, analyse, and interpret maritime data from areas of interest in real time. Windward's platform, integrated into the Coast Guard System, will optimise the process of making informed decisions, preventing illicit activities, and efficiently responding to any potential threats.

"Windward's Maritime AI™ platform will significantly enhance our ability to address threats like IUU fishing and ensure the safety of our exclusive economic zone," said the Director of Information Technology and Communications of the Argentine Naval Prefecture. "This improvement to our maritime domain awareness capabilities reflects our determination and dedication to prevent illicit activities and protect human life at sea, preserve resources and the environment."

Financial review

Windward increased its ACV by 35% over 31 December 2022, driven primarily by the increase in customers, 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.

Ofer Segev
Chief Financial Officer

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

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 2023, Windward increased its ACV by 35% over 31 December 2022, driven primarily by the increase in customers from 132 to 201 over the same period, and to a lesser extent by an increase in upsells to existing customers made possible by expansion of the number of users or the product set. Growth in ACV has been in all segments of our markets.

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

At the end of December 2023 our largest customer was at 8.3% (December 2022: 10.9%) of ACV and the next five biggest customers together were 20.4% (December 2022: 26.9%) 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 2023 was 7.5% compared to 19.5% in 2022 when we had 32% churn in Gov ROW. We target churn to be below 10%.

Financial review continued

Key performance indicators ("KPIs") ($ in thousands)

ACV	2023 ($'000)	2022 ($'000)	% change
ROW Gov	15,936	11,533	38.2%
USA Gov	8,135	7,381	10.2%
Commercial	10,457	6,622	57.9%
Total	34,528	25,536	35.2%

Revenues			
ROW Gov	12,472	9,986	24.9%
USA Gov	7,355	6,041	21.8%
Commercial	8,500	5,616	51.4%
Total	28,327	21,643	30.9%

Number of customers	Count	Count	
ROW Gov	29	20	45.0%
USA Gov	16	15	6.7%
Commercial	156	97	60.8%
Total	201	132	52.3%

Financial overview as of 31 December:

	2023 ($'000)	2022 ($'000)	% change
Revenues	28,327	21,643	30.9%
Cost of revenues	5,825	6,146	-5.2%
Gross profit	22,502	15,497	45.2%
Gross margin	79%	72%	
R&D	11,132	12,306	-9.5%
S&M	13,650	13,173	3.6%
G&A	5,697	5,528	3.0%
Total operating expenses	30,479	31,007	-1.7%
Operating loss	(7,977)	(15,510)	-48.6%
EBITDA loss	(5,024)	(12,112)	-58.5%

Financial review continued

Revenue

Revenue increased by 30.9% to $28.3m (2022: $21.6m). This increase was driven by 24.9% growth in Gov ROW, 21.8% growth in our USA Government and 51.4% in Commercial segments mostly from the additional 70 new customers adopting our solution for the first time.

Gross margin

Gross margin increased to 79% in 2023 (72% in 2022), mostly as a result of increase in revenue and cost saving actions taken earlier in the year. We expect margins to improve to be above 80% over time.

R&D

Research and development decreased from $12.3m in 2022 to $11.1m in 2023, mainly due to lower number of employees and other cost control. All R&D costs are expensed as they occur, we do not capitalise
R&D costs.

S&M

Sales and marketing increased slightly from $13.2m in 2022 to $13.6m in 2023. The main reason for the increase was hiring additional sales managers in Europe and USA.

G&A

General and administrative expenses increased slightly from $5.5m in 2022 to $5.7m in 2023, reflecting the increased level of business activity, mainly additional office space.

Taxes

The Company paid $146 thousands income tax in its subsidiaries.

Currency effect

Approximately 60% of the annual operating expenses are incurred in New Israeli Shekels (NIS). While most of the revenue is invoiced in USD and consequently, the Company reports in USD. The average exchange rate between NIS and $ increased by 10% in 2023 versus 2022.

EBITDA

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

Statement of financial position

Cash and cash equivalents

Windward had cash, cash equivalents and short term deposits on 31 December 2023 of $17.3m (70% held in USD), a decrease of $4.8m from 31 December 2022.

Cash flow

Windward used $3.3m to finance operating activities in 2023, a 76% decrease from the $13.8m used in 2022. The decrease was mainly the result of reduced operating losses and increase in deferred revenue of $3.1m.

Ofer Segev
Chief Financial Officer

26 March 2024

KPIs

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

Financial

ACV ($'000)

2023: 34,528

(2022: 25,536)

35.2% change

Adjusted EBITDA loss of $5.02m
(2022: loss of $12.1m)

Annual ACV churn 7.5%
(2022: 19.5%)

Revenue ($'000)

2023: 28,327

(2022: 21,643)

30.9% change

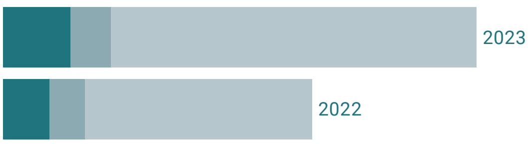
Non-financial

Number of customers (Count)

2023: 201

(2022: 132)

52.3% change



Key

- ROW Gov
- US Gov
- Commercial

Principal risks and uncertainties

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

Risk	Description	Mitigation
Our business depends on the regulatory environment.	We operate in an industry where some of the key drivers are compliance and regulation, including in the areas of security, safety and environment. Changes in the regulatory environment may affect the demand for our services or change the demand in a way to which we may fail to adapt in time. Further, the interpretation of existing legislation or regulation may change or may prove different than anticipated when applied to our business products and services.	By entering the supply chain market we diversify our product offerings to non-compliance and non-regulatory uses, reducing the effect of changes in the regulatory environment on our business and demand for our products.
As at 31 December 2023, approximately 70% of our ACV was generated from customers that are government agencies.	As such, we are exposed to changes in government agencies' budgets. In addition, government agency customers often have a strong negotiation position and, among other things, may be able to terminate agreements with us on short notice or renegotiate them.	We mostly invest in products and marketing that cater to the commercial market, which accounted for 30% of our ACV in 2023. Growth in demand for our products by the commercial market reduces the dependency on orders from government agency customers.
We are exposed to churn risk.	Our agreements with existing customers are of varying duration, and in particular our commercial customers' typical contract length is twelve months. There is a risk that our customers will not renew their agreements or will reduce the scope of their agreements for our products.	We are building strong relationships with existing customers and continuously improving our products to remain relevant to their needs. We also diversify our product offerings and customer base to reduce reliance on a single product or customer.
We are exposed to a risk of key system failure, disruption or interruption.	Our success depends on the efficient and uninterrupted operation of our technology platform. A failure of computer systems, or those of our partners, could inhibit our ability to provide services, interfere with data analytics, prevent the timely delivery of our solutions or damage our reputation. In addition, we are dependent on the operation of third-party data centres, which are vulnerable to damage or interruption. Some of our systems are not fully redundant, and disaster recovery planning cannot account for all eventualities.	To the extent feasible and economical, we rely on backup systems and redundancies.

Principal risks and uncertainties continued

Risk	Description	Mitigation
Uncertainty in the financial markets and risk of inflation.	Various global developments are impacting the financial markets and international trade.	We are monitoring the developments and seek to adapt as we deem relevant to changing circumstances.
We are exposed to several exchange rate risks.	In particular, there is a currency mismatch between our costs, which are primarily denominated in NIS, and our revenues, which are primarily denominated in U.S. dollars. Fluctuations in exchange rates between NIS and U.S. dollars or between NIS and U.S. dollars and sterling may adversely affect our profitability.	We engage in currency hedging transactions to mitigate the exposure to fluctuations.
Ability to generate profits.	Since its inception, Windward has never been profitable. There is no certainty that Windward will be able to achieve profitability in the future. It is possible that the Company's costs of sales and operating expenses will increase at a faster rate than its revenue, leading to further net losses. The future success depends on our ability to increase sales of our products and services to new and existing customers. A failure to increase sales to customers could materially adversely affect our financial condition, operating results and prospects.	We continue to expand the business and the breadth of our operations, hire additional employees, expand into new markets, and invest in research and development, sales and marketing.
Attracting and retaining highly skilled employees.	The successful implementation of our strategy depends on the continuing availability of senior management and the ability to continue to attract, motivate and retain other highly qualified employees. There is a shortage in the labour market of skilled high-tech employees and this is causing wages to rise. Large R&D centres of larger companies and multinationals are also causing wages to rise. Such increases may affect the results of our operations.	We continually benchmark the wage levels of our employees against market levels to stay competitive. We are also relying on indirect measures to create a more attractive work environment.
We are exposed to cyber security risk.	We and our partners rely on an industry standard encryption and authentication technology to provide the security necessary to effect the secure transmission of information from ourselves to our customers and partners. Any such breach, loss, disclosure or dissemination may result in potential liability or fines, governmental inquiry or oversight, litigation or a loss of customer confidence, any of which could harm the business and damage our reputation, possibly impeding our ability to retain and attract new customers.	We seek to detect vulnerabilities in our products and our defences. We invest in resources, engage consultants and conduct tests.

Principal risks and uncertainties continued

Risk	Description	Mitigation
Competitive Landscape.	If existing or new companies develop, market or offer competitive products, acquire one of Windward's competitors or form a strategic alliance with one of Windward's competitors or industry partners, Windward's ability to attract new customers or retain existing customers could be adversely impacted and Windward's financial performance could be harmed.	We differentiate ourselves through cutting-edge technology, particularly in the field of artificial intelligence (AI). This commitment to innovation allows us to offer solutions that surpass the competition in both functionality and sophistication. This differentiation supports higher prices compared to the competition.
Access to data resources.	Windward's continued growth is contingent on its ability to access a diverse range of data resources from various providers. Any disruption in data availability or changes in providers' policies could negatively impact the Company's operations and limit its ability to maintain its competitive advantage.	To ensure data redundancy we utilise a variety of data sources and ensure long-term agreements with our data providers. Furthermore, we are strategically investing in building our own database. Having multiple providers and building our own reduces reliance on one source, enhances data control, independence and resilience, further reinforcing our commitment to data reliability and redundancy.
2023 Israel-Hamas war.	An ongoing armed conflict between Israel and Hamas has been taking place since 7 October 2023. Some employees were drafted.	The Company's Board has adopted a Contingency Plan after analysing the risks for the ability to deliver and maintain product availability. Despite the ongoing war, the Company has continued to operate its business and serve its customers around the world and, to date, its ability to support customers has not been materially impacted. In general, being cloud based minimises risk for availability. We will further assess the impact on our operations and take any potential actions needed, as facts and circumstances are subject to change.

Chairman's introduction

With a growing blue-chip customer list, a passionate and committed team and a clear path to profitability, the Board looks to the future with great optimism.

Dear shareholder

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

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

The strong performance of the business in 2023, which included managing the impact of incredibly difficult circumstances for our team in Israel, demonstrates the resilience of the Company, its strong governance, and ability to deliver on its promises to all stakeholders.

The team is strongly aligned behind its vision to leverage data and AI to predict, orchestrate and communicate all aspects of global trade, driving considerable momentum in the business. With a growing blue-chip customer list, a passionate and committed team and a clear path to profitability, the Board looks to the future with great optimism.

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

26 March 2024

Board structure

Board

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

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

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

Board of Directors

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

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

The Lord Browne of Madingley joined the Board in April 2018. Lord Browne is the Co-founder and Chairman of BeyondNetZero, a climate growth equity venture established in partnership with General Atlantic. He served as Chief Executive of international energy company BP from 1995 to 2007, having joined the company in 1966 as a university apprentice. He led BP through a period of significant growth and transformation. His landmark speech at Stanford University in 1997 established BP as a global leader in the way it thought about and sought to address climate change.

He is independent co-Chairman of the Prime Minister's Council on Science and Technology, Chairman of the Francis Crick Institute, Chairman of the Queen Elizabeth Prize for Engineering, Chairman of the Courtauld Institute of Art, and a past President of the Royal Academy of Engineering.

Relevant skills and experience include:

- Board management.
- Senior Leadership Experience.
- Global/International Experience.
- Financial Knowledge.
- Equality, Diversity and Inclusion.
- Governance, Risk Oversight and Compliance.
- Public Company Board Experience.

Board of Directors continued

Amiad (Ami) Daniel
Chief Executive Officer – Executive Director

Ami is co-founder and CEO of Windward and has been a Board member since incorporation. Under his leadership Windward has been awarded multiple awards, including as a finalist in the Boldness in Business Awards by the FT, Red Herring, The Hottest Startup in Israel by Wired and many others. Ami has been recognised as one of the 40 most promising entrepreneurs in Israel twice by Israel's leading economical newspapers – Globes and The Marker.

He has been featured extensively as an expert in shipping and AI at multiple conferences, events, op-eds and interviews, including by The Economist, The FT, WSJ, Bloomberg and many others. Before founding Windward, Ami was one of Israel's most impactful youth social entrepreneurs, given multiple awards including the President's Award and the Ramon Award (both the most distinguished for youth in Israel).

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

Relevant skills and experience include:

> Maritime Industry.
> AI and Cloud Computing.
> Growth Acceleration.
> Enterprise Sales and Marketing.
> Financial Knowledge.
> Senior Leadership Experience.
> Human Capital Management.

Ofer Segev
Chief Financial Officer – Executive Director

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

Relevant skills and experience include:

> Growth Acceleration.
> Global/International Experience.
> Senior Leadership Experience.
> Financial Knowledge.
> Governance, Risk Oversight and Compliance.
> Public Company Board Experience.

Board of Directors continued

George Thompson (Tom) Hutton
Independent
Non-Executive Director

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

Relevant skills and experience include:

- Senior Leadership Experience.
- Governance, Risk Oversight and Compliance.
- Public Company Board Experience.

Roderick Guy Mason
Independent
Non-Executive Director

Guy joined the Board in December 2021. He is an independent adviser with broad business, commercial and finance experience, with expertise in shipping and low carbon businesses. He retired from BP at the end of 2020 as Senior VP and Global Head of BP's shipping team. He served on the supervisory board of the UK Chamber of Shipping, the Members Representative Committee of Britannia P&I, the Board and Advisory Committee of ITOPF and the Board and Chair of Audit Committee of Oil Spill Response Limited.

Prior to his time as the Global Head of Shipping, Guy worked in BP's Alternative Energy business, building new low carbon energy businesses in China, Italy, Abu Dhabi and California. Guy serves as an independent director on the Board of AB Klaipedos nafta and is a director, Trustee and Chairs the board of the International Foundation for Aids to Navigation (IFAN).

Relevant skills and experience include:

- Maritime Industry.
- Global/International Experience.
- Senior Leadership Experience.
- Financial Knowledge.

Board of Directors continued

Shereen El Zarkani
Independent
Non-Executive Director

Shereen joined the Board in December 2021. In her 22 years at A.P. Moller – Maersk, Shereen has worked at the forefront of growth and transformation, moving freely across sales, marketing, business development, strategy, innovation, and recently the startup ecosystem as the head of venture arm Maersk Growth.

As of October 2023, Shereen has joined Trustpilot (TRST) with the mission to become the universal symbol of trust. She is currently overseeing all commercial activities for Europe & APAC, based in Copenhagen.

Relevant skills and experience include:

- Maritime Industry.
- Growth Acceleration.
- Enterprise Sales and Marketing.
- Global/International Experience.
- Senior Leadership Experience.
- Global/International Experience.
- Equality, Diversity and Inclusion.

Stuart Charles Kilpatrick
Independent
Non-Executive Director

Stuart joined the Board in December 2021. He is currently chief financial officer of Systal Technology Solutions, a global managed network and security solutions provider. He previously served for over ten years as group finance director of James Fisher and Sons plc, the UK's leading marine service provider, during which time the group joined the FTSE 250.

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

Relevant skills and experience include:

- Maritime Industry.
- Global/International Experience.
- Senior Leadership Experience.
- Global/International Experience.
- Financial Knowledge.
- Governance, Risk Oversight and Compliance.
- Public Company Board Experience.

Corporate governance report

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

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

The Directors recognise the importance of high standards of corporate governance and have adopted the QCA Code as the basis of the Company's governance framework. The Company currently applies the version of the QCA Code published in April 2018. A new version of the QCA Code was published in November 2023. As recommended by the Quoted Companies Alliance (QCA), the Company intends to apply the QCA Code (2023) in respect of the financial year beginning on 1 January 2025, being the Company's first financial year commencing after 1 April 2024. This is in line with the London Stock Exchange's AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code.

In addition, as an Israeli company, the Company also complies with the corporate governance provisions of Israel's Companies Law, 5759-1999 (the "Companies Law").

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

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

Principle	How the Company complies
1. Establish a strategy and business model which promote long-term value for shareholders	The Company's Board of Directors actively engages with management in a comprehensive annual strategy review process. This evaluation includes assessing progress against key performance indicators, identifying emerging trends, and adapting the strategy as needed to ensure continued growth and success. The Board ultimately approves the final strategic plan, ensuring alignment between its vision and the management team's execution capabilities. The management team then translates the approved strategy into actionable initiatives, monitored through quarterly performance reviews and regular communication with the Board. The Company's solutions/offerings are across the entire maritime and trade ecosystem's various industries. The Company has a proven hybrid go-to-market strategy, based on the pillars described below. **Land and Expand – upselling and cross-selling opportunity** Customers typically have a particular issue, challenge or workflow need when engaging with Windward. Therefore, Windward usually starts a new customer relationship selling only part of the platform's full functionality and to an initial number of users. As the relationship progresses, Windward positions itself as the customer's digitalisation partner working with c-level executives to explore additional workflows and needs for the customer. This creates an opportunity for expansion of workflows and consequently more seats. This creates upsell and additional cross-sell opportunities based on workflows, departments and geographies within customers. **Winning new enterprise and governmental customers** Windward has demonstrated a strong ability to attract new customers. Windward is looking to build on the strong sales momentum, especially with its commercial customers, by making additional investments in the Company's global sales capabilities through the hiring of additional dedicated sales people. **Expanding go-to-market approach to further increase the addressable market** Windward expects to agree partnerships and distribution arrangements to provide and embed its solutions on third-party platforms and marketplaces in order to distribute them to a wider audience. One of the Company's offerings is a dedicated web portal for customers who wish to consume the Company's per use solution. For example, through the portal, customers can purchase reports, alerts and certificates and pay on a per transaction basis.

Corporate governance report continued

Principle	How the Company complies
	Innovation/product expansion Windward's strategy is to continue enriching its platform capabilities and adding more solutions and insights to support both existing customers and target new markets. Innovation and product enhancement is a core part of the growth strategy of Windward going forward, and the Company will continue to consider how it might enrich its platform capabilities and add more solutions and insights.
2. Seek to understand and meet shareholder needs and expectations	The principal responsibility for investor relations lies with the Chief Executive Officer, supported by the Chief Financial Officer and Board as a whole. Engagement comes in the form of the annual and interim reports, trading updates, regulatory news updates as appropriate, the annual general meeting (AGM) and direct investor and analyst dialogue to discuss strategy and financial results. The CEO and CFO will meet with major shareholders in the days that follow the announcement of the annual and interim results. The Board recognises the Company's AGM as an important opportunity to engage with shareholders, where the Board makes itself available for shareholders to ask questions. The Notice of AGM is sent to shareholders at least 21 days before the meeting is due to be held. At the meeting, shareholders vote on each resolution and the meeting is advised of the number of votes for, against and withheld on each resolution. The outcome of the AGM is subsequently announced via RNS and published on the Company's website.
3. Take into account wider stakeholder and social responsibilities and their implication for long-term success	The Board considers its responsibility to the Company's stakeholders as key to the continuing success of the business. As such, it ensures that there is engagement with each of the Company's stakeholders. That engagement is outlined below: **Employees** – the Board, through its Executive Directors, primarily engages with the employees of the Company by holding weekly "Town Hall" meetings. All employees, whatever their location in the world, are encouraged to attend by video conference. The meeting is run by the Company's CEO to update employees of the performance of the Company, highlighting areas where the business has been successful or experienced challenges, and imparting the Board's and management's vision for the future. It also gives an opportunity for the Board to reiterate the culture of the Company to employees and enable employees the opportunity to engage with the Board's representatives directly; **Customers** – in order to maintain its competitive advantage, it is vital that the Company engages with its customers to ensure that it is fulfilling their requirements in terms of product supplied and the quality and timeliness of the service provided. The Company's employees, and customer success team in particular, undertake regular direct customer meetings on an ongoing basis at which the customers give feedback on their experience with the Company. Particular emphasis is placed on what could have been done better and what the customer's expectation is going forward. This form of feedback is then fed into the Company's future development plans. In addition, the Company strives to be its customers' most trusted partner. To adhere to that responsibility, the Company set in place proper privacy policy and information security policies, including being ISO 27001:2013 certified (complemented by the ISO 27017:2015); **Suppliers** – it is important that the Company's suppliers, with focus on the Company's data providers, understand the availability of data from suppliers, its quality and timely delivery lead-time requirements. This is done by the appointment of a dedicated team to manage all the Company's strategic data partnerships, undertaking regular supplier audits and implementing a new component approval process; **Shareholders** – the Board recognises the importance of its responsibilities to the Company's shareholders, and explains its engagement process with them above; and **Environment** – the Board endeavours to take into account the impact the Company's activity may have on the environment and minimise or positively impact where possible.

Corporate governance report continued

Principle	How the Company complies
	The Company also provides its technology on a pro bono basis on occasion to environmental resources, such as to combat illegal fishing. Wider social responsibility – Windward endeavours to have a positive impact on its communities and as part of this the Company's priorities include: > Making its platform available free of charge to a couple of NGOs to support their work. > Collaborating with universities and bringing on student interns to support employment, skills, training and education within the community. > Promoting team activities that support local charities.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board has in place a risk register for the Company that identifies the key areas of risk within the Company, particularly in respect of strategy, customers, suppliers, industry, regulatory, financial, legal and technology. The register is formally reviewed by the Board annually and updated as considered necessary. On an annual basis, financial risks will be considered and reviewed as part of the audit process. These risks include credit risk, cash flow risk, exchange rate risk and liquidity risk. The analysis of these risks, as at the date of this document, is set out on pages 36 to 38. **Internal auditor** In accordance with the requirement of the Companies Law, the Company must appoint an independent qualified internal auditor. In 2022, the Audit Committee, as the body governing internal audit activity, has approved the appointment of the Company's internal auditor, to conduct an internal audit of the functions and activities of the Company, including the terms of reference for the internal audit. In 2023 the Audit Committee approved the internal audit work plan for 2024. Pursuant to the Company's Internal Audit Charter, the internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight, and the purpose is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. In order to achieve such objectives, the internal auditor shall have complete and unrestricted access to all Company personnel, documents, records and assets, including those owned or engaged by Company-controlled entities, to the extent necessary to carry out any internal audit engagement, while maintaining confidentiality. **The internal auditor is responsible for:** > Executing the internal audit plan as approved by the Audit Committee. > Reporting periodically to the Audit Committee about its observations and findings as per the internal audit plan, as well as the status of corrective actions. > Ensuring that the internal audit activity remains free of conditions that threaten the ability to carry out its activities in an unbiased manner. > Disclosing to the Audit Committee if independence or objectivity is impaired in fact or appearance. > Reporting periodically about internal audit quality assurance measures or improvement programmes. Internal audit activities are subject to the Israeli Internal Audit Law 5752-1992. Among others, it encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management and control processes. The internal audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditor's (IIA) International Professional Practices Framework (IPPF), including its Code of Ethics.

Corporate governance report continued

Principle	How the Company complies
	External auditor Kesselman & Kesselman, Certified Public Accountants (Isr.), a member firm of PricewaterhouseCoopers International Limited, serves as the Company's external auditor. The Audit Committee, as well as the Directors, reviews and assesses, on an annual basis, the performance of the external auditor, their independence and the reasonableness of their audit fees, and makes recommendations to be brought forward to the shareholders' meeting as to the appointment, or re-appointment, or replacement of the external auditor of the Company.
5. Maintain the Board as a well-functioning, balanced team led by the Chairman	The Board, led by the Chairman, has a collective responsibility and legal obligation to promote the interests of the Company. The Chairman is ultimately responsible for corporate governance. However, the Board is responsible for defining the corporate governance policies. The Board is made up of five non-executives and two executives and has devolved responsibility for certain matters to three committees, an Audit Committee, a Remuneration Committee and a Nominations Committee, each of which has clear terms of reference. Directors/Non-Executive Directors are expected to devote sufficient time to the Company to meet their responsibilities. Generally, four Board meetings are held each year and Directors are expected to attend as many as practicable, either in person or by video or telephone conference arrangements. The Board considers that Mr Mason, Ms El Zarkani and Mr Kilpatrick are independent Directors. In light of the fact that Mr Hutton is managing partner at Thompson Hutton LLC, which manages the XL Innovate shareholding in the Company, he is not deemed to be independent. The Board believes that the size and composition of the Board is appropriate given the size and stage of development of Windward. The Board is provided with Board papers in advance of the meetings and minutes of the meetings are provided to the Board following the meeting, using the Board's management platform. The Chairman is responsible for ensuring that the Directors receive the information that they require for decision-making and each member of the Board understands the information that they are expected to provide. The Board meetings have a quarterly cycle of matters that are reviewed quarterly, which are spread through the programme of meetings in the year.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	All members bring different experiences and knowledge to the Board and between them they provide a blend of business understanding, senior leadership experience, technical or maritime domain know-how, experience of public markets and financial expertise. The Board considers that this is appropriate to enable it to successfully execute its long-term strategy, that each of its members has the skills, knowledge and experience to perform the functions required of a director of a listed company, and that the Board's current size and composition meets all relevant Company needs. Where the Board considers that it does not possess the necessary expertise or experience, it may engage the services of professional advisers. Please see pages 40 to 43 of this document for further detail on the Board.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The effectiveness of the Board is evaluated through the ongoing and wider Board review and future planning discussions which is also being reviewed under the Nominations Committee. This includes using self-evaluation assessment questionnaires, consideration of the performance of the Directors against the current strategy, and this feeds through to future planning. Additionally, the Board committees conduct annual self-evaluations to assess their performance and needs. This helps to ensure that the Board is meeting its objectives and that it is regularly assessing its own performance. Additionally, it helps to identify any potential areas of improvement that need to be addressed in order to ensure the Board is functioning efficiently and effectively.

Corporate governance report continued

Principle	How the Company complies
8. Promote a corporate culture that is based on ethical values and behaviours	Windward's long-term growth is underpinned by its corporate culture and core values. The Company conducted a values survey in 2023, which was then shared with employees as part of its summaries and results in 2023. The Company used the survey to identify areas of improvement and provided feedback to employees to help them understand the importance of upholding Windward's core values. New employees are requested to read and approve the Company's code of conduct ("Code"), and as part of the employee starter pack all new employees are provided with the Code, which includes a clear statement of the Company's values and purpose. The Company's culture is built around five key values and behaviours: > Partnership, by being customer centric and collaborative. > Trust, through transparency and bringing expert insights based on behaviour, facts and data. > Expertise, by combining unparalleled maritime domain expertise with AI technology. > Innovating, by constantly evolving and pushing the boundaries of data and technology to solve maritime challenges. > Leadership, by providing a forward-thinking vision. The Company is committed to providing a supportive work environment through the following initiatives: > Communication and inclusion are key tenets of employee engagement, with weekly all-hands Company meetings to share relevant information across the entire Company. > In practice, the Company strives to be an equal opportunity employer and seeks to promote from within the organisation through training and staff progression. The Company holds management workshops for new managers with personal development plans for employees. > The Company strives to improve gender diversity. > The Company employs a dedicated wellbeing expert who oversees initiatives to support employee wellbeing in the Company.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board provides the strategic leadership for the Company and ensures that the business operates within the corporate governance framework that has been adopted. Its prime purpose is to ensure the delivery of shareholder value in the long term by setting the business model and defining the strategic goals to achieve this. Additionally, it has introduced the culture, values and practices that have been adopted throughout the business to assist in achieving the strategic goals and ensures that they remain up to date and fit for purpose. **Board Committees** – the Board has established a Remuneration Committee, Nominations Committee and an Audit Committee. Each committee has formally delegated duties and responsibilities. **Chairman** – the Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Company. He leads and chairs the Board in the development of strategies and corporate objectives, ensuring that the committees are appropriately structured and operate to their terms of reference. He is also responsible for ensuring that performance reviews of individual Directors, the Board and committees are carried out on a regular basis. **Chief Executive Officer** – the CEO is responsible for the management of the Company and implementation of the strategies and standards agreed by the Board. He monitors, reviews and manages the key operational risks, highlighting to the Board areas of perceived weakness. He is responsible for investor communications and ensuring that the Company's standing with its shareholders and the wider investment community is maintained. **Chief Financial Officer** – the CFO is responsible for the financial management of the business, including analysing the Company's financial strengths and risks, proposing corrective action and forward financial planning. The CFO also supports the CEO in the investor relations function.

Corporate governance report continued

Principle	How the Company complies
	Executive Directors – the CFO and the CEO as Executive Directors are collectively responsible for the day-to-day operation of the business, ensuring the deliverance of the Company's strategy by making the necessary operational and financial decisions. They are also responsible for promoting the core values of the Company and providing leadership to the wider Company. **Non-Executive Directors** – the Non-Executive Directors, three of whom have been determined as being independent, are experienced individuals from a range of backgrounds and industries, bringing a wealth of knowledge to the Company. They provide independent views through their experiences, challenging the Executive Directors, and will provide oversight and ensuring that the Company is operating within the parameters set by the Board, both in terms of strategy and corporate governance. **Company Secretary** – a Company Secretary has been appointed to assist the Board with the statutory filing, the annual general meeting and is present at every Board meeting and Board committee meeting. All of the Directors have access to the Company Secretary's services. Where further advice is required, the Board may employ further professional legal advisers.
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	In addition to the investment activities described above, the Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the London Stock Exchange's Regulatory News Service (RNS), the annual general meeting, EGMs as appropriate, and may use one-to-one meetings with large existing or potential new shareholders, as necessary or appropriate. A range of corporate information (including all Company announcements and presentations) are available to shareholders, investors and the public on the Company's corporate website, **windward.ai**. The Board may receive regular updates on the views of shareholders through briefings and reports from the CEO, CFO and the Company's brokers. The Company may communicate with investors through briefings with management. In addition, analysts' notes and brokers' briefings may be reviewed to achieve a wide understanding of investors' views. The Company also carries out periodic employee engagement surveys to provide feedback and guidance to management to ensure they effectively communicate to the global team. The 2023 annual general meeting (AGM) was held at the Windward offices at Mermaid House, London, on 9 May 2023. The results of voting were published via the Regulatory News Service and on the Company's corporate website at **windward.ai**. The Chairman, CEO, CFO, Chairs of the Committees and Company Secretary attended the AGM.

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

Corporate governance report continued

Anti-bribery and anti-corruption policy

The Company has a Group-wide anti-bribery and anti-corruption policy which applies to the Board, employees of all its subsidiaries and associated persons of Windward. It sets out their responsibility to observe and uphold a zero-tolerance position on bribery and corruption in the jurisdictions in which Windward operates, as well as providing guidance to those working for Windward on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, agency workers, suppliers, contractors, agents, sponsors and consultants to conduct their day to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy. The Company conducts annual training sessions for all employees to ensure a comprehensive understanding of the Group-wide anti-bribery and anti-corruption policy. Notably, in 2023, the Company conducted a training session to enhance awareness and knowledge among its workforce. Furthermore, recognising the dynamic nature of the regulatory landscape associated with bribery and corruption, the Company is regularly reviewing and updating its policy. To achieve this, the Company collaborates with a specialist in the field who brings expertise and insights to ensure the policy remains aligned with the latest industry standards and legal requirements.

The Board is responsible for the overall management of Windward.

The Board and Committees

The Board

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

To provide effective internal financial control, the Board:

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

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

Board composition

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

	Board 17.1.2023	Board 28.3.2023	Board 9.5.2023	Board 19.7.2023	Board 24.7.2023	Board 30.7.2023	Board 15.8.2023	Board 07.11.2023	Board 14.11.2023
The Lord Browne of Madingley	✓	✓	✓	✓	✓	✓	✓	✓	✓
Amiad (Ami) Daniel	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ofer Segev	✓	✓	✓	✓	✓	✓	✓	✓	✓
Roderick Guy Mason	✓	✓	✓	✓	✓	✓	✓	✓	✓
George Thompson (Tom) Hutton	✓	✓	✓	✓	✓	✓	✓	✓	✓
Stuart Charles Kilpatrick	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shereen El Zarkani	✓	✓	✓	✓	✓	✓	✓	✓	✓

Corporate governance report continued

Operation of the Board

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

The Board holds its meetings in accordance with its scheduled calendar and as required. The Board also holds regular telephone/video calls to update the members on operational and other business, and the Board convenes occasionally for additional updates and conversations on ad-hoc emerging matters that arise between the scheduled Board meetings. A majority of the Board members, which constitutes the legal quorum for a board meeting, attended each of the Board meetings. Most meetings are attended by all Directors.

Each Board meeting is preceded by a clear agenda and any relevant information is provided to Directors in advance of the meeting. An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice.

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

Audit Committee

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

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

Corporate governance report continued

Remuneration Committee

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

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

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

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

Nominations Committee

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

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

Nominations Committee report

On behalf of the Board, I am pleased to present the Nominations Committee report for the year ended 31 December 2023.

Members

The members of the Committee since its formation are:

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

George Thompson (Tom) Hutton
Appointed to the Committee on 6 December 2021

Stuart Charles Kilpatrick
Appointed to the Committee on 6 December 2021

Responsibilities of the Committee

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

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

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

Activity during the year

In 2023, the Nominations Committee met once with participation from all committee members.

Matters of focus for the Nominations Committee:

Succession Planning for Directors

The Board completed a skills matrix assessment in 2023. Analysis revealed a strong alignment with essential competencies, with particular strengths in Senior Leadership Experience and Global/International Experience. The Committee remains satisfied with the Board's composition, which features a balanced representation of industry expertise which meets all relevant Company needs.

Succession planning for senior executives

As part of succession planning for Directors and senior executives, the Committee considered alternatives should an emergency prevent the CEO or CFO from serving in their position. The Company was requested to prepare and submit to the Committee a recommendation for an emergency successor for key people such as the CFO, CEO and Head of US business and names of long-term successors for the key people.

Review of the leadership needs

The Committee reviewed the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace and resolved that the Company should report to the Committee on key open positions and whether any gaps exist in the Company's managerial and executive positions.

Performance of the Executive Directors/management team

The Company was requested to report to the Committee on how it manages the performance of its management team.

The Lord Browne of Madingley
Chair of the Nominations Committee

26 March 2024

Audit Committee report

There is a clearly defined organisational structure. The Group operates a comprehensive annual planning and budgeting process, which is updated by monthly forecast revisions.

Membership

The members of the Audit Committee are:

Stuart Charles Kilpatrick

Chair, appointed to the Committee on 6 December 2021

Roderick Guy Mason

Appointed to the Committee on 6 December 2021

Shereen El Zarkani

Appointed to the Committee on 6 December 2021

Key objectives

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

Key responsibilities

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

The Committee holds a minimum of two scheduled meetings per year and met three times in 2023.

Dear shareholder,

I am pleased to present the report of the Audit Committee for the year ended 31 December 2023. The Audit Committee supports the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As Chair of the Audit Committee, it is my responsibility to ensure that the Audit Committee fulfils its responsibilities in a rigorous and effective manner. The Audit Committee is focused on ensuring compliance with the Quoted Companies Alliance (QCA) Corporate Governance Code and is committed to ensuring the highest standards of corporate governance. This report seeks to focus on specific aspects considered by the Audit Committee during the year and aims to provide assurance to our shareholders that the control environment of the Group is being properly supervised and monitored.

Audit Committee report continued

I am satisfied that the Audit Committee is properly constituted with written terms of reference and is provided with information to allow proper consideration to the agenda. I am also satisfied that meetings are scheduled to allow sufficient time for discussion and to ensure that all matters are considered fully. To ensure that the Group's financial reporting is fair, balanced and understandable, the Audit Committee reviews all financial reports before publication, including any alternative performance measures.

The Board is satisfied that as Chair of the Audit Committee, I have significant and relevant financial experience, being a chartered accountant who has served as finance director of two publicly listed companies. I have been attending Audit Committee meetings for more than ten years. The members of the Audit Committee collectively have broad financial, commercial, professional and technical experience and are considered by the Board to have competence relevant to the sector in which the Group operates and of exercising independent judgement.

Audit Committee meetings

The Audit Committee met three times during 2023 with meetings scheduled to coincide with the financial reporting cycle. Meetings were attended by the members of the Committee and by invitation other individuals such as the Chief Executive and Chief Financial Officer, internal and external auditors were able to attend. Audit Committee attendance is shown below. The Committee has continued with its schedule of meetings since the financial year end in order to discharge its responsibilities to the Board.

Audit Committee meeting attendance

	27.03.2023	15.08.2023	13.11.2023
Roderick Guy Mason	✓	✓	✓
Shereen El Zarkani	✓	✓	✓
Stuart Charles Kilpatrick	✓	✓	✓

Matters of focus for the Audit Committee

March 2023

- Reviewed the draft Annual Report and Accounts for the year ended 31 December 2022 and recommended their approval to the Board, considered the following:
  - the accounting policies adopted in the preparation of the financial statements;
  - the key accounting estimates and judgements used in their preparation including, but not restricted to, the impairment of goodwill and revenue recognition; and
  - principal risks and uncertainties as set out in the Board's strategic report.
- Considered whether the Annual Report was fair, balanced and understandable.
- Reviewed the reports from the Group's auditor with respect to the Annual Report and Accounts, key audit issues and the Group's internal controls.
- Reviewed the findings of the internal auditor and the follow-ups of reviews done in the previous year.
- Reviewed any external announcements by the Company.

August 2023

- Reviewed the 2023 half-year results, interim statement and announcement and considered any changes to the accounting policies adopted by the Company and key accounting estimates and judgements applied in the preparation of the half year results.
- Reviewed the external auditor's half year report.
- Reviewed the non-audit fees for 2023 to date and estimate for 2023.

November 2023

- Considered and agreed proposed audit work plan and fee quote for 2024.
- Reviewed the internal audit report by the Group's internal auditor for 2023 to date.
- Considered and agreed proposed internal audit work plan for 2024.

Audit Committee report continued

Financial reporting

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

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

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

Significant areas of judgement

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

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

- Revenue recognition.
- Management override of controls.
- Impairments.
- Alternative performance measures.

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

Internal control and risk management systems

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

Audit Committee report continued

Internal control and risk management systems
continued

The system of internal control and risk management is designed to manage rather than eliminate the risk of failure to observe business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group views the careful management of risk as a key management activity. Managing business risk to deliver results from opportunities is a key part of all activities.

The Directors have continued to review the effectiveness of the Group's system of internal controls, including strategic, commercial, operational, compliance and financial controls and risk management systems. These were updated, enhanced, consolidated and presented within the Company's Financial Position, Prospects and Procedures (FPPP) document ahead of its admission to AIM in December 2021. The FPPP document included an assessment of internal financial controls and all recommended actions have been completed and this process was reviewed during 2023 as part of the internal audit plan.

In addition, as part of its reporting to the Audit Committee and Board, the external auditor's report following its audit work includes matters identified in the course of its statutory audit work which were reviewed by the Audit Committee. Procedures are in place to take appropriate action if any significant failings or weaknesses are identified in the Board's review of internal controls or are otherwise brought to the Board's attention.

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

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

Internal audit
During the year, the Company appointed an independent internal auditor to review and report on key commercial, financial and control risks across the Group. The internal auditor undertakes their work in accordance with a work plan approved by the Audit Committee. Internal audit is responsible to the Audit Committee for ensuring that all required actions are followed up and completed in a timely manner.

Internal audit's focus in 2023 was to ensure that weaknesses identified in the FPPP assessment of internal controls have been satisfactorily addressed. In addition, the Group's extended risk register, risk assessments and related mitigation have been reviewed and discussed with management with conclusions presented to the Audit Committee. Specific financial reporting issues such as revenue recognition, invoicing, collection and monthly closing were reviewed. There were no findings in the internal audit reports which are considered material to the Group.

Stuart Charles Kilpatrick
Chair of the Audit Committee

26 March 2024

Remuneration Committee report

2023 was a year of strong performance against a challenging backdrop.

Dear shareholder,

I am pleased to present the work of the Remuneration Committee in 2023.

The Board believes that strong, effective leadership is fundamental to Windward's continued growth and success. Our approach to remuneration seeks to attract, retain, reward and motivate our employees and to ensure that Directors' remuneration is aligned with Windward's overall strategic and financial objectives.

As an Israeli company whose shares are admitted to trading on AIM, a market of the London Stock Exchange, the Company is not required to comply with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. However, this Remuneration report provides information on the Company's strategy and approach to remuneration in respect of the Executive Directors.

The Committee and its work in 2023

The Remuneration Committee comprises myself, Mr Hutton and Ms El Zarkani. In 2023, the Remuneration Committee met on two occasions and passed a further two written resolutions on separate occasions, with 100% participation from all Committee members. The CEO and CFO attend meetings by invitation from the Committee except for matters relating to their own remuneration. The Committee is supported by an independent executive remuneration consultancy.

During the course of 2023, the Committee considered feedback from shareholders arising from the AGM, reviewed and reconfirmed both the Company's remuneration policy (the "Remuneration Policy") and the Committee's terms of reference and completed a review of the Committee effectiveness at the end of the year which demonstrated that the Committee is working satisfactorily.

Remuneration Policy

As confirmed in last year's report, the Remuneration Policy was approved by shareholders at the AGM held on 11 May 2022, and will be in effect until 6 December 2026. In general, the Remuneration Policy must be approved at least once every three years by the following: (i) the Board of Directors, taking into account the recommendations of the Remuneration Committee; and (ii) the shareholders by a special majority. However, according to the Israeli Companies Regulations (Reliefs regarding the Obligation to Determine Compensation Policy) 2013, the first remuneration policy approved following the Company's IPO can be re-approved five years after the date of the IPO. Despite these requirements, the Remuneration Committee reviews the Policy each year to determine if changes are needed to be recommended to the Board; no such changes have been required since IPO.

Executive Directors' remuneration comprises a fixed base salary, a variable cash bonus and an equity award. The cash bonus is performance based and intended to align Executive Director and shareholder interests with targets linked to Annual Contract Value (ACV), EBITDA and cash collection milestones.

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

Remuneration Committee report continued

Remuneration outcomes for 2023

2023 has been a year of strong performance for Windward against a difficult backdrop of geopolitical unrest. This strong performance resulted in on-target bonus awards for the CEO and CFO following an assessment of the targets – 100% for ACV, 100% for EBITDA and 120% for cash collection. Bonus outcomes for 2023 are paid 50% in cash and 50% in RSUs.

Directors' remuneration for the year ended 31 December 2023 was as follows (all amounts in U.S. dollars):

Executive Directors

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

	Ami Daniel ($'000)	Ofer Segev ($'000)
Base salary	320	195
Benefits[1]	88	30
Bonus	250	103
Stock-based[2]	24	81
Pension	21	13
Total remuneration	715	415

1. Benefits for Mr Daniel include recuperation pay, advanced study fund and UK housing costs. Benefits for Mr Segev include recuperation pay and advanced study fund.
2. Stock-based compensation for Mr Daniel and Mr Segev includes RSUs and equity awards as included in the financial statements.

Cash bonuses for the Executive Directors were based on the following target weightings:

> Mr Daniel's targets were based 80% on delivery of Annual Contract Value (ACV) and 20% on EBITDA.

> Mr Segev's targets were based 55% on delivery of ACV, 20% on EBITDA and 25% on cash collection.

The amounts shown in the table reflect 100% of the on-target bonus amounts for both Mr Daniel and Mr Segev.

In 2023, Mr Segev and Mr Daniel both received equity awards under the Windward Ltd. Global Share Incentive Plan (2021), with Mr Daniel participating in the plan for the first time in 2023.

Inter-company remuneration ratio: our Remuneration Policy requires that the overall remuneration of each Executive Director should not be more than 35 times the average or 35 times the median of other employees. In 2023, other employees' average remuneration was approximately $111,000, meaning Executive Directors' pay was approximately 5-8 times employees' average remuneration.

In 2023 the Committee discussed the expenses and costs related to the relocation of Mr Daniel from Israel to the UK for an expected duration of two years. The expenses incurred until 31 December 2023 were accommodated within the framework of the Company's Remuneration Policy, which provides for the Committee to approve "immaterial" changes in terms for the CEO, with "immaterial" being defined as changes which incur an annual total cost to the Company of no greater than two monthly salaries. The full arrangements for Mr Daniel's relocation to London including home trips, housing costs and relocation expenses and will be subject to approval by shareholders at the AGM in May 2024.

Remuneration Committee report continued

Non-Executive Directors

Non-Executive Directors' remuneration is awarded part in cash and part in equity. There are no performance criteria for either component. Equity is awarded in the form of RSUs which vest at the end of each year. Cash remuneration comprises an annual base cash fee, supplemented by an additional fee for attendance at each Board or Committee meeting.

In 2023 the Non-Executive Directors were compensated as follows:

		Cash ($'000)	Equity ($'000)	Total ($'000)
The Lord Browne of Madingley	Chairman, since April 2018, Non-Executive Director	47	90	137
George Thompson (Tom) Hutton	Non-Executive Director, since 2018	50	36	86
Roderick Guy Mason	Non-Executive Director, since December 2021	54	36	90
Shereen El Zarkani	Non-Executive Director, since December 2021	54	36	90
Stuart Charles Kilpatrick	Non-Executive Director, since December 2021	50	36	86

Windward's most highly compensated people

The remuneration of the Company's five most highly compensated executives and managers (including two of its Executive Directors) in 2023 was as follows (all amounts in U.S. dollars):

	Position	2023 ($'000)
Amiad (Ami) Daniel	CEO	715
Matan Peled	Co-Founder & Head of US business	388
Ofer Segev	CFO	415
Benny Keinan	VP R&D	363
Irit Singer	CMO	362

Directors' equity holdings

As at 31 December 2023, the Directors and their families (within the meaning set out in the AIM Rules for Companies) hold the following Ordinary Shares, options over Ordinary Shares and RSUs:

Directors	Shares	Options	RSUs
Ofer Segev[1]	–	323,367	237,874
Amiad (Ami) Daniel[1]	6,270,795	–	253,611
The Lord Browne of Madingley	167,512	1,033,725	184,750
Roderick Guy Mason	–	–	73,900
George Thompson (Tom) Hutton	–	–	73,900
Stuart Charles Kilpatrick	–	–	73,900
Shereen El Zarkani	–	–	73,900

1. The RSUs for Mr Daniel and Mr Segev include both vested and unvested RSUs.

Implementation of the policy for 2024

Windward employees' base salaries are expected to be adjusted in 2024 after generally awarding no base salary increases in 2023. Cash bonuses will continue to be performance based and individually weighted for each member of management, with an increased focus on delivery of EBITDA targets. 2024 bonuses, payable in Q1 2025, will continue to be capped at 100% of salary and paid 50% in cash and 50% in RSUs which vest on 31 March 2025.

The arrangements for equity awards for Windward's Leadership team are being reviewed for 2024 with the objective of better retaining and incentivising key individuals to deliver both revenue growth and total shareholder returns. Revised arrangements will be brought to the 2024 Annual General Meeting for approval by shareholders, which will also include revisions to the Remuneration Policy. Full details of the proposals will be set out in the Notice of AGM and in next year's Directors' Remuneration report.

In addition, Executive Directors' remuneration will be reviewed against AIM market comparators and the full arrangements for Mr Daniel's relocation to London will also be brought forward for approval at the May 2024 AGM.

Directors' report

Principal activities

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

Windward's customers include a number of leading participants across the maritime industry covering banks, commodity traders, insurers, government agencies and major energy and shipping companies. Windward has 200 globally spread customers including LSEG, BP, Shell, HSBC, Ligentia, Gard and Danske Bank, and leading government agencies including agencies from the US Department of Defense and Homeland Security, Frontex (the pan European Border and Coast Guard Agency) and the United Nations.

The Company is headquartered in Israel with a presence in additional locations around the world: the UK, USA, Ukraine and India. As at 31 December 2023, the Company had 170 permanent employees.

Business review

The information that fulfils the requirements of the business review, including details of the 2023 results, principal risks and uncertainties, are set out in the Chairman and CEO statements and the financial review on pages 18 to 22, and 32 to 34 in this Directors' report.

Directors

The following Directors held office as indicated below in the year ended 31 December 2023 and up to the date of signing the consolidated financial statements except where otherwise shown.

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

Directors' remuneration and interests

The remuneration report is set out on pages 58 to 60. It includes details of Directors' remuneration, interests in the Ordinary Shares of the Company and share options.

Corporate governance

The Board's corporate governance report is set out on pages 44 to 52.

Directors' responsibilities

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

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

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

Principal risks and uncertainties

The Directors assess and monitor the key risks of the business on an ongoing basis. The principal risks and uncertainties that could have a material effect on the Company's performance are explained on pages 36 to 38.

Directors' report continued

Research and development

Windward has engaged in extensive R&D activity in recent years to ensure the constant development of its product and technology. For the period from 2017 to 31 December 2023, Windward has spent approximately $53.5m on its R&D activities.

The Company's R&D team currently consists of 61 personnel, principally located in Israel and other smaller locations outside of Israel. The R&D team comprises data scientists, architects, data engineers, full stack engineers, DevOps engineers and quality assurance engineers.

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

Share capital and substantial shareholdings

Details of the share capital of the Company as at 31 December 2023 are set out in note 9 to the consolidated financial statements.

Shareholders

Name	Number of Ordinary Shares	% of share capital
Aleph, L.P. (and affiliates)	13,941,461	16.28%
Gresham House Asset Management	8,256,452	9.64%
Canaccord Genuity Wealth Management	7,450,000	8.70%
Amiad (Ami) Daniel	6,270,795	7.32%
Matan Peled	6,270,795	7.32%
XL Innovate	6,180,129	7.22%
Maritime Invest Scandinavia AB	5,983,149	6.99%
Starry Leader Limited	4,584,960	5.35%
Eliot International Limited	3,365,022	3.93%
Windward employee shareholdings (through IBI)	3,235,995	3.78%
Schroder Investment Management	3,070,766	3.59%
La Maison ITF S.à r.l.	2,731,977	3.19%

Independent auditor

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

Kesselman & Kesselman (a member of PricewaterhouseCoopers International Limited) was engaged to perform the 2023 audit. The total fee paid to the Company's auditor for audit services rendered to the Company during that year was $170,000 and $62,000 for other services.

Auditor's report

To the shareholders of Windward Ltd.

We have audited the accompanying consolidated statements of financial position of Windward Ltd. ("the Company") as of 31 December 2023 and 2022, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of 31 December 2023 and 2022, and the results of their operations, changes in shareholders' equity and their cash flows for each of the years then ended in conformity with International Financial Reporting Standards (IFRS).

Key audit matters

Key audit matters communicated below are those matters that were communicated or required to be communicated to the Company's Board of Directors and that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters include, among others, any matter that: (1) relates, or may relate, to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgements. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon. The communication of those matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the key audit matter below, providing a separate opinion on the key audit matter or on the accounts or disclosures to which it relates.

Revenue recognition

As describe in Notes 2(f) and 13 to the consolidated financial statements, the Company's consolidated 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.

The Company's consolidated revenue for 2023 was 28,327 ($ thousands). Revenue is based on a manual calculation to recognise the revenues throughout the contract period. The manual calculation contains the consideration amount, financing and incremental costs in obtaining the contract. As this calculation is done manually, it may include an error that effects the appropriateness of revenue recognition. Therefore, we considered the appropriateness of revenue recognition as a key audit matter.

Audit response

Our procedures in relation to this key matter mainly include:

1. Obtaining an understanding of internal control relating to the revenue process.
2. Evaluating management's revenue recognition policy reflecting management's determination of when control has passed to the customer and testing the transfer of control by agreeing relevant information, including associated terms and conditions, to underlying contracts entered by the Company.
3. Obtained detailed listing of revenue transactions and agreed the detailed listing to the general ledger.
4. Performing recalculation of the manual calculation performed by the Company.
5. Reviewing manual journal entries related to the revenue recognition process.
6. Agreed amounts from the financial statements with the underlying accounting records, including agreeing information in disclosures.

Kesselman & Kesselman

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

March 26, 2024

Consolidated statements of comprehensive income

Year ended 31 December 2023

	Note	Year ended 31 December 2023 $'000	2022 $'000
Revenues	13	**28,327**	21,643
Cost of revenues	14	**5,825**	6,146
Gross profit		**22,502**	15,497
Operating expenses:			
Research and development, net	14	**11,132**	12,306
Sales and marketing	14	**13,650**	13,173
General and administration	14	**5,697**	5,528
Total operating expenses		**30,479**	31,007
Operating loss		**(7,977)**	(15,510)
Financial expenses (income)			
Financial expenses		**1,316**	3,937
Financial income		**(448)**	(248)
Loss for the year		**(8,845)**	(19,199)
Tax expenses		**146**	—
Net loss for the year		**(8,991)**	(19,199)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share	17	**(0.10)**	(0.22)

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

Consolidated statements of financial position

Year ended 31 December 2023

	Note	Year ended 31 December 2023 $'000	2022 $'000
Assets			
Current assets:			
Cash and cash equivalents	4	**17,317**	22,141
Trade receivables	5	**2,502**	2,448
Other receivables	5	**4,254**	2,861
Total current assets		**24,073**	27,450
Non-current assets:			
Restricted deposit	12	**1,558**	1,143
Property and equipment, net	6	**646**	796
Intangible asset	2j	**495**	–
Right-of-use asset	7	**1,619**	1,956
Total non-current assets		**4,318**	3,895
Total assets		**28,391**	31,345
Liabilities and shareholders' equity			
Current liabilities:			
Trade payable		**969**	878
Current maturities of lease liabilities	7	**330**	320
Other payable	8a	**4,364**	3,637
Deferred revenues	13	**12,734**	8,315
Total current liabilities		**18,397**	13,150
Non-current liabilities:			
Liability for employee rights upon retirement, net		**55**	57
Deferred revenues		**2,791**	4,078
Lease liability	7	**1,392**	1,725
Total non-current liabilities		**4,238**	5,860
Total liabilities		**22,635**	19,010
Commitments	12		
Shareholders' equity:			
Ordinary Shares (see note 9)	9	**–**	27
Additional paid-in capital	9, 10	**83,297**	80,858
Accumulated deficit		**(77,541)**	(68,550)
Total shareholders' equity		**5,756**	12,335
Total liabilities and shareholders' equity		**28,391**	31,345

Ami Daniel
Chief Executive Officer

Ofer Segev
Chief Financial Officer

Date of approval of the consolidated financial statements by the Company's Board of Directors: 26 March 2024.

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

Consolidated statements of changes in shareholders' equity

Year ended 31 December 2023

	Ordinary Shares $'000	Additional paid-in capital $'000	Accumulated deficit $'000	Total $'000
Balance as of 31 December 2021	27	77,486	(49,351)	28,162
Changes during 2022:				
Exercise of options by employees	([1])	536	–	536
Share-based compensation	–	2,836	–	2,836
Loss for the year	–	–	(19,199)	(19,199)
Balance as of 31 December 2022	27	80,858	(68,550)	12,335
Changes during 2023:				
Exercise of options and RSUs by employees	**([1])**	**118**	**–**	**118**
Share-based compensation	**–**	**2,294**	**–**	**2,294**
Change in the shares nominal value (see note 9)	**(27)**	**27**	**–**	**–**
Loss for the year	**–**	**–**	**(8,991)**	**(8,991)**
Balance as of 31 December 2023	**–**	**83,297**	**(77,541)**	**5,756**

1. Represents an amount lower than 1 thousand U.S. dollars.

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

Consolidated statements of cash flows

Year ended 31 December 2023

	Year ended 31 December	
	2023 $'000	2022 $'000
Cash flows from operating activities		
Loss for the year	**(8,991)**	(19,199)
Adjustments to reconcile loss for the year to net cash used in operating activities:		
Depreciation	**659**	562
Share-based compensation expenses	**2,294**	2,836
Effect of exchange rate	**123**	3,127
Finance expenses of lease liabilities	**122**	79
Changes in asset and liability items:		
Increase in trade receivables	**(53)**	(802)
Increase in other receivables	**(1,393)**	(1,430)
Increase in trade payables	**91**	385
Increase (decrease) in other payables and accruals	**727**	(681)
Increase in deferred revenues	**3,132**	531
Decrease in accrued severance pay, net	**(2)**	(7)
Net cash used in operating activities	**(3,291)**	(14,599)
Cash flows from investing activities:		
Purchase of property and equipment	**(112)**	(182)
Investments in intangible assets	**(495)**	–
(Increase) decrease in restricted deposit	**(401)**	17
Interest received	**448**	–
Net cash used in investing activities	**(560)**	(165)
Cash flows from financing activities:		
Proceeds from exercise of options	**118**	536
Funds received (paid) in respect of the sale of shares by shareholders and consultants in connection with the Initial Public Offering	**–**	(3,730)
Principal elements of lease payments	**(313)**	(411)
Interest paid	**(194)**	(71)
Net cash used in financing activities	**(389)**	(3,676)
Decrease in cash and cash equivalents	**(4,240)**	(18,440)
Balance of cash and cash equivalents at the beginning of the year	**22,141**	43,688
Effects of exchange rate changes on cash and cash equivalents	**(584)**	(3,107)
Balance of cash and cash equivalents at end of the year	**17,317**	22,141

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

Notes to the consolidated financial statements

Year ended 31 December 2023

Note 1 – General

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

b. On 6 December 2021, the Company completed a process of listing its existing shares and issuing new shares on the AIM market of the London Stock Exchange (the IPO).

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

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

c. Since the establishment of the Company, the Company has accumulated continuous losses from its business activities and it had negative cash flows. As of 31 December 2023, the Company had cash and cash equivalents in the amount of approximately $17.3m. The continuation of the Company's activity in the coming year is supported by its cash balances as well as the realisation of the management's plans for growth and an increase in the revenues. These funding sources allow the Company's management to assess its continued activity for a period of more than 12 months starting from the date of approval of these financial statements.

Note 2 – Significant accounting policies

a. Basis of presentation of the consolidated financial statements

The consolidated historical financial information presents the financial track record of the Group for the two years ended 31 December 2023 and 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.

b. Functional and presentation currency

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

Transactions and balances

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

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

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 2 – Significant accounting policies continued

c. Principals of consolidation

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 and guarantees required under a customer agreement. These deposits serve a collateral for bank guarantees.

f. Revenue recognition

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.

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.

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.

g. 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:

The Group operates defined benefit plans and defined contribution plans.

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.

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 2 – Significant accounting policies continued

h. Share-based compensation

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

i. Income taxes

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

j. 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.

In 2023, the Company started a project to create a vessel ownership database. This will be used for providing its services to customers as part of the Company's platform. The Company recorded the development costs of this database as an intangible asset. The Company expects to recognise income from this intangible asset in the future.

k. 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),
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

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 lessee's incremental borrowing rate, 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 separates 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.

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.

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 2 – Significant accounting policies continued

l. 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 they are subsequently measured at amortised cost using the effective interest method, less expected credit loss allowance.

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 has short-term financial assets 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.

3. Hedging:

During 2023, the Company entered into forward contracts for cash flow hedging of salary expenses denominated in NIS in the amount of approximately NIS 24 million ($6.9m) between the months May to October 2023. The Company recorded the forward contract influence of approximately $560 thousand as a finance expense. No hedge accounting was applied for these forward contracts.

4. Financial liabilities:

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.

5. Derecognition of financial liabilities:

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

m. Fair value measurement

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

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

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

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

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

n. 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.

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 2 – Significant accounting policies continued

o. 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.

p. New International Financial Reporting Standards, Amendments to Standards and new Interpretations

1. New International Financial Reporting Standards, Amendments to Standards and new interpretations that have been adopted

a) Amendment to International Accounting Standard 1 Presentation of financial statements, regarding disclosure of accounting policies (below in this section – the amendment to IAS 1)

The amendment to IAS 1 requires companies to disclose material information about their accounting policies. According to the amendment, information about the accounting policies is material if, when taken into account together with other information provided in the financial statements, it can reasonably be expected that it will influence decisions that the primary users of the financial statements make on the basis of these financial statements.

The amendment to IAS 1 even clarifies that information about the accounting policy is expected to be material if, without it, the users of the financial statements are prevented from understanding other material information in the financial statements. In addition, the amendment to IAS 1 clarifies that there is no need to disclose immaterial information about accounting policies. However, to the extent that such information is given, it must be ensured that it does not mask material information about accounting policies.

In accordance with the provisions of the amendment to IAS 1, the amendment was implemented by the Company within these consolidated reports, starting on 1 January 2023, and it led to the reduction and focus of the information provided regarding its accounting policy in relation to previous reports.

In addition, within these consolidated reports, the Company updated the information regarding the accounting policy.

b) Amendment to International Accounting Standard 8 Accounting Policy, Changes in Accounting Estimates and Errors, regarding the definition of accounting estimates (hereinafter – the amendment to IAS 8)

The amendment to IAS 8 clarifies how entities should distinguish between changes in accounting policies and changes in accounting estimates. This distinction is essential, since changes in accounting estimates are applied prospectively, for transactions and other events in the future, while changes in accounting policy, as a rule, are applied retrospectively to transactions and other events in the past, as well as to events and transactions in the current period.

In accordance with the provisions of the amendment to IAS 8, the amendment will be implemented by the Company as of 1 January 2023, prospectively. The adoption of the amendment to IAS 8 did not have a material impact on the Company's consolidated statements.

2. New International Financial Reporting Standards, Amendments to Standards and new interpretations not yet adopted:

a) Amendments to International Accounting Standard 1 Presentation of financial statements, on the subject of classifying liabilities as current or non-current liabilities and on the subject of non-current liabilities with financial standards (below in this section – the amendments to IAS 1)

The amendments to IAS 1 clarify the guidelines regarding the classification of liabilities as current or non-current in the statement of financial position. The amendments clarify, among other things, that:

- A liability will be classified as a non-current liability if the entity has a substantial right, at the end of the reporting period, to postpone the settlement of the liability for at least 12 months after the end of the reporting period,
- The right to postpone settlement of an obligation in respect of a loan agreement for at least twelve months after the end of the reporting period is sometimes subject to the entity's compliance with the conditions stipulated in the loan agreement (hereinafter – financial standards). The classification of an obligation in respect of such a loan agreement as a current obligation or as a non-current obligation will be determined only on the basis of the financial standards which the entity is required to meet on or before the end of the reporting period. Financial benchmarks that the entity is required to meet after the end of the reporting period will not be taken into account in this determination.

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 2 – Significant accounting policies continued

p. New International Financial Reporting Standards, Amendments to Standards and new Interpretations continued

2. New International Financial Reporting Standards, Amendments to Standards and new interpretations not yet adopted: continued

a) Amendments to International Accounting Standard 1 Presentation of financial statements, on the subject of classifying liabilities as current or non-current liabilities and on the subject of non-current liabilities with financial standards (below in this section – the amendments to IAS 1) continued

- To the extent that an obligation in respect of a loan agreement for which the entity is required to meet financial standards during the 12 months after the end of the reporting period is classified as a non-current obligation, a disclosure will be made in the notes that allows users of the financial statements to understand the risk that the obligation may meet repayment during the 12 months after the end of the reporting period. In this rule, a disclosure will be made regarding the nature of the conditions the entity is required to meet, the date of their examination, the book value of the related liabilities, as well as facts and circumstances indicating that the entity may have difficulty meeting these conditions. This disclosure may refer to certain actions taken by the entity in order to prevent a potential violation of the terms as well as the fact that the entity is not complying with the terms based on the circumstances existing at the end of the reporting period,
- The entity's intention regarding the exercise of an existing right to postpone the settlement of the obligation for at least 12 months after the end of the reporting period is not relevant for the purpose of classifying the obligation,
- Settlement of an obligation can be done by way of transfer of cash, other economic resources or capital instruments of the entity. Classification of an obligation as a current obligation or as a non-current obligation will not be affected by the existing right of the other party to demand the settlement of the obligation by transferring capital instruments of the entity, if this right has been classified by the entity as part of the capital.

The amendments to IAS 1 will be applied by the Company retrospectively for annual periods beginning on or after 1 January 2024. The adoption of the amendments to IAS 1 is not expected to have a material impact on the Company's consolidated statements.

Note 3 – Significant accounting judgements, estimates and assumptions used in the preparation of the financial statements

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

a) Judgements:

- Development costs:

In 2023, the Company started a project to create a vessel ownership database. This will be used for providing its services to customers as part of the Company's platform.

The Company recorded the development costs of this database as an intangible asset. The Company expects to recognise income from this intangible asset in the future.

- Deferred tax assets:

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

b) Estimates and assumptions:

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

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

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

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

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 4 – Cash and cash equivalent

	Year ended 31 December	
	2023 $'000	2022 $'000
Cash for immediate withdrawal – ILS	**2,860**	1,354
Cash for immediate withdrawal – USD	**12,080**	17,132
Cash for immediate withdrawal – EUR	**1,201**	947
Cash for immediate withdrawal – GBP	**1,176**	2,706
Cash for immediate withdrawal – other	**–**	2
	17,317	22,141

Note 5 – Trade and other receivables

a) Trade receivables, net

	Year ended 31 December	
	2023 $'000	2022 $'000
Trade receivables from contracts with customers	**2,502**	2,448
	2,502	2,448

a. At each reporting date the majority of the trade receivables have not yet reached their due date.
b. The majority of the trade receivables were repaid after the reporting date.
c. As of 31 December 2023, the trade receivable balance includes an allowance for expected credit losses in the amount of $283 thousands.

b) Other receivables

	Year ended 31 December	
	2023 $'000	2022 $'000
Institutions	**304**	128
Prepaid expenses	**2,057**	2,330
Unbilled receivables	**1,619**	365
Other	**274**	38
	4,254	2,861

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 6 – Property and equipment

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

As of December 2023	Computers $'000	Leasehold improvements $'000	Office furniture and equipment $'000	Total $'000
Cost:				
Balance as of 1 January 2023	828	1,302	234	2,364
Purchases	74	20	17	111
Balance as of 31 December 2023	**902**	**1,322**	**251**	**2,475**
Less – accumulated depreciation				
Balance as of 1 January 2023	**(624)**	**(840)**	**(104)**	**(1,568)**
Depreciation	**(111)**	**(133)**	**(17)**	**(261)**
Balance as of 31 December 2023	**(735)**	**(973)**	**(121)**	**(1,829)**
Depreciated cost as of 31 December 2023	**167**	**349**	**130**	**646**

Notes to the consolidated financial statements continued

Year ended 31 December 2023

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 NIS 403 thousand ($112 thousand).

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

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

Disclosures for right-of-use asset

	$'000
Balance as of 31 December 2021	386
Additions	1,797
CPI additions	147
Depreciation charge	374
Balance as of 31 December 2022	1,956
CPI additions	**61**
Depreciation charge	**398**
Balance as of 31 December 2023	**1,619**

Disclosures for lease liability

	$'000
Balance as of 31 December 2021	503
Additions	1,797
Lease payments	(482)
Interest	71
CPI additions	147
Exchange rate differences	9
Balance as of 31 December 2022	2,045
Lease payments	**(507)**
Interest	**194**
CPI additions	**61**
Exchange rate differences	**(71)**
Balance as of 31 December 2023	**1,722**
Current maturities of lease liabilities	**330**
Lease liability	**1,392**

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 7 – Leases continued

Details regarding lease transactions

	Year ended 31 December	
	2023 $'000	2022 $'000
Interest expenses in respect of lease obligations	**194**	71
Total cash flow for leases	**507**	482

Note 8 – Other payable

a. Other payable

	Year ended 31 December	
	2023 $'000	2022 $'000
Accrued vacation	**1,104**	991
Employees and institutions – December salaries	**2,575**	2,469
Accrued expenses	**624**	177
Other	**61**	–
	4,364	3,637

Note 9 – Equity

a. Issuance of share capital

	Number of shares[1]	
	31 December 2023 Ordinary Shares	31 December 2022 Ordinary Shares
Ordinary Shares[2]	**85,654,304**	85,654,304

1. As of 31 December 2023 and 2022, the Ordinary Shares include unallocated options pull of 1,473,763 and 2,000,000, respectively, against future exercised of allocated options.
2. In February 2023 the Company changed the nominal value from NIS 0.002 to no nominal value.

b. 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.

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 10 – Share-based compensation

In 2011 and 2021, the Company's Board of Directors approved a share option and RSU's plan (the "Plan") to grant certain employees and consultants of the Company options to purchase Ordinary Shares of the Company, 0.01 NIS par value each before the Initial Public Offering and 0.002 NIS after it, and RSUs with no nominal value since February 2024, see note 9.

Options

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

Most of the share options vest over a four-year period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

Following is a summary of the status of the option plan as of 31 December 2023 and 2022, and the changes during the years ended on these dates:

	Year ended 31 December 2023			Year ended 31 December 2022		
	Number	Weighted average exercise price	Weighted average of the remaining contractual life (years)	Number	Weighted average exercise price	Weighted average of the remaining contractual life (years)
Options outstanding at beginning of year	**7,086,003**	**0.29**		9,840,108	0.3	85,654,304
Changes during the year:						
Options granted	**–**	**–**		–	–	–
Options exercised	**(322,116)**	**0.36**		(1,688,421)	0.3	–
Options forfeited	**(622,581)**	**0.33**		(1,065,684)	0.36	–
Options outstanding at end of year	**6,141,306**	**0.28**	**6.12**	7,086,003	0.28	7.12
Options exercisable at year end	**5,213,776**	**0.29**	**5.89**	4,901,675	0.29	6.63

The weighted average of the share price in the years 2023 and 2022 was $0.69 per share and $1.35 per share, respectively. The options exercised in the said years resulted in the issuance of 322,116 shares, and 1,688,421 shares, respectively, in exchange for $0.36 per share and $0.3 per share, respectively. As of 31 December 2023, the shares issued for the exercised options were satisfied by the IBI pool shares.

RSUs:

a. As of December 2021, 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. As of 31 December 2022, those RSUs are fully vested. In addition, the Chairman receive warrants to purchase Ordinary Shares, in the event that the Company achieves certain performance milestones related to the Company market value during the period of his service as Chairman. The total fair value is approximately $42 thousand.
b. As of May 2022, the Company granted in total 599,000 RSUs to its employees. The total fair value of the 599,000 RSUs is approximately $997 thousand. The RSUs vest over a four-year period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.
c. As of May 2022, the Company granted in total 630,000 RSUs to its management. The total fair value of the 630,000 RSUs is approximately $965 thousand.
d. 50% of the RSUs vest over a four-year period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.
e. 50% of the RSUs will vest once a target for revenue is achieved.
f. The Company anticipates the performance goals will be achieved by the end of 2025.
g. 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.
h. Vesting of these RSUs are in accordance with the Company performance.
i. The CEO and Co-Founder & Head of US business did not meet the performance requirements.

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 10 – Share-based compensation continued

RSUs: continued

j. 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.

k. The RSUs vest over a four-year period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

l. 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.

m. The RSUs vest over a four-year period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

n. During February 2023, the Company granted in total 1,490,235 RSUs to its employees. The total fair value of the 1,490,235 RSUs is approximately $945 thousand. 1,011,125 of the RSUs vest over a four-year period: 25% will vest at the first anniversary of the vesting commencement date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the vesting commencement date. The rest of the RSUs will vest at the end of March 2024 if the performance condition that stipulated in the RSUs grants are met. The Company estimates that the performance condition will be met.

o. During March 2023, the Company granted in total 602,373 RSUs to its employees. The total fair value of the 602,373 RSUs is approximately $298 thousand. 81,500 of the RSUs vest over a four-year period: 25% will vest at the first anniversary of the vesting commencement date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the vesting commencement date. The rest of the RSUs will vest at the end of March 2024 if the performance condition that stipulated in the RSUs grants are met.

p. During May 2023, the Company granted in total 354,543 RSUs to its Chairman and Non-Executive Directors. The total fair value of the 354,543 RSUs is approximately $201 thousand. 354,543 of the RSUs vest at the end of 2023.

q. During May 2023, the Company granted in total 376,485 RSUs to its CEO and CFO. The total fair value of the 376,485 RSUs is approximately $214 thousand. 130,000 of the RSUs vest over a four-year period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant. 246,485 vest at the end of March 2024 if the performance condition that stipulated in the RSUs grants are met.

r. During September 2023, the Company granted in total 368,000 RSUs to its employees. The total fair value of the 368,000 RSUs is approximately $273 thousand. 368,000 of the RSUs vest over a four-year period: 25% will vest at the first anniversary of the vesting commencement date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the vesting commencement date.

Following is a summary of the status of the RSUs plan as of 31 December 2023 and 2022, and the changes during the years ended on these dates:

	Number	
	Year ended 31 December 2023	Year ended 31 December 2022
RSUs outstanding at beginning of year	**1,762,807**	–
Changes during the year:		
RSUs granted	**3,191,636**	1,968,807
RSUs vested	**(973,617)**	–
RSUs forfeited	**(326,452)**	(206,000)
RSUs outstanding at end of year	**3,654,374**	1,762,807

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 10 – Share-based compensation continued

The assumptions used to value options granted during 2022 and 2023 were as follows:

	Number	
	Year ended 31 December 2023	Year ended 31 December 2022
Ordinary share fair value	**0.49-0.74**	0.535-1.064
Risk-free interest rate	**–**	–
Expected term (in years)	**–**	–
Dividend yield	**–**	–
Volatility	**–**	–

Total share-based compensation expenses recognised, were approximately:

	$'000	
	Year ended 31 December 2023	Year ended 31 December 2022
Research and development	**736**	800
Sales and marketing	**826**	1,028
General and administration	**732**	1,008
	2,294	2,836

Note 11 – Financial instruments

1. The Group holds the following financial instruments:

	$'000	
	Year ended 31 December 2023	Year ended 31 December 2022
Financial assets:		
Financial assets at amortised cost:		
Cash and cash equivalents	**17,317**	22,141
Trade receivables	**2,502**	2,448
Restricted deposit	**1,558**	1,143
	21,377	25,732

	$'000	
	Year ended 31 December 2023	Year ended 31 December 2022
Financial liabilities:		
Liabilities at amortised cost:		
Trade payables	**969**	878
Lease liability	**1,772**	2,045
Other payables	**4,364**	3,637
	7,105	6,560

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 11 – Financial instruments continued

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. 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 31 December 2023, the Company has excess financial assets over financial liabilities in NIS currency totalling approximately $1,379 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 a continuing basis.

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

31 December 2023

	Less than one year	1-2 years	2-3 years	4-5 years	5-6 years	Total
Trade payables	**969**	**–**	**–**	**–**	**–**	**969**
Other payables	**624**	**–**	**–**	**–**	**–**	**624**
Lease liability	**481**	**481**	**481**	**481**	**481**	**2,405**
	2,074	**481**	**481**	**481**	**481**	**3,998**

31 December 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

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 12 – Commitments:

a. As of 31 December 2023 and 2022, the Company pledged bank deposit in a total amount of approximately $324 and $328 thousand, in consideration of a lease agreement.

b. As of 31 December 2023 and 2022, the Company pledged bank deposit in a total amount of approximately $88 and $70 thousand, in consideration of credit card guarantees.

c. As of 31 December 2023 and 2022, the Company pledged bank deposit in a total amount of approximately $1,147 and $745 thousand, in consideration of guarantees required under a customer agreement.

Note 13 – Revenues from contract with customers

	$'000	
	Year ended 31 December 2023	Year ended 31 December 2022
a. Customer types:		
Governments	**19,827**	16,027
Commercial	**8,500**	5,616
	28,327	21,643

	$'000	
	Year ended 31 December 2023	Year ended 31 December 2022
b. Geographical regions:		
Israel*	**555**	351
US	**8,953**	6,546
APAC	**3,069**	3,354
Europe	**10,577**	8,711
Gulf Cooperation Council (GCC) & Africa	**4,096**	2,189
South/Latin America	**1,077**	492
	28,327	21,643

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

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 13 – Revenues from contract with customers continued

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

	Year ended 31 December 2023 $'000
Balance as of 31 December 2021	
Customer A	**2,813**

Deferred revenues

	Year ended 31 December 2023 $'000
Balance as of 31 December 2021	**11,862**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(11,862)**
Consideration received during the year in respect to performance obligation that will be satisfied in the next years	**12,393**
Balance as of 31 December 2022	**12,393**
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(8,033)**
Consideration received during the year in respect to performance obligation that will be satisfied in the next years	**11,165**
Balance as of 31 December 2023	**15,525**

Movement in deferred revenues, net:

	$'000	
	Year ended 31 December 2023	Year ended 31 December 2022
Short-term deferred revenues	**12,734**	8,315
Long-term deferred revenues	**2,791**	4,078
Deferred revenues	**15,525**	12,393

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 14 – Supplementary operational information

	$'000	
	Year ended 31 December 2023	Year ended 31 December 2022
Cost of revenues:		
Payroll and related expenses	**1,995**	1,855
Hosting services and data	**3,154**	3,865
Other	**676**	426
	5,825	6,146
Research and development, net:		
Payroll and related expenses	**8,892**	9,719
Share-based compensation expenses	**736**	800
Depreciation and building maintenance	**854**	1,134
Other	**650**	653
	11,132	12,306
Sales and marketing:		
Payroll and related expenses	**8,571**	7,854
Consultants	**1,561**	1,368
Travel expenses	**821**	624
Share-based compensation expenses	**826**	1,028
Depreciation and building maintenance	**389**	463
Other	**1,482**	1,836
	13,650	13,173
General and administration:		
Payroll and related expenses	**2,564**	2,664
Professional services	**997**	1,220
Depreciation and building maintenance	**430**	235
Share-based compensation expenses	**732**	1,008
Other	**974**	401
	5,697	5,528
Finance expenses:		
Bank commissions	**49**	46
Exchange rates differences	**368**	2,929
Interest and finance charges for lease liabilities	**194**	79
Interest expenses	**705**	635
Interest income	**(448)**	–
	868	3,689

Notes to the consolidated financial statements continued

Year ended 31 December 2023

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 Israeli law is 23% in 2018 and thereafter.

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

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

b. Carry forward losses

Carry forward tax losses of the Company as of 31 December 2023 aggregate approximately $59,500 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 2018 are considered final.

d. Current taxes

In 2023, the Company recognised current tax expenses from the subsidiary in the amount of $146 thousand resulting from adjustments for previous years.

e. Reconciliation of income tax expense to prima facie tax payable

In 2023 and 2022, the main reconciling item of the statutory tax rate of the Company (19% to 23%) to the effective tax rate (0%) is tax loss carry forward and R&D credit carry forward.

Note 16 – Balances and transactions with related parties

a. The related parties:

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

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

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

b. Balances with related parties:

	$'000	
	31 December 2023	31 December 2022
Other accounts payable	**267**	327

c. Transactions with related parties:

	$'000	
	31 December 2023	31 December 2022
Payroll	**1,351**	1,168
Shared based compensation ([1])	**246**	284
	1,597	1,452

1. As of 2019, the Company granted in total 589,470 share options to the Chairman of the Board of Directors.

The total fair value of 589,470 share options is approximately $198 thousand.

The share options granted in 2019 vest quarterly over three years. As of 31 December 2023, the options are fully vested. See additional grants for related parties in note 10 above.

Notes to the consolidated financial statements continued

Year ended 31 December 2023

Note 17 – Earning per share

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

	Year ended 31 December 2023		Year ended 31 December 2022	
	Weighted number of shares(1) In thousands	Loss attributable to equity holders of the Company In thousands	Weighted number of shares(1) In thousands	Loss attributable to equity holders of the Company In thousands
Number of shares and loss				
Loss of the year	**88,168**	**(8,991)**	87,087	(19,199)
Adjustment for cumulative preference shares	**—**	**—**	—	—
For the computation of basic loss	**88,168**	**(8,991)**	87,087	(19,199)

1. The amount of ordinary shares used in calculating the loss per share includes potential ordinary shares resulting from a potential conversion of vested RSUs 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.

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