27 March 2024

Windward Ltd.

("Windward", "the Company")

Final Results

Strong financial results and record customer wins alongside further market-leading innovation

Windward (LON: WNWD), the leading Maritime AI company, is pleased to announce audited results for the year ended 31 December 2023.

Financial Highlights

- Annual Contract Value (ACV[1]) up 35% to $34.5m (2022: $25.5m)
- Commercial ACV growth of 58% (2022: 42%), representing 30% of total ACV (31 December 2022: 26%)
- Revenue up 31% to $28.3m (2022: $21.6m)
- Gross margin increased 700 basis points to 79% (2022: 72%)
- R&D investment to support future growth of $11.1m (2022: $12.3m)
- 59% reduction in EBITDA loss to $(5)m (2022: ($12.1m)), with H2 EBITDA loss of $(1.2)m (2022 $(6.7)m
- Cash and cash equivalents of $17.3m as at 31 December 2023 (31 December 2022: $22.1m)

Operational Highlights

- **Continued expansion of our blue-chip, global customer base, driven by underlying market demand and the diversification of our offering**
  - Strong growth in customers to over 200 as at 31 December 2023 (31 December 2022: 132)
  - Good levels of renewals and wins in Government segment, including significant increase in ROW Government customers
  - Progress in expanding our supply chain customer base, supporting strong ACV growth in the commercial sector in line with our stated strategy
  - Partnerships signed to further expand market reach, including a partnership with the London Stock Exchange Group

- **Continued innovation of our offering to provide customers with the most advanced maritime AI**
  - New product launches include additional ETA insights and Reasons for Delay API strengthening our supply chain solution in response to changing global events

- **Confident outlook**
  - Strong trading momentum has continued in the new year
  - Confident in achieving results for FY24 in line with market expectations

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

(2) EBITDA is earnings before interest, tax, depreciation and amortisation

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

"I am pleased to have driven another year of significant progress for Windward in line with our stated strategy, delivering record levels of ACV and revenue, including substantial growth in our commercial segment.

Global trade faces an array of evolving challenges across security, sanctions, and supply chains. In the face of these ongoing pressures, we have further cemented our position across the industry as a trusted partner to governments and businesses of all sizes to help them meet their ambitions.

Looking ahead, we are excited to scale the business further and meet the growing need for the digitisation of the maritime market. We are supported in these ambitions by our global and committed team of maritime experts, a strong cash position, enabling continued investment into our solutions and people, and high levels of recurring revenue."

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About Windward

Windward (LSE:WNWD), 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.

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 organizations.

For more information visit: https://windward.ai/.

Chairman's statement

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 34%, 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.

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.

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

Chief Executive Officer's statement

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 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.

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 vs. 2023.

These innovations ensure the highest levels 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 Defense 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 FY24 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

Financial Review

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

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

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

As at 31 December 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.

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%

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 5 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 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%

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

Windward Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2023	2022
		Year ended December 31	
		U.S. dollars in thousands (except share and per share data)	
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	14	1,316	3,937
Financial income	14	(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.

Windward Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	December 31 2022
		U.S. dollars in thousands	
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	**Ofer Segev**
Chief Executive Officer	Chief Financial Officer

Date of approval of the consolidated financial statements by the Company's Board of Directors: March 25, 2024.

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

Windward Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary shares	Additional paid-in capital	Accumulated deficit	Total
	U.S. dollars in thousands			
BALANCE AS OF DECEMBER 31, 2021	**27**	**77,486**	**(49,351)**	**28,162**
CHANGES DURING 2022:				
Exercise of options by employees	(*)	536	-	536
Share based compensation	-	2,836	-	2,836
Loss for the year	-	-	(19,199)	(19,199)
BALANCE AS OF DECEMBER 31, 2022	**27**	80,858	**(68,550)**	**12,335**
CHANGES DURING 2023:				
Exercise of options and RSUs by employees	(*)	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 DECEMBER 31, 2023	**-**	**83,297**	**(77,541)**	**5,756**

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

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

Windward Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2023	**2022**
	U.S. dollars in thousands	
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 BEGINNING OF 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 YEAR	**17,317**	22,141

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

NOTE 1 - GENERAL

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

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

c. 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. At 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.

d. Since the establishment of the company, the company has accumulated continuous losses from its business activities, and it had negative cash flows. As of December 31, 2023, the company had cash and cash equivalents in the amount of approximately $17.3 million. The continuation of the company's activity in the coming year is supported by its cash balances as well as the realization 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 December 31, 2023 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

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

b. **Functional and presentation currency**

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

Transactions and balances

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

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

c. **Principals of consolidation**

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

d. **Cash and cash equivalents**

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

e. **Restricted deposit**

Restricted deposits consist of cash deposits for office lease, credit card guarantee, guarantees required under a customer agreement. 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 recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. The Company charges its customers based on payment terms agreed upon in specific agreements. When payments are made before or after the service is performed, the Company recognizes the resulting contract asset or liability.

Transactions with financing:

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

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

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

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 recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2. Post-employment benefits:

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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Israeli labor law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances. Company's pension and severance pay liability to certain employees is covered mainly by purchase of insurance policies. Pursuant to section 14 of the Severance Compensation Act, 1963 ("section 14"), some of the Company's employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments in accordance with section 14 relieve the Company from any future severance payments in respect of those employees and as such the Company may only utilize the insurance policies for the purpose of disbursement of severance pay.

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 recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award ("the vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

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

i. Income taxes

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

j. Research and development costs

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

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

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

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 platform. The company recorded the development costs of this database as an intangible asset. The Company expects to recognize 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 payment 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 separate the lease components from the non-lease components.

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

- the amount of the initial measurement of lease liability

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.

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 recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components they are subsequently measured at amortized 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 amortized cost is recognized in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

3. Hedging:

During the year 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 ($6.9 million) between the months May to October 2023. The company recorded the forward contract influence of approximately $560 thousands as a finance expenses. No hedge accounting was applied for these forward contracts.

4. Financial liabilities:

   a) Financial liabilities measured at amortized cost:

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

   After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest rate method.

5. Derecognition of financial liabilities:

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

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 minimizing the use of unobservable inputs.

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

Level 1	-	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	-	inputs other than quoted prices included within Level 1 that are observable directly or indirectly.
Level 3	-	inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

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.

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 January 1, 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 that 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 January 1, 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 12 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.

· 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 January 1, 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 JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS:

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

a) Judgments:

- Development costs:

  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 platform/

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

- Deferred tax assets:

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

b) Estimates and assumptions:

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

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

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

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

NOTE 4 – CASH AND CASH EQUIVALENT:

	December 31	
	2023	2022
	U.S dollars in Thousands	
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

	December 31	
	2023	2022
	U.S dollars in Thousands	
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 December 31, 2023, the trade receivable balance includes an allowance for expected credit losses in the amounts of $283 thousands.

b) Other receivables

	December 31	
	2023	2022
	U.S dollars in Thousands	
Institutions	304	128
Prepaid expenses	2,057	2,330
Unbilled receivable	1,619	365
Other	274	38
	4,254	2,861

NOTE 6 - PROPERTY AND EQUIPMENT:

As of December 31, 2022:

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

As of December 31, 2023:

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

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 thousands ($112 thousands).

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

In June 2022 the Company exercised its option to extend the office lease period for additional five years starting on January 1, 2023. The lease quarterly payments during the option period will be approximately NIS 423 thousand (approximately $121 thousand). As a result of the above, the company recognized 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 re measurement of the lease liability.

<u>Disclosures for right of use asset:</u>

	U.S dollars in Thousands
Balance as of December 31, 2021	386
Additions	1,797
CPI additions	147
Depreciation charge	374
Balance as of December 31, 2022	1,956
CPI additions	61
Depreciation charge	398
Balance as of December 31, 2023	1,619

<u>Disclosures for lease liability:</u>

	U.S dollars in Thousands
Balance of December 31, 2021	**503**
Additions	1,797
Lease payments	(482)
Interest	71
CPI additions	147
Exchange rate differences	9
Balance of December 31, 2022	**2,045**
Lease payments	(507)
Interest	194
CPI additions	61
Exchange rate differences	(71)
Balance of December 31, 2023	**1,722**

Current maturities of lease liabilities	330
Lease liability	1,392

Details regarding lease transactions

	December 31,	
	2023	2022
	U.S dollars in Thousands	
Interest expenses in respect of lease obligations	194	71
Total cash flow for leases	507	482

NOTE 8 – OTHER PAYABLE

a. Other payable

	December 31	
	2023	**2022**
	U.S dollars in Thousands	
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

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	Number of shares*	
	December 31, 2023	**December 31, 2022**
	Ordinary shares	**Ordinary shares**

Ordinary Shares**	85,654,304	85,654,304

*As of December 31, 2023 and 2022 the ordinary shares include un allocated options pull of 1,473,763 and 2,000,000, respectively against future exercised of allocated options.
**In February 2023 the Company change 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.

NOTE 10 – SHARE BASED COMPENSATION

In 2011 and 2021, the Company's Board of Directors approved a share option and RSUs plan (the "Plan") to grant certain employees and consultants of the Company options to purchase Ordinary shares of the Company, 0.01 NIS par value each before the Initial Public Offering and 0.002 NIS after it and RSU's 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 four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

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

Year ended December 31					
2023			2022		
Number	Weighted average exercise price	Weighted average of the remaining	Number	Weighted average exercise price	Weighted average of the remaining

			contractual life (Years)			contractual life (Years)
Options outstanding at beginning of year	7,086,003	0.29		9,840,108	0.3	
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, 1,688,421 and 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.

<u>RSUs</u>:

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 December 31, 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 RSU’s is approximately $997 thousand.

The RSU’s vest over four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant. the 599,000 RSU’s is approximately $997 thousand.

c) As of May 2022, the Company granted in total 630,000 RSU's to its Management. The total fair value of the 630,000 RSU's is approximately $965 thousand.
50% of the RSU's vest over four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.
50% of the RSU's will vest once a target for revenue is achieved.
The company anticipates the performance goals will be achieved by the end of 2025.

d) As of May 2022, the Company granted in total 170,000 RSUs to the CEO, Co-Founder & Head of US business, the total fair value of the 170,000 RSUs is approximately $263 thousand. Vesting of these RSUs are in accordance with the company performance.
The CEO and Co-Founder & Head of US business did not meet the performance requirements.

e) As of June 2022, the Company granted in total 274,000 RSU's to its employees. The total fair value of the 274,000 RSUs is approximately $384 thousand.
the RSUs vest over four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

f) As of December 2022, the Company granted in total 170,000 RSU's to its employees. The total fair
value of the 170,000 RSUs is approximately $135 thousand.
the RSU's vest over four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant.

g) 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 four years 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.

h) 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 four years 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 condonation that stipulated in the RSUs grants are met.

i) 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.

j) 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 four years period: 25% will vest at the first anniversary of the grant date and 6.25% will vest at the end of each quarter during the second, third and fourth years from the date of grant. 246,485 vest at the end of March 2024 if the performance condonation that stipulated in the RSUs grants are met.

k) 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 four years 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 RSU's plan as of December 31, ,2023 and 2022, and the changes during the years ended on these dates:

	Year ended December 31	
	2023	**2022**
	Number	
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

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

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

NOTE 10 – SHARE BASED COMPENSATION (continued**):**

Total share-based compensation expenses recognized, were approximately:

	December 31	
	2023	2022
	U.S dollars in Thousands	
Research and development	736	800
Sales and marketing	826	1,028
General and administration	732	1,008
	2,294	2,836

1. The Group holds the following financial instruments:

	December 31	
	2023	2022
	U.S. dollars in thousands	
Financial assets:		
Financial assets at amortized 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

	December 31	
	2023	2022
	U.S. dollars in thousands	

Financial liabilities:

Liabilities at amortized cost:

Trade payables	969	878
Lease liability	1,772	2,045
Other payable	4,364	3,637
	7,105	6,560

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 summarized below:

a. Market risk:

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

b. Foreign currency risk:

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

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

As of December 31, 2023, the Company has excess financial assets over financial liabilities in NIS currency totaling 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 continuing basis.

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

December 31, 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

December 31, 2022:

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

NOTE 12 - COMMITMENTS:

a. As of December 31, 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 December 31, 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 December 31, 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

	Year ended December 31	
	2023	**2022**
	U.S. dollars in thousands	
a. Customer types:		
Governments	19,827	16,027
Commercial	8,500	5,616
	28,327	21,643

	Year ended December 31	
	2023	**2022**
	U.S. dollars in thousands	
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 asset in the consolidated financial statement are located in Israel.

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 December 31
	2023
	U.S. dollars in thousands
Customer A	2,813

Deferred revenues

Movement in deferred revenues, net:

	U.S. dollars in thousands
Balance as of December 31, 2021	11,862
Revenue recognized that was included in the contract liability balance at the beginning of the year	(11,862)
Consideration received during the year in respect to performance obligation that will be satisfied in the next years	12,393
Balance as of December 31, 2022	12,393
Revenue recognized 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 December 31, 2023	15,525

	U.S. dollars in thousands	
	December 31	
	2023	2022
Short term Deferred Revenues	12,734	8,315
Long term Deferred Revenues	2,791	4,078
Deferred Revenues	15,525	12,393

NOTE 14 - SUPPLEMENTARY OPERATIONAL INFORMATION

	Year ended December 31	
	2023	2022
Cost of Revenues:	U.S dollars in thousands	
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

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 December 31, 2023, aggregate approximately $59,500 thousand. The Company did not recognize a deferred tax asset in respect of those losses as no taxable income is probable in the foreseeable future.

c. Tax assessment

The Company's tax assessments up until the year 2018 are considered final.

d. Current taxes

In 2023, the company recognized 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 carryforward and R&D credit carryforward.

NOTE 16 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. The related parties:

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

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

In addition, The Right, Honorable, The Lord Browne of Madingley ("The Lord Browne of Madingley") the chairman of the board of directors of the Company.

b. Balances with related parties:

	December 31	
	2023	**2022**
	U.S dollars in thousands	
Other accounts payable	267	327

c. Transactions with related parties:

	December 31	
	2023	**2022**
	U.S dollars in thousands	
	1,351	1,168
Payroll	246	284
Shared based compensation (*)	1,597	1,452

(*) As of 2019, the Company granted in total 589,470 share options to chairman of the board of directors.
The total fair value of 589,470 share options is approximately $198 thousand.
The share options have granted in 2019 vest quarterly over three years. As of December 31,2023, the options are fully vested. See additional grants for related parties in note 10 above.

NOTE 17 - EARNING PER SHARE

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

	Year ended December 31,			
	2023		2022	
	Weighted number of shares (*)	**Loss attributable to equity holders of the Company**	**Weighted number of shares (*)**	**Loss attributable to equity holders of the Company**
	In thousands	**In thousands**	**In thousands**	**In thousands**
Number of shares and loss				
Loss of the year	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)

(*) 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.