RNS Number : 4832U
Windar Photonics PLC
01 July 2024

1 July 2024

Windar Photonics plc

("**Windar**", the "**Company**" or the "**Group**")

Audited Results for the 12 months ended 31 December 2023,

Update on current trading and sales development activity

and

Notice of AGM

Windar Photonics plc (AIM: WPHO), the technology group that has developed its WindEye and WindTimizer LiDAR wind sensors and its related 'Nexus' software suite designed to efficiently and cost effectively increase the power output and reduce lifetime operating costs of electricity generating wind turbines, today announces its audited results for the 12 months ended 31 December 2023. Following the successful, oversubscribed share placing at a premium in April to raise £4.4m (before expenses) to support growth, the Company is pleased to give an update on current trading and on its latest business development activities.

Highlights

Financial:

- Revenue of €4.8m represents 157% growth on prior year revenue of €1.9m
- EBITDA (before share based payments) of €0.2m (2022: €0.8m loss) represents first year of positive EBITDA in Company's history
- Loss for the year narrowed to €0.2m (2022: €1.1m)
- Basic loss per share: €0.003ps (2023: €0.019ps)
- £4.4m (before expenses) raised in April 2024 through oversubscribed equity placing issued at a premium
- EBITDA reduced from anticipated €0.4m predominantly as a result of the non-cash reclassification of an operating lease as falling outside IFRS16

Operational:

- Significant order in April with a gross value of US$1.27m for delivery to the North American market
- Significant orders in February for a combined gross value of €1.3m to the Chinese market
- Launch of Windar Nexus software suite, adding further application and efficiencies for our customers

Current Trading & Sales Development Activity

- Revenue for 6 months ending 30 June 2024 expected to be c.€2.3m, +70% YOY
- Further orders received for H2 of €3.8m
- Order pipeline is increasingly strong
- Following the $1.27m order in April, we are now in discussion with several more US based operators of similar scale over orders for multiple turbine platforms
- We are in the advanced stages of potential new orders from China, Japan and Australia
- First 'Nexus' software platform installations expected in August 2024 with further value enhancing modules in development and testing

Outlook

With our sales and forward order book in June 2024 already reflecting over 125% of entire 2023 revenue, supported by a strong and developing order pipeline, we have confidence in the growth of sales of WindEye and WindTimizer hardware and, increasingly, of our Nexus software related services. To date, our sales focus has been largely around the Vestas V82 turbine platform, where there remains significant potential, but we are beginning to successfully test and target sales on other turbine platforms, such as Senvion and GE, thereby further enhancing the Company's prospects for future growth.

With a strong balance sheet, ongoing successful product development, increased manufacturing capacity and greater supply chain resilience, the Board looks to the future with confidence.

For further information, please contact:
Windar Photonics plc
Gavin Manson
Tel: +45 24234930

WH Ireland Limited (Nomad & Broker)
Hugh Morgan / James Bavister / Isaac Hooper
Tel: +44 20 7220 1666

Notes to Editors:

Windar Photonics plc is a technology group that has developed Light Detection and Ranging ("LiDAR") optimisation systems for use on electricity generating wind turbines. LiDAR wind sensors in general are designed to remotely measure wind speed and direction.

Visit our website for further information: https://www.windarphotonics.com/

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

Having delivered our second consecutive year of revenue growth of over 150% and the first positive EBITDA in the history of the Company in 2023, and with sales and orders for 2024 already at 125% of 2023 revenue when we raised £4.4m through an undiscounted capital raise in April 2024, the Company is well positioned to deliver its considerable potential.

Following the challenges in 2022 posed by the impact of the pandemic on supply chains, 2023 proved to be an extremely positive and pivotal year for the Company. Our second successive year of sales growth in excess of 150% allowed the achievement of positive EBITDA generation for the first time in the Company's history. As importantly, the sales momentum and pipeline established in the second half of 2023 gives confidence in our ability to maintain a similar trajectory of YOY sales growth with the resultant movement to significant profitability at EBITDA and EPS level. This confidence allowed us to seek and raise the £4.4m (before expenses) equity issue completed in April 2024 - providing not only the working capital and balance sheet strength necessary to move forward unconstrained by funding but also bringing new institutional investors onto our share register.

Our sales development and ability to raise capital has been facilitated by:

1. the continued development of our core physical LIDAR products for deployment across turbine platforms
2. development of our Nexus range of software products providing a platform for future development to enable data driven performance improvement for customers across individual turbines and entire wind farms
3. increasing commercial validation of the economic benefits of implementing our products through the now in excess of 1,000 systems deployed globally across turbine platforms in North America, Asia and Europe.
4. manufacturing process and capacity improvements as production is scaled up with increased quality assurance and product robustness

Our active product development now means that the proven 3-4% turbine performance improvement from installation of our WindEye and WindTimizer products will increasingly become an entry level benefit with our Nexus software range providing the opportunity for significantly enhanced turbine performance improvement, data driven maintenance planning and turbine life extension.

In April 2024 we were pleased to announce a €1.2m order marking a new relationship with a significant turbine operator in the North American market. As well as providing the potential for material further orders this also marked the first revenue from sales of software related services through our Nexus platform.

These developments leave the Company with a very exciting opportunity to develop scale and value and the Board are committed to delivering this value, as evidenced both through participation in the recent equity raise and in existing holdings.

During the year to 31 December 2023, revenue increased by over 150% from €1.9m to €4.8m. With 67% of revenue coming in the final 5 months of the financial year, this growth demonstrates developing sales momentum - albeit influenced by the seasonally slower first quarter for installations / invoicing due to weather conditions in Northern Hemisphere wind farm locations. Gross margins remaining at c50% provide a solid base for targeted progression as we extend our global reach and increasingly develop software related sales.

Our first positive financial year of positive EBITDA of €0.2m (before share-based payments) (2022: loss €0.8m) is a significant milestone, which, combined with our current order book and strong sales pipeline, gives us confidence for the future.

The Group exited 2023 with cash balances of €0.2m, influenced negatively by the concentration of sales late in the year and a resultant reduction in deferred revenue of €1m due to the timing of orders and scheduled deliveries.

With our strong order book coming into 2024 and the breakthrough €1.2m order from the new customer in North America in April 2024 that took our sales and forward order book for 2024 to €5.9m, the Board sought to raise capital in order to ensure that the company's development is unconstrained by working capital restriction, as well as provide the balance sheet strength necessary to develop new customer relationships and increase supply chain resilience. We were delighted to be successful in raising £4.4m (before expenses) through an equity placing at a premium share price of £0.35 - bringing in significant new institutional investors as well as individuals. The pricing of the issue demonstrated investor confidence in the Company's prospects and the Board is committed to ensuring that we deliver on the full potential of both our hardware and software products.

Board & Employees

Whilst the Group has developed significantly over the last 24 months, these have not been easy years for the Group's employees and we as a Board thank them for their resilience and dedication through, first of all, the pandemic, and then the challenges of rapid growth.

Having joined the Board as Chairman in October 2023, I was pleased to welcome Gavin Manson to the Board as a Non-Executive Director in February 2024. Gavin brings broad experience as a CFO of listed and developing companies and will bring focus on the development of robust financial and operational processes to support our targeted growth.

The Board and employees of Windar were shocked and greatly saddened by the sudden and unexpected passing of Johan Blach Petersen, my predecessor as Chairman, in April 2024. Johan was instrumental in the development of Windar over many years and his contribution was a significant factor in seeing the company through some difficult times on the way to our successful 2023 and the Company's current strong position. He will be greatly missed.

Outlook

With our sales and forward order book in June 2024 already reflecting over 125% of entire 2023 revenue, supported by a strong and developing order pipeline, we have confidence in the growth of sales of WindEye and WindTimizer hardware, and increasingly, of our Nexus software related services. To date, our sales focus has been largely around the Vestas V82 turbine platform, where there still remains significant potential, but we are beginning to successfully test and target sales on other turbine platforms, such as Senvion and GE, thereby hugely increasing the Company's prospects for future growth.

With a strong balance sheet, ongoing successful product development, increased manufacturing capacity and greater supply chain resilience, the Board looks to the future with confidence.

David George Lis
Chairman

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their Strategic Report and the audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES OF THE GROUP

Windar Photonics is a technology Group that has developed LiDAR wind sensors and a related software suite designed to efficiently and cost effectively increase the power output and reduce the lifetime operating costs of electricity generating wind turbines. LiDAR wind sensors in general are designed to remotely measure wind speed and direction.

The Group's key physical products are the WindEYE™ and WindVISION™ sensors which measure the wind speed at different measuring points by scanning a laser beam ahead of the wind turbine. By measuring the wind speed a variety of wind information is derived such as wind direction, turbulence, wind shear, wind gust and wake detection. The products and various algorithms are designed for the general optimisation of wind turbines both in respect of increasing the Annual Energy Production and general load reduction options.

The Group has recently developed and implemented the first phase of its Nexus software platform to support the data driven management of the improvement of performance of individual wind turbines and in future turbine farms.

REVIEW OF THE BUSINESS

The Chairman's Statement includes a general review of the Group's business for the year.

FUTURE DEVELOPMENTS IN THE BUSINESS

Independent Power Producers (IPPs) and Wind Park Operators are primarily interested in general optimisation of existing wind turbines thereby potentially increasing power output. One method of achieving this is by optimisation of the yaw alignment of the wind turbine, meaning that the wind turbine is better facing the wind. This can be obtained by fitting a LiDAR wind sensor such as the WindEYE™ sensor. Windar's sales progress in 2023 marked a breakthrough year for the Group and this has again seen transformational development through a significant new customer relationship in North America. In April 2024 we signed a significant €1.2m order with this North American client as a first stage in addressing the substantial opportunity.

As well as including the sale of a number of WindVISION sensors the North American order also marked the first revenue from services related to our Nexus software platform. This platform will increasingly be the foundation for future developments in the provision of enhanced services giving clients with our WindEYE and WindVISION products the opportunity to realise performance improvements beyond the core wind alignment benefits from installation of our hardware. The data and benefits from utilising current and future Nexus software modules will optimise alignment, operating hours, planned maintenance and operating life of individual turbines as well as incremental benefits from the consolidation of data and response across wind farms.

GROUP RESULTS AND DIVIDENDS

In the year ended 31 December 2023, Windar Photonics achieved revenue of €4.8 million (2022; €1.9 million) from sales of WindEYE™ and WindVISION™ sensors and related services which represent a revenue increase of 157% from 2022. The total gross profit for the year amounted to €2.4 million (2022; €0.9 million) representing an increase of 154% from the prior year.

The Group loss for the year before taxation and exceptional expenses decreased to €0.35 million (2022: €1.3 million).

No dividends are payable for the year under review (2022: No dividends payable).

CAPITAL INCREASE

Following the period end, in April 2024, the Group raised £4.4m (before expenses) of capital through the issue of 12,631,426 Ordinary Shares at an undiscounted price of 35p per share. The Capital was raised in order to provide the Group with the working capital necessary to satisfy demand for its products and increased balance sheet strength.

PRINCIPAL RISKS AND UNCERTAINTIES

Sales cycle and product acceptance
As with many large projects the successful addition of a client and the successful installation of the Group's product for a potential client can entail a long sales cycle, which often also involves protracted negotiations and meeting detailed technical specifications and requirements, the length of which may adversely affect the Group's financial situation and cash flow and increase project costs. Furthermore, there can be no guarantee that the commencement of such negotiations will result in successful addition of a client and, as such, significant time may be spent, and expense may be incurred without return for the Group.

As the Group increases its presence in the market and is undertaking projects with IPP, Wind Farm Operators and OEMs the sales cycle risk is reduced, as there are more potential clients, and the non-conversion of any potential client is less of a risk to the business. As the Group continues to grow this risk will become a normal trading risk.

Products and services failure
Quality is critical to the Group's business solution. While the Group's technology is complete and extensive security and scalability testing has been carried out, a major system defect, due to design mistake or technology failure could impact upon current and future customer demand. This may lead to adverse press and market commentary
damaging the reputation of the Group, and require rectification costs and/or claims against the Group. Further, all sales made by the Group are made with a two-year warranty with the first sale having been made in the fourth quarter of 2013. No major claims have been

Group are made with a two-year warranty with the first sale having been made in the fourth quarter of 2015. No major claims have been made under such warranties and the Group has worked with its customers to enhance the installations on site to date but there can be no assurance that the Group will not incur significant liabilities in satisfying warranty claims in the future.

The Group has not had to initiate a product recall. However, it may be exposed to product recalls if its products are faulty or if regulations are breached. If the Group has to recall products, it may incur significant and unexpected costs and damage to its reputation. The Group has implemented quality control procedures to mitigate this risk.

Reliance on suppliers
The substantial part of subcomponents that are assembled into the WindEYE™ and WindVision™ sensors are manufactured and supplied by third parties. It may be difficult to replace any of these subcomponents if there was an interruption in the supply, consistency, quality or timely delivery or an increase in costs above the forecast levels, which could adversely affect the Group's operating results or harm its reputation. Any such interruption where the Group is unable to locate and engage an alternative within a reasonable time and at an acceptable cost may result in the Group being unable to offer its services or products or a material interruption in the provisions of its services or products, which in turn may have a material adverse effect on the Group's business and prospects.

Other commercial factors
The Group is still in an early business cycle stage and now entering the next higher growth cycle means that the Group will be exposed to a higher concentration of single customers and/or contracts. In 2023 this was illustrated by the fact that 2 customers accounted for 55% of the annual Group revenue (2022: 2 customers, 64%). New orders received post the period end are expected to significantly reduce concentration in 2024 and beyond. The Group is aware and is paying attention to the potential commercial risk this development brings. One of the ways to mitigate this risk going forward is to continue to focus strongly on both ongoing, but just as important, new OEM projects with the view over time to developing a broader customer base.

Being in an early business cycle the Group has been dependent on financing the business through placing of shares in the market primarily to finance annual losses generated in the Group. The Group is aware of the risks associated with being dependent on such capital sources. The focus in the Group to mitigate this risk is to arrive at a position where any potential future share placings primarily will be needed for financing of working capital and not financing of annual losses. Following the April 2024 share issue, no further issues are anticipated.

Reliance on key personnel
The Company's future success is substantially dependent on the Group's ability to attract, train, motivate and retain key management, commercial and technical personnel with the necessary skills and experience. There is no guarantee that the Group will be successful in attracting and/or retaining key personnel. The loss of any of these key personnel for whatever reason may have a material adverse effect on the future of the Company's business.

Confidentiality
In order to protect its proprietary technology and processes, the Group relies on confidentiality agreements with employees, licensees, independent contractors and other third parties. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of disclosure of confidential information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Group's proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the Group's competitive business position.

SECTION 172 OF THE COMPANIES ACT 2006

The Directors are well aware of their duty under Section.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

• the likely consequences of any decision in the long term;
• the interests of the Company's employees;
• the need to foster the Company's business relationships with suppliers, customers and others;
• the impact of the Company's operations on the community and the environment;
• the desirability of the Company maintaining a reputation for high standards of business conduct; and
• the need to act fairly between members of the Company.

The Board recognises that the long-term success of the Group requires positive interaction with its stakeholders. Positive engagement with stakeholders will enable our stakeholders to better understand the activities, needs and challenges of the business and enable the Board to better understand and address relevant stakeholder views which will assist the Board in its decision making and to discharge its duties under Section 172 of the Companies Act 2006. The comprehensive interaction with stakeholder incorporates among others regulatory announcements as well as direct communication between Shareholders and the Board.

In Windar Photonics, we set an honour in building long-term corporate relationships, with both suppliers, customers and development partnerships, which has been an essential part, since the incorporation of the Group and is still today a fundamental part of our progress.

One of the biggest assets in Windar Photonics PLC is our team members. Their hard work and personal commitment are highly valued and is the cornerstone for the continued positive future journey for the Group. We will continue to ensure the well-being, embraced their ambitions and empower them, as an essential part of our Group.

KEY PERFORMANCE INDICATORS

The Group considers the revenue, the EBITDA development, cash balances, levels of debt, and employee numbers as the current key performance indicators of the business as it has been in a start-up phase.

Revenue for the year was €4.8 million (2022: €1.9 million) representing an increase of 157% and Gross Profit showed an increase of 154%.

EBITDA gain, representing the loss from operations and adding back the depreciation and amortisation charges of €0.2 million (2022: €0.2 million), amounted to €0.1 million (2022 loss: €0.8 million).

At 31 December 2023 the Group had cash balances of €0.2 million (2022: €1.4 million).

Trade receivables at the end of the year increased to €0.5 million (2022: €0.4 million).

The Group's loans at 31 December 2023 amount to €1.8 million (2022: €1.9 million) of which €0.5 million (2022: €0.2 million) is classified as current.

Employee numbers at 31 December 2023 were 29 (2022: 23).

BY ORDER OF THE BOARD ON JUNE 29, 2024

Jorgen Korsgaard Jensen

Jørgen Korsgaard Jensen

Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the Financial Statements for the year ended 31 December 2023.

FUTURE DEVELOPMENTS

The future developments for the Group are discussed in the Chairman's Statement and the Strategic Report.

GROUP RESULTS AND DIVIDENDS

The Group results and dividends are shown in the Strategic Report.

DIRECTORS

The Directors of the Company during the year were:

Jørgen Korsgaard Jensen
Johan Blach Petersen (resigned on 9 April 2024)
Paul Joseph Hodges
Andrew John Richardson
David George Lis (appointed on 6 October 2023)

Gavin Maxwell Manson was appointed on 14 February 2024.

DIRECTORS' INTERESTS

	As at 31 December 2023			As at 26 June 2024		
	Ordinary Shares	Per cent	Warrants	Ordinary Shares	Per cent	Warrants
Jørgen Korsgaard Jensen (held by Pasinika Limited. see below)	5,649,864	8.3%	-	5,649,864	7.0%	-
David George Lis	337,500	0.5%	-	1,826,071	2.2%	-
Paul Joseph Hodges	2,125,318	3.1%	-	3,545,318	4.4%	-
Johan Blach Petersen	1,882,841	2.8%	-	1,882,841	2.3%	-
Andrew John Richardson	-	-	-	50,000	0.1%	-
Gavin Manson	-	-	-	428,571	0.5%	-

SIGNIFICANT SHAREHOLDERS

Shareholders who have notified the company of shareholdings in excess of 3% as at 31 December 2023 and at 26 June 2024 are as follows:

	As at 31 December 2023		As at 26 June 2024	
	Number of ordinary shares	Percentage	Number of ordinary shares	Percentage
Pasinika Limited	5,649,864	8.3	5,649,864	7.0
Paul Joseph Hodges	2,125,318	3.1	3,545,318	4.4
Danmarks Tekniske Universitet	2,352,990	3.4	2,352,990	2.9
Milton Holding Horsens A/S	2,119,400	3.1	2,119,400	2.6

DIRECTORS' BIOGRAPHIES

David George Lis (Non-Executive Chairman), aged 74

David George Lis is an experienced non-executive director within investment and fund management. David joined Norwich Union Investment Management in 1997 (later merging to form Aviva Investors), before becoming Head of Equities in 2012 and latterly Chief Investment Officer, Equities and Multi Assets, until his retirement in March 2016. David is currently the Chairman of WildLife Group Limited, the Senior Independent Director of Melrose Industries plc and Hostmore Plc and a Non-Executive Director of Dowgate Capital Limited. He has previously held the position of Senior Independent Director of Electra Private Equity plc as well as being a non-executive director of BCA Marketplace plc and the Multifamily Housing REIT plc.

Jørgen Korsgaard Jensen (Chief Executive Officer and Founder), aged 61

Jørgen Korsgaard Jensen is an expert in optical technology solutions and has been involved in Research & Development projects in the field of optical technology in collaboration with the Danish Technical University, DTU for more than twenty years. Prior to that he held leading positions in international companies with responsibilities for strategy, finance, purchasing and logistics. He is the chief executive and founder of OPDI Technologies A/S, which is a technology incubator company focused on development of opto/electronic sensors primarily for consumer electronic products.

Further, he is chief executive of WaveTouch Group Limited, which develops and markets optical touch screen technologies.

The businesses of Windar Photonics and WaveTouch Group Limited were both initially created by, and are derived from businesses within OPDI Technologies A/S.

Paul Joseph Hodges, aged 64

Paul Joseph Hodges has had a career in the City of London, spanning 40 years, as an investment analyst, stockbroker and corporate financier. During this period, Paul has held prominent roles at S G Warburg, James Capel, Schroder Securities, Collins Stewart and Cenkos plc. Paul was a founding partner of Cenkos, a main board director and a central figure in the firm's landmark deals. He now acts as an independent consultant. Paul has a B.Sc(Economics) degree in Econometrics from the London School of Economics and a M.Sc degree in Management Science from Imperial College, London.

Andrew John Richardson, aged 59

Andy is a non-executive chairman, director and board advisor who helps businesses to achieve success. Andy has a wealth of expertise across a range of organisations at CEO, Chair and non-executive levels, including having been Chairman of Rubicon Partners Industries, CEO of Arc Specialist Engineering Limited and CEO of Metalrax Group Plc. He has a strong track record in business transformation, scale-up and international development in quoted, private equity and family office ownership structures. He has a demonstrated history of success internationally in the manufacturing sector including Automotive, FMCG, Medical Devices, Aerospace, Off-Highway, Engines, Consumer Products, Safety Products, Building Products. Andy was educated at Cambridge University holding two degrees, M.A. and M.Eng. Andy loves helping people to succeed.

Gavin Maxwell Manson, aged 58

Gavin Manson is an experienced non-executive director and CFO. He is currently CFO of agriculture and engineering group Carr's Group plc and is a Non-Executive Director of healthcare group Meallmore Ltd. He was previously Chairman of Hostmore plc and between 2016 and 2022 was Chief Financial and Operating Officer of Electra Private Equity PLC having previously held senior finance positions in a number of listed companies including Thomas Cook Group plc, Premier Farnell plc and Merck KGaA.

DIRECTORS' REMUNERATION

The value of all elements of remuneration received by each Director in the year was as follows:

	Wages and salaries	Fees	Fair value of warrant costs	Total
	€	€	€	€
Year ended 31 December 2023				
Executive Directors				
Jørgen Korsgaard Jensen	-	-	-	-
Non-executive Directors				
Johan Blach Petersen	-	-	-	-
David George Lis	-	**24,494**	-	24,494
Paul Joseph Hodges	-	**28,350**	-	28,350
Andrew John Richardson	-	**26,933**	-	26,933
Total	**-**	**79,777**	**-**	**79,777**
Year ended 31 December 2022				
Executive Directors				
Jørgen Korsgaard Jensen	-	-	-	-
Non-executive Directors				
Johan Blach Petersen	-	13,500	-	13,500
Paul Joseph Hodges	-	28,350	-	28,350
Andrew John Richardson	-	-	-	-
Total	**-**	**41,850**	**-**	**41,850**

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has put in place qualifying third party indemnity provisions for all of the directors of Windar Photonics Plc.

FINANCIAL INSTRUMENTS

Currency
The Group reports its revenues and costs in €, whilst some of these revenues and costs may arise in currencies other than this including, inter alia US Dollars, Pounds Sterling, Chinese Yuan and Danish Krone. As a result, the Group is exposed to risks associated with fluctuations in foreign currency exchange rates, which may adversely affect the Group's reported profits or make its overseas contracts relatively less valuable. In particular, customers are invoiced in their local currency rate, which may in the future give rise to material currency exposure risks. The Group does not currently engage in any currency hedging although as the business expands and foreign currency exposure increases the Group will consider options to mitigate the exposure to foreign currency movements.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Group finances its operations through a mix of equity and borrowings. The Group's objective is to provide funding for future growth and achieve a balance between continuity and flexibility through its bank facilities and future intergroup loans.

The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial year these projections indicated that the Group is expected to have sufficient liquid resources for a period of at least twelve months from the date of signing of these financial statements, to meet its obligations. Accordingly, the Board has adopted the going concern basis. See note 3 for further details.

CREDIT RISK

The Group regularly reviews and assesses the trade receivables for impairment and considers the market risk in respect of the trade receivables. As the Group trades with a concentrated number of customers the Group has reviewed trade receivables on an individual basis. The Group has made a provision against overdue trade receivables of € Nil (2022: € Nil). The Group considers the followings events as indicators of an impairment:

- default of payments of the counterparty;
- financial difficulties of the counterparty;
- it's becoming probable that the counterparty enters bankruptcy or other financial reorganisation;
- granting to the counterparty a concession that the Group will not otherwise consider.

EMPLOYMENT POLICIES

The Group is committed to employee involvement in the business and there are consultative procedures available for management and other employees to discuss matters of mutual interest.

The Group has a policy of non-discrimination in respect of sex, colour, religion, race, nationality or ethnic origin and the recruitment of disabled persons is only subject to any overriding consideration of access and safety.

TREASURY POLICY

The Group has adopted formal treasury policies to control its financial instruments. It is a Group Treasury policy not to undertake transactions of a speculative nature. Group cash flows are managed centrally and surplus cash is invested in short-term financial instruments.

Compliance with these policies is monitored by the Board.

RESEARCH AND DEVELOPMENT

The Group continues to undertake R&D into LiDAR technology. During the year the Group spent €1,517,237 (2022: €994,713) on R&D of which €493,436 (2022: €311,262) has been capitalised as an intangible asset as shown in note 17 to the financial statements.

The Group has received public Research and Development Grants of €165,223 (2022: €121,019) in respect of the capitalised research and development. At the end of the year, 2 development projects are ongoing which are supported by public Research and Development Grants and outstanding grants which can be claimed in the coming two years amount to €51,127 (2022: €209,754).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Director's Report, the Corporate Governance Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and company financial statements in accordance UK-adopted international accounting standards ("IFRS"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group and Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

AUDIT INFORMATION

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, there is no relevant audit information of which the Group's auditor is unaware.

Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITORS

A resolution to re-appoint Gravita Audit Limited as the Company's Auditor will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD ON JUNE 29, 2024

Jorgen Korsgaard Jensen

Director

The Group has elected to follow the QCA guidelines in respect of Corporate Governance, which is also published on the Company's website.

In common with other organisations of a similar size, the Executive Director is heavily involved in the day-to-day running of the business. The Board of Directors meets regularly and is responsible for formulating strategy, and for the trading subsidiaries, monitoring financial performance and approving major items of capital expenditure. All Directors have access to the advice and services of the Company Secretary.

BOARD OF DIRECTORS

The Board includes a minimum of three Non-Executive Directors. The Board has scheduled meetings every second month for each year and others as required. The Board retains full responsibility for the direction and control of the Group. No strategic powers have been delegated and for these reasons the Board did not have, during the year, a formal schedule of matters specifically reserved to it.

There is currently no formal agreed procedure for Directors in the furtherance of their duties to take independent professional advice as necessary at the Company's expense.

NON-EXECUTIVE DIRECTORS

The appointment of Non-Executive Directors is a matter for the Board as a whole based on recommendations from the Nominations Committee. Although recommended by the Code, there is currently no formal selection process. The Non-Executive Directors have contracts for services for an unspecified period. Non-Executive Directors are subject to re-election every three years.

Terms and conditions of appointment of the Non-Executive Directors are available for inspection.

EXECUTIVE DIRECTORS

Directors are appointed by the Board of Directors but stand for election by the shareholders at the Annual General Meeting. The Executive Directors are subject to re-election every three years.

The Company holds board meetings regularly throughout the year. Seven scheduled board meetings were held during the year, as well as one audit committee meeting, one remuneration committee meeting and one nomination committee meeting. Attendance by board members is shown below.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held	7	1	1	1
Executive board members				
Jørgen Korsgaard Jensen	7	N/A	N/A	N/A
Non-executive board members				
Johan Blach Petersen	7	1	1	1
Paul Joseph Hodges	7	1	1	1
Andrew John Richardson	7	1	1	1
David George Lis	1	0	0	0

In the event that Board approval is required between Board meetings, Board members are emailed the details, including supporting information in order to make a decision. The decision of each Board member is communicated and recorded at the following Board meeting. Board members are aware of the time commitment required when joining the Board.

BOARD COMMITTEES

Audit Committee
During the year to 31 December 2023, the Audit Committee comprised Johan Blach Petersen, Paul Joseph Hodges and Andrew John Richardson and was chaired by Johan Blach Petersen. Andrew John Richardson now chairs the Committee. The Audit Committee meets at least once a year and is responsible for reviewing the annual and half-yearly financial statements, the system of internal controls and risk management, and the terms of appointment and remuneration of the auditor. It is also the forum through which the auditor reports to the Board. The Audit Committee is also responsible for reviewing the objectivity of the external auditor and the terms under which the external auditor is appointed to perform non-audit services.

The Group's auditor also attends the Audit Committee at its request and reports on its work procedures, the quality and effectiveness of the Group's accounting records and its findings in relation to the Group's statutory audit. The Audit Committee will meet with the auditor at least once a year.

During the year the committee worked with the Group auditors, on the findings of the 2022s audit as well as reviewing the company's full year results on behalf of the Board. It considered significant accounting policies, ensured compliance with accounting standards and considered reports from the external auditor on accounting topics of a judgemental nature requiring attention. The Committee, where necessary will have had separate discussions with the auditor without management being present on the adequacy of controls and any judgemental areas, as well as feedback on the audit.

Nomination Committee
The Nomination Committee comprises David George Lis, (Johan Blach Petersen prior to the appointment of David George Lis), Andrew John Richardson and Paul Joseph Hodges and is chaired by David George Lis. It meets at least once a year and otherwise as required. The Nomination Committee considers the composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board.

Remuneration Committee
The Remuneration Committee comprises Andrew John Richardson, Paul Joseph Hodges and Gavin Maxwell Manson (from his appointment on 14th February 2024) and is chaired by Paul Joseph Hodges. It meets at least once a year and is responsible for reviewing the scale and structure of the executive directors' remuneration and the terms of their service or employment contracts, including any share options granted and other bonus arrangements. The remuneration and terms and conditions of the Non-Executive Directors are set by the entire Board.

The remuneration committee has decided that the Executive Director should receive remuneration from 1st January 2024.

The Non-Executive Directors were awarded remuneration for their services during the year.

During the year no granted share options lapsed and 2,256,956 new share options were granted during the year.

PERFORMANCE EVALUATION

There is currently no formal performance evaluation of the board, its committees, and its individual directors. A modus operandi for the evaluation of the board is currently under consideration, but not implemented at the current stage of the Group's development, as the Group is still a fairly young and small business unit.

COMMUNICATION WITH SHAREHOLDERS

The Directors are available to shareholders at any time to discuss strategy and governance matters.

In addition, all Group announcements are published on the Group's website, together with financial results.

All shareholders have the opportunity to ask questions and express their views at the Company's Annual General Meeting, at which all Directors are available to take questions.

AUDIT AND INTERNAL CONTROL

The primary role of the Audit Committee is to keep under review the Group's financial systems and controls and its financial reporting procedures. In fulfilling this role, the Committee receive and review work carried out by the external auditors and their findings.

The Board has overall responsibility for operating and monitoring the system of internal control within the Group and for monitoring its effectiveness. The system includes an on-going process for identifying, evaluating and managing significant business risks. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide the directors with reasonable assurance that any material problems are identified on a timely basis and dealt with appropriately.

Guidance to Directors of UK Companies on internal control procedures and good practice on risk management is provided by the Financial Reporting Council.

The Audit Committee reviews the effectiveness of the internal controls on an annual basis on behalf of the Board and considers that they comply throughout the year ended 31 December 2023 with those provisions of the Code which they consider to be practicable and appropriate for a relatively small public company.

The key elements of the system, which are designed to meet the specific needs and business risks of the Group, include:

- clearly defined organisation structures with segregation of duties wherever practicable;
- agreement of Group short term financial objectives and business plans;
- quarterly review by the Board of Group management accounts and monitoring of results against budgets;
- Board control over treasury, taxation, legal, insurance and personnel issues;
- Board control over appraisal, review and authorisation of capital expenditure.

In common with organisations of similar size the Executive Director is heavily involved in the day to day running of the business. The directors believe that although the Group's controls may be slightly less formal than those of larger groups, the close involvement of the Executive Directors more than compensates for this.

The Board believes that it is not currently appropriate for the Group to maintain an internal audit function because of the small size of the Group.

The Audit Committee considers the independence and objectivity of the external auditor on an annual basis, with particular regard to non-audit services. The split between audit and non-audit fees for the year and information on the nature of the non-audit fees appear in note 9 to the financial statements. The non-audit fees are considered by the Committee not to affect the independence or objectivity of the auditor. The Audit Committee monitors such costs in the context of the audit fee for the year, ensuring that the value of non-audit services does not increase to a level where it could affect the auditor's objectivity and independence. The Audit Committee also received an annual confirmation of independence from the auditor.

GOING CONCERN

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further expansive description can be found in Note 3.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

Windar Photonics plc - QCA Code

As Chairman of the Board of Directors of Windar Photonics plc ("Windar Photonics", "the Company" or "the Group" as the context requires), it is my responsibility to ensure that the Company has both sound corporate governance and an effective Board.

As Chairman, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, communicating with shareholders, and ensuring that good information flows freely between the Executive Directors and the Non-Executive Directors in a timely and efficient manner.

In line with the AIM Rules, which require all AIM-listed companies to adopt and comply with a corporate governance code, the Board of Windar Photonics plc has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The QCA Code states that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term."

It is the Board's responsibility to ensure that Windar Photonics plc is managed in the long-term interests of all shareholders and stakeholders in the business.

The Board believes a strong and effective corporate governance culture is critical in this respect as we endeavor to grow a resilient and sustainable business for the benefit of our shareholders and all stakeholders.

The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of material non-compliance.

The QCA code is constructed around 10 broad principles and the report below sets out how we comply with the code at this time. Compliance with the code will be reviewed and updated annually.

David George Lis

Chairman

QCA Code Principle	What we do and why
1. Establish a strategy and business model which promotes long- term value for shareholders *The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.*	Windar Photonics' primary vision is to be, and remain, the leading global supplier of nacelle LiDAR equipment for both the wind turbine OEM and retrofit markets. Windar's core strategy for achieving the vision is focused on the following core components: • **Competitiveness** • **Innovative technology** • **Cost-effective operation of the company** • **Power enhancement and cost reduction for the end user.** The OEM market is serviced directly by Windar Photonics, whereas the retrofit market is serviced through an external global dealership that provides Windar Photonics products to local Independent Power Producers (IPPs) and wind farm operators. The company's strategy and key challenges are detailed on pp. 5-6 and pp. 10-15 of the *Report of the Directors and Consolidated Financial Statements (*For the year ended 31 December 2023).
2. Seek to understand and meet shareholder needs and expectations *Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.* *The board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.*	The Board is committed to clearly navigating the company towards substantial growth and to ensure that the shareholder's expectations are met in this regard. Windar Photonics encourages two-way communication with both its institutional and private investors. Windar Photonics endeavors to respond swiftly to all queries received from its investors. The company's CEO is regularly in contact with the Group's institutional and retail shareholders and ensures that their views and concerns are communicated clearly to the Board. The Company also seeks to manage shareholder expectations through its regulatory disclosures. The Board recognises the AGM as an important opportunity to meet private shareholders, and the Directors are available to listen to the views expressed by the company's shareholders in an informal context immediately following the AGM. The AGM invariably includes an update by the Chief Executive Officer and others on developments which have occurred since the Annual Report went to press. Where voting decisions are not in line with the company's expectations, the Board will engage with those shareholders to understand and address any issues. The key point of contact for all shareholders is Chief Executive Officer, Jørgen Korsgaard Jensen, who can be contacted at jk@windarphotonics.com

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success *Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.* *Where matters that relate to the company's impact on society, the communities within which it operates or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into*	Windar Photonics is committed to sustainability and progress in all aspects of our business - for the environment, customers, suppliers and the communities we operate in. This is evidenced and underpinned by our vision and values: 1. Customers - Grow profitable sales 2. Quality - Operational excellence 3. Environment - Community impact 4. Innovation - Excellent product design 5. Team Work - Engage our people Sustainability is essentially the foundation of Windar Photonics, as the company's overall business is to provide the market a commercially viable means of enhancing the production and effectiveness of renewable wind energy assets, which in turn contributes to increasing the economic viability and sustainability of the renewable energy sector. Windar Photonics via its global dealership, contributes to increasing the competitiveness of the emerging wind energy sector. Windar Photonics is based in United Kingdom and Denmark, and the company

the company's strategy and business model. *Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.*	conforms to the local laws and standards for social responsibilities in relation to the company's employees. Windar Photonics encourages an open dialogue with its employees and conduct individual employee consultations, to attain feedback on all aspects of employment with Windar Photonics. Furthermore, employee representatives meet in forums to discuss business related issues. Windar Photonics encourages customers feedback through trade account managers and direct engagement with individual customers via customer service teams and social media communication, such as LinkedIn.
4. Embed effective risk management, considering both opportunities and threats, throughout the organization *The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; the company needs to consider its extended business, including the supply chain, from key suppliers to end- customers. Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).*	A detailed analysis of the risks faced by the company, and the measures taken to minimise the identified risks, are detailed on pp. 6-7 of the *Strategic Report and Report of the Directors (*for the year ended 31 December 2023), along with an assessment of any changes to the potential risks during the previous reporting period. The Company formally reviews and documents the principal risks to the business at least annually. Likewise, the executive directors have agreed to act with risk- prevention in mind during the daily operation of the company. The board is responsible for evaluating potential risks and meets regularly to identify and review risks in relation to the ongoing trading, and the company's budgets and forecasts. Likewise, the Board considers risk to the business at every board meeting, and both current and future potential risks are registered and assessed during each meeting.

5. Maintain the board as a well-functioning, balanced team led by the chair *The board members have a collective responsibility and legal obligation to promote the interests of the company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.* *The board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.* *The board should have an appropriate balance between executive and non-executive directors and should have at least two independent non-executive directors. Independence is a board judgement.* *The board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. Directors must commit the time necessary to fulfill their roles.*	The Board consists of Directors with a varied set of skills and substantial experience within their respective fields, which complements each other well in relation to directing the company and making informed decisions for encouraging the growth of the company. The Company is controlled by the Board of Directors. Johan Blach Petersen, Non-executive Chairman (until October 6, 2023, (David George Lis, appointed October 6, 2023)), Andrew Richardson, Non- executive Director and Paul Hodges, Non-executive Director is responsible for the running of the Board, and Jørgen Korsgaard, the company's Chief Executive Officer, has the executive responsibility for running the company's business and implementing the company's strategy. The Board is comprised of one Executive Director and a number of Non- Executive Directors. The Board considers that all Non-executive Directors bring an independent judgement to bear notwithstanding the varying lengths of service: • **Johan Blach Petersen** (Non-Executive Chairman, until October 6 2023, ceased to be a Director 9th April 2024) • **David George Lis** (Non-Executive Chairman, Appointed October 6, 2023) • **Jørgen Korsgaard Jensen** (Chief Executive Officer and Founder) • **Paul Hodges** (Non-Executive Director) • **Andrew Richardson** (Non-Executive Director) • **Gavin Manson** (Non-Executive Director) (Appointed 14th February 2024) Detailed profiles for the Directors on the Board are available on p. 9 of the *Report of the Directors and Consolidated Financial Statements (*for the year ended 31 December, 2023) All Directors receive regular and timely information concerning the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. In addition, minutes of the meetings are circulated to the Company's Board of Directors. The Board has a formal schedule of matters reserved to it and is supported by the Audit, Remuneration and Nomination Committee. The Schedule of Matters Reserved and Committee Terms of Reference are available on the Company's website and can be accessed on the "*Corporate governance*" page of the website. The Board meets at least six times per annum. The Audit Committee will meet at least twice a year, The Nomination Committee will meet at least once a year and otherwise as required and finally the Remuneration Committee meets at least once a year.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities *The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.* *The board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.* *As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.*	The Nomination Committee of the Board oversees the process and makes recommendations to the Board regarding all new Board appointments. Where new appointments for the Board are considered, the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. The Nomination Committee also considers succession planning as part of their responsibility to ensure the consistency of the Boards activities. The current board is comprised of directors with expertise within their respective fields, thus providing the company the benefits of a broad spectrum of knowledge and experience: **David George Lis** (Non-Executive Chairman, appointed October 6, 2023) Experienced non-executive director with investment and fund management background. **Jørgen Korsgaard Jensen** (Chief Executive Officer and Founder) Highly skilled innovator with in an in- depth understanding of international business and developing new technological solutions for the market. **Paul Hodges** (Non-Executive Director) Comprehensive corporate finance and investment experience. **Andrew Richardson** (Non-Executive Director) Strong track record in business transformation, scale-up and international development. **Gavin Manson** (Non-Executive Director, appointed 14th February 2024) Experienced listed company CFO. Detailed profiles for the Directors on the Board are available on p. 8 of the *Report of the Directors and Consolidated Financial Statements (*for the year ended 31 December, 2023).
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement *The board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.* *The board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team. It is healthy for membership of the board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.*	A modus operandi for the evaluation of the board is currently under consideration, but not implemented at the current stage of the company's development, as the company is still a fairly young and small business unit. All directors are subject to re-election by the shareholders by rotation. The company has not adopted a specific policy on succession planning but the board has a regular focus and discussion on this subject. The Non-executive Directors are, however, required to give three months' notice under their employment contracts if they wish to leave the company and the Executive Directors are required to give nine months' notice. The Board is confident that the Company's middle management team has the strength to ensure the Company's business is not adversely impacted in the period between an Executive Director leaving and a replacement being recruited. The Nomination Committee is required to recommend and review nominees as new directors to the Board where there are vacancies or where it is felt that additional directors should be appointed. For new appointments, the search for candidates is conducted and appointments made on merit against objective criteria and with due regard for the benefits of diversity on the board. Any senior management appointments are also required to be approved by the Nomination Committee.

8. Promote a corporate culture that is based on ethical values and behaviours *The board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and*	Windar Photonics is a fairly small and young company, and the corporate ethical values have not yet been formally described. A description of the ethical values that underpin the company will be formulated and made public during 2023. Nonetheless, the company is operated on a sound foundation of ethical principles: • A high degree of transparency and non-hierarchical communication between the various positions in the company • Entrepreneurial spirit and a high degree of o employee influence • A diverse work-place with a wide representation of different cultures, which is considered a boon for the company.

strategy of the company. *The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company.* *The corporate culture should be recognizable throughout the disclosures in the annual report, website and any other statements issued by the company.*	Furthermore, the company has provided training and information concerning anti-bribery and work-place safety to its employees. • The company is also committed to providing a safe and secure environment for its employees, with its policies and procedures enshrined in its health and safety guidance to employees.
9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the board *The company should maintain governance structures and processes in line with its corporate culture and appropriate to its:* • *size and complexity; and* • *capacity, appetite and tolerance for risk.* *The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.*	The company's governance structure is described in detail in the *Report of the Directors and Consolidated Financial Statements (*for the year ended 31 December 2023) in the section *Corporate Governance Statement* on pp. 16-22. It is also included under the biographies of the directors and committees of the Board on our website. A description of the matters of the board, titled "25 Board reserved matters", is made public on the website, and is available on the page "*Corporate governance".*

10.Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders. *A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.* *In particular, appropriate communication and reporting structure should exist between the board and all constituent parts of its shareholder base.* *This will assist:* *the communication of shareholders' views to the board; and the shareholders' understanding of the unique circumstances and constraints faced by the company.* *It should be clear where these communication practices are described (annual report or website).*	Windar Photonics encourages two- way communication with both its institutional and private investors. Likewise, Windar Photonics endeavors to respond swiftly to all queries received from its investors. The company's CEO is regularly in contact with the Group's main shareholders and ensures that their views and concerns are communicated clearly to the Board. The Board recognises the AGM as an important opportunity to meet private shareholders, and the Directors are available to listen to the views expressed by the company's shareholders in an informal context immediately following the AGM.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Independent auditor's report to the members of Windar Photonics Plc

OPINION

We have audited the financial statements of Windar Photonics Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards (IFRSs) and as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the Group and Parent Company financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;

- the Group and Parent Company's financial statements have been properly prepared in accordance with IFRSs as adopted by United Kingdom;
- the Group and Parent Company's financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The directors set out their basis of using the going concern basis in note 3. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Carrying value of intangible assets
- Carrying value of inter-company receivable (parent company only)
- Revenue recognition
- Going concern

These are explained in more detail below.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Carrying value of intangibles	
The Group holds material intangible assets. These intangibles comprise development costs and research and development. **As set out in note 4, the group recognises an internally generated intangible asset arising from development (or from the development phase of an internal project) if all of the criteria per accounting standards can be demonstrated. This includes the ability to measure reliably the expenditure attributable to the intangible assets during its development. Costs are allocated between the capitalised project and other projects based on directors' judgement.** **Once capitalised, the directors make an assessment of the recoverability of these costs.** **The Directors have a duty to confirm that all intangibles, are correctly recognised and appropriately considered for any impairment at the year end.** **Furthermore, should impairment indicators be identified, there is a level of judgement exercised by management in estimating fair value of intangibles, which may result in inaccurate valuation of balances.** **We have determined this to be a key audit matter due to the level of judgement involved in this area.**	We have performed the following audit procedures: • our audit procedures included a consideration of whether the capitalisation criteria were met for the capitalised project; • costs capitalised consist of payroll costs and other costs. Other costs have been agreed to external documentation. Payroll costs have been agreed to a schedule prepared by the directors splitting payroll costs between the capitalised project and other projects, and this split has been tested by confirmation with the employees working on the capitalised project; • obtained and reviewed management's assessment of impairment of the intangibles held; • we have also reviewed the projected revenue and income streams against the capitalised projects to evaluate management's judgement that the carrying value is recoverable; • where indicators of impairment were identified, we challenged management's assessment of any future income from the intangibles; • where no indicators of impairment were highlighted by management, we challenged the judgements made in management's assessment by identifying contradictory signs of any potential indicators of impairment; • based on our work we consider that the costs capitalised satisfy the criteria of the relevant accounting standards and did not identify indications that an impairment was required; and • considered the appropriateness of the Group's disclosures in the financial statements. Based on the audit work performed, we are satisfied that management have appropriately valued intangibles in line with

their accounting policy and in accordance with the requirements of IFRS. We are also satisfied that all necessary disclosure have been made in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Carrying value of inter-company receivable (parent company only) **We identified a risk that the inter-company receivables of the parent company (Windar Photonics Plc) in its subsidiaries (subsidiaries are listed within note 16) may be impaired.** **At the end of each reporting period, the directors are required to assess whether there is any indication that the amounts receivable from subsidiary undertakings as shown in the parent company may be impaired.** **Management's assessment of the recoverable amount of inter-company receivables with subsidiaries requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of the amounts receivable from subsidiaries and impairment charges.** **The directors have not identified an indicator of impairment in relation to the inter-company receivable from the subsidiary undertakings and as a result carried out an impairment review. This area was significant to our audit because the directors' exercised judgement in determining the underlying assumptions used in this calculation.**	We have performed the following audit procedures: • reviewed management's assessment of future operating cashflows and indicators of impairment; • compared the carrying value of the inter-company receivables at the year end to the net assets and expected future profits of each subsidiary; • assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with the economic and industry statistics relevant to the business; • challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at these; • assessed the reasonability of cash outflows, including contracted delivery costs, and research and capital spend; • considered the appropriateness of the Parent Company's disclosures in relation to any impairment in the Company only financial statements; and • ensured that disclosures of the key judgements and assumptions, and sensitivity of the impairment loss recognised was appropriately disclosed. Based on the audit work performed, we are satisfied that the management have assessed and considered if impairment is required in respect of the inter-company receivable from subsidiary undertakings in the Parent Company financial statements.
Revenue recognition **The Group had a total turnover of €4.8m (2022: €1.9m) for the year ended 31 December 2023.** **Revenue is the principal measure used by stakeholders to determine the performance of the group. Revenue recognition and in particular cut-off are presumed to be significant risk areas of the audit.** **The directors disclose the basis of recognition of revenue in the accounting policies in note 4.**	We have performed the following audit procedures: • Assessed the appropriateness of the Group's revenue recognition accounting policies. • Reviewed a sample of contracts with customers and tested that the Group has correctly accounted for the revenue arising from these contracts in accordance with the accounting policies and reviewed management's judgement on the contract price and the allocation to performance obligations. • Sales listing in the year were reconciled to the contracts and nominal ledgers. Detailed testing of a sample of transactions were performed and cut-off checked. Walkthroughs of revenue were performed to check that controls were working appropriately. • We performed detailed testing of a sample of deferred income to ensure that income was posted to the correct period. • We agreed a sample of contracts and vouched income through to bank statements. Based on the audit work performed, we are satisfied that management has appropriately recognised revenue and all necessary disclosures have been made in the consolidated financial statements.
Going concern **The group is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence, continue trading.** **The key assumptions that impact the conclusions are the levels of future revenue, and the ability to control the operating costs. There are, therefore, inherent risks that the forecasts may overstate future revenue due to the timing of closure of future contracts, or understate future costs, and that the Group will not be able to operate within its cash resources and continue to operate as a going concern.** **The going concern assumptions are dependent on the future growth of the current business.**	Management's going concern forecasts include a number of assumptions related to the future cash flow and associated risks. Our audit work focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period. Specifically, we obtained, challenged and assessed management's going concern forecasts and performed procedures including: • Verifying consistency of key inputs relating to the future costs and revenues to other financial and operational information obtained during audit. • Performing sensitivity analysis on management's "worst case" scenario assumptions. Further, we have noted that in April 2024, the group successfully raised capital funding amounting to £4.3m, net of costs, which has put the group in a better position post year end. Based on the audit work performed, we are satisfied with the management's use of going concern assumptions in preparing the financial statements of the group.

OUR APPLICATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the Group financial statements as follows:

	Financial statements
Overall materiality	€71,000 (2022: €105,200).
How we determined it	Based on 1.5% of revenue (2022: Based on 10% of net loss)
Rationale for benchmark applied	We believe that revenue is the primary measure used by the shareholders in assessing the performance of the group. This benchmark is considered the most appropriate because the group is a trading group.

We agreed with the Directors that we would report to them misstatements identified during our audit above €3,550 (2022: €5,260) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Based on our professional judgment, we determined materiality for the Company financial statements as follows:

	Financial statements
Overall materiality	€25,000 (2022: €24,500).
How we determined it	Based on of 2.5% of gross assets (2022: Based on of 2.5% of gross assets)
Rationale for benchmark applied	We believe that gross assets is the primary measure used by the shareholders in assessing the performance of the Company. This benchmark is considered the most appropriate as the Company is a holding company.

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality has been set at 75% of overall materiality. The Performance materiality was set at €53,550 for the Consolidated Group and €18,825 for the Parent company. We determined performance materiality with reference to factors such as our understanding of the Group and its complexity, the quality of the control environment and ability to rely on controls and the low level of uncorrected misstatements in the prior year audit.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the Directors to make significant judgements and estimates, for example in respect of the valuation of investment in subsidiaries, intangibles and inventory and considered future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope
The UK operations and consolidation are accounted for from the UK. We conducted a full scope audit of the Group and key components whilst carrying out targeted audit procedures on non-significant components.

The Group financial statements are a consolidation of four companies made up of the parent company, an intermediate holding company and two trading companies. The principal trading company is located in Denmark and the other trading company is in Shanghai. The head office and main accounting location is located in Denmark. Our Group audit scope focused on the group's principal trading company and based on our risk assessment we determined this company to be the only component within the group which, in our view, required an audit of their complete financial information due to their size. This audit was performed by BDO Denmark. The other trading company and the intermediate holding company were subject to analytical review and audit testing on specific areas which were material or related to significant risks. This work was performed by Jeffreys Henry LLP together with additional procedures performed at Group level in respect of the audit of the parent company, the consolidation and going concern. These reviews gave us the evidence we needed to form our opinion on the Group financial statements as a whole.

Audits of the subsidiary companies were performed at lower levels materiality compared to group materiality and determined by us to be appropriate to the relative size of the company concerned. As part of our audit strategy detailed group audit instructions were issued to the component auditor and the Group audit team reviewed the complete audit file for the main trading company. Virtual communications were used to verify certain aspects of our audit.

We have audited all components within the Group, and no unaudited components remain.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the group through discussions with directors and other management.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and
- we assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
    - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
    - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 6 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- in response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
    - agreeing financial statement disclosures to underlying supporting documentation;
    - reading the minutes of meetings of those charged with governance;
    - enquiring of management as to actual and potential litigation and claims; and
    - reviewing correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of noncompliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *http://www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

USE OF THIS REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jan Charlesworth (Senior Statutory Auditor)
For and on behalf of Gravita Audit Limited, Statutory Auditor
Aldgate Tower
2 Leman Street
London E1 8FA
…………………………

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023**	Year ended 31 December 2022
		€	€
Revenue from contracts with customers	8	**4,766,484**	1,853,249
Cost of goods sold		**(2,361,386)**	(906,638)
Gross profit		**2,405,098**	946,611
Administrative expenses		**(2,548,366)**	(1,953,607)
Other operating income		**32,210**	32,260
Exceptional expenses		**–**	(89,038)
Loss from operations	9	**(111,058)**	(1,063,774)
Finance expense	12	**(240,033)**	(230,734)
Loss before taxation		**(351,091)**	(1,294,508)
Taxation	13	**168,571**	218,837
Loss for the year attributable to the ordinary equity holders of Windar Photonics Plc		**(182,520)**	(1,075,671)
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Exchange gains arising on translation of foreign operations		**7,089**	22,817
Total comprehensive loss for the year attributable to the ordinary equity holders of Windar Photonics Plc		**(175,431)**	(1,052,854)
Loss per share attributable to the ordinary equity holders of Windar Photonics Plc			
Basic and diluted, cents per share	14	**(0.3)**	(1.9)

All activities relate to continuing operations.

The notes on pages 39-62 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	**31 December 2023**	31 December 2022
		€	€
Assets			
Non-current assets			
Intangible assets	17	**1,343,361**	1,196,996
Property, plant & equipment	18	**330,799**	106,983
Right of use assets	19	**56,005**	–
Deposits		**38,262**	28,994
Total non-current assets		**1,768,427**	1,332,973
Current assets			
Inventory	20	**718,983**	699,236
Trade receivables	21	**546,273**	389,652
Other receivables	21	**135,088**	197,496
Tax credit receivables	21	**151,015**	218,928
Prepayments		**129,551**	47,860
Cash and cash equivalents	22	**152,180**	1,404,073
Total current assets		**1,833,090**	2,957,245
Total assets		**3,601,517**	4,290,218
Equity			
Share capital	27	**834,771**	834,771
Share premium	28	**16,479,150**	16,479,150
Merger reserve	28	**2,910,866**	2,910,866
Foreign currency reserve	28	**(58,488)**	(65,577)
Retained earnings	28	**(19,901,376)**	(19,818,092)
Total equity		**264,923**	341,118
Non-current liabilities			
Warranty provisions	30	**25,493**	45,774
Holiday Allowance provisions	31	**138,538**	134,734
Lease liabilities	26	**31,711**	-
Loans	25	**1,287,697**	1,690,462
Total non-current liabilities		**1,483,439**	1,870,970
Current liabilities			
Trade payables	24	**572,234**	264,083
Other payables and accruals	24	**472,810**	451,402
Contract liabilities	24	**251,678**	1,205,531
Lease liabilities	26	**25,648**	–
Loans	24	**530,785**	157,114
Total current liabilities		**1,853,155**	2,078,130
Total liabilities		**3,336,594**	3,949,100
Total equity and liabilities		**3,601,517**	4,290,218

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2024 and were signed below on its behalf by:

Jørgen Korsgaard Jensen, Director

The notes on pages 39 to 62 form part of these financial statements.

	Note	**31 December 2023**	31 December 2022
		€	€
Assets			
Non-current assets			
Investments in subsidiaries	16	**–**	–
Total non-current assets		**–**	–
Current assets			
Other receivables	21	**12,512**	21,300
Intragroup receivables	21	**1,091,896**	183,579
Cash and cash equivalents	22	**–**	960,237
Total current assets		**1,104,408**	1,165,116
Total assets		**1,104,408**	1,165,116

Equity			
Share capital	27	**834,771**	834,771
Share premium	28	**16,479,150**	16,479,150
Merger reserve	28	**658,279**	658,279
Foreign exchange reserve	28	**–**	(7,746)
Retained earnings	28	**(17,088,471)**	(16,977,909)
Total equity		**883,729**	986,545
Current liabilities			
Trade payables	24	**43,627**	108,452
Bank overdrafts	22	**426**	–
Other payables and accruals	24	**176,626**	70,119
Total liabilities		**220,679**	178,571
Total equity and liabilities		**1,104,408**	1,165,116

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was €202,052 (2022 - loss €889,697).

The financial statements were approved and authorised for issue by the Board of Directors on June 29 2024, and were signed below on its behalf by:

Jørgen Korsgaard Jensen, Director

The notes on pages 39 to 62 form part of these financial statements.
Company number: 09024532

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023 €**	Year ended 31 December 2022 €
Loss for the period before taxation		**(351,091)**	(1,294,508)
Adjustments for:			
Finance expense/(income)	12	**240,033**	230,734
Amortisation	17	**179,134**	174,792
Depreciation - property, plant and equipment	18	**30,165**	2,992
Depreciation - right of use assets		**28,738**	–
Received tax credit		**237,389**	265,510
Taxes paid		**(1,369)**	–
Foreign exchange gain/(losses)		**7,089**	22,817
Share option and warrant costs		**99,236**	15,927
		469,324	(581,736)
Movements in working capital			
Changes in inventory		**(19,747)**	(4,268)
Changes in receivables		**(94,213)**	562,504
Changes in prepayments		**(81,691)**	(13,906)
Changes in deposits		**(9,268)**	(2,596)
Changes in trade payables		**308,149**	(280,247)
Changes in contract liabilities		**(953,853)**	253,926
Changes in warranty provisions	28	**(20,285)**	9,620
Changes in other payables and provisions		**21,402**	(306,832)
Cash flow from operations		**(380,182)**	(363,535)
Investing activities			
Payments for intangible assets	17	**(493,436)**	(297,540)
Payments for tangible assets	18	**(254,796)**	(107,456)
Grants received	17	**165,265**	121,019
Cash flow from investing activities		**(582,967)**	(283,977)

Financing activities			
Proceeds from issue of share capital		**–**	2,393,686
Costs associated with the issue of share capital		**–**	(258,266)
Proceeds from new long-term loans		**–**	373,055
Lease payments		**(27,348)**	-
Net repayment of loans		**(52,249)**	(372,934)
Interest received / (paid)		**(208,757)**	(124,630)
Cash flow from financing activities		**(288,354)**	2,010,911
Net increase/(decrease) in cash and cash equivalents		**(1,251,503)**	1,363,399
Exchange differences		**(390)**	126
Cash and cash equivalents at the beginning of the year		**1,404,073**	40,548
Cash and cash equivalents at the end of the year	22	**152,180**	1,404,073

The notes on pages 39 to 62 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 €	Year ended 31 December2022 €
Loss for the period before taxation		(202,052)	(889,699)
Adjustments for:			
Finance Expenses and currency losses / (Income)		(49,352)	17,313
		(251,404)	(195,010)
Movements in working capital			
Changes in receivables		8,788	(8,402)
Changes in loans to subsidiary entity		–	(92,069)
Changes in trade payables		(64,825)	(77,819)
Changes in other payables and provisions		106,506	(108,512)
Cash flow from operations		(200,935)	(481,812)
Investing activities			
Loans to subsidiary		(761,664)	–
Additional investment in subsidiary undertaking	16	–	(677,376)
Cash flow from investing activities		(761,664)	(677,376)
Financing activities			
Proceeds from issue of share capital		–	2,393,686
Cost associated with the issue of share capital		–	(258,266)
Interest expenses and currency losses during the year / (Income)		1,936	(20,449)
Cash flow from financing activities		1,936	2,114,971
Net Increase/(decrease) in cash and cash equivalents		(960,663)	955,783
Cash and cash equivalents at the beginning of the year		960,237	4,454
Cash and cash equivalents at the end of the year	22	(426)	960,237

The notes on pages 39 to 62 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital	**Share Premium**	**Merger reserve**	**Foreign curren**
	€	**€**	**€**	
Group				

At 1 January 2022	**675,664**	**14,502,837**	**2,910,866**
New shares issued	159,107	2,234,579	-
Costs associated with capital raise	-	(258,266)	-
Share option and warrant costs	-	-	-
Transaction with owners	**159,107**	**1,976,313**	**-**
Loss for the year	-	-	-
Exchange gains/(losses) arising on translation of foreign operations	-	-	-
Total comprehensive loss	**-**	**-**	**-**
At 31 December 2022	**834,771**	**16,479,150**	**2,910,866**
Share option and warrant costs	-	-	-
Transaction with owners	**-**	**-**	**-**
Loss for the year	-	-	-
Warrants reserve	-		-
Exchange gains/(losses) arising on translation of foreign operations	-	-	-
Total comprehensive loss	**-**	**-**	**-**
At 31 December 2023	**834,771**	**16,479,150**	**2,910,866**

Company

	Share Capital	**Share Premium**	**Merger reserve**	**Foreign curren**
At 1 January 2022	**675,664**	**14,502,837**	**658,279**	
New shares issued	159,107	2,234,579	-	
Costs associated with capital raise	-	(258,266)	-	
Transactions with owners	**159,107**	**1,976,313**	**-**	
Loss for the year	-	-	-	
Total comprehensive loss	**-**	**-**	**-**	
At 31 December 2022	**834,771**	**16,479,150**	**658,279**	
Loss for the year	-	-	-	
Warrant reserve	-		-	
Exchange gains/(losses) arising on translation of foreign operations	-		-	
Total comprehensive loss	**-**	**-**	**-**	
At 31 December 2023	**834,771**	**16,479,150**	**658,279**	

The notes on pages 39 to 62 form part of these financial statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. General information

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 09024532 in England and Wales. The Company's registered office is 3 More London Riverside, London, SE1 2AQ.

The Group was formed when the Company acquired on 29 August 2014 the entire share capital of Windar Photonics A/S, a company registered in Denmark through the issue of ordinary shares.

Basis of preparation
The consolidated financial statements comprise the consolidated financial information of the Group as at 31 December 2023 and are prepared under the historic cost convention, except for the following:

- Share-based payments and share option and warrant costs

The principal accounting policies adopted in the preparation of the financial information are set out below.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRSs").

2. Adoption of new and revised International Financial Reporting Standards

New and amended standards adopted by the Group and Company.

Several amendments and interpretations apply for the first time in 2023.

New standards and interpretations

From 1 January 2023 the following became effective and were adopted by the Group and Company:

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to IAS 8 - Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
- Amendments to IAS 12 - International tax reform - pillar two model rules (effective 1 January 2023)
- IFRS 17 - Insurance Contracts, as amended in December 2021 (effective 1 January 2023)

Their adoption did not have a material effect on the Group or Company's loss for the year or equity.

New standards, amendments and interpretations issued but not yet effective and not early adopted

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (effective 1 January 2024)
- Amendments to IAS 1 - Non-current Liabilities with Covenants (effective 1 January 2024)
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (effective 1 January 2024)

It is not considered that the above standards and amendments will have a significant effect on the results or net assets of the Group or Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and Company.

3. Going Concern

The consolidated financial statements have been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is anticipated to continue in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

Based on the Group's latest trading expectations and associated cash flow forecasts, taking into account the £4.3m capital increase in April 2024 (see note 34) the directors have considered the cash requirements of the Group on which basis the board is convinced the Company has sufficient cash flows for operations for the coming 12 months period.

As such the financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

4. Accounting policies

Investment in subsidiaries
Investments in subsidiaries are stated at cost less provision for any permanent diminution in value. The cost of Windar Photonics A/S was measured at the carrying amount of the Company's share of the equity in Windar Photonics A/S at 30 June 2014. In 2022, the Company established a new 100% owned Danish holding company which holds all outstanding shares in Windar Photonics A/S.

Capital contribution
Amounts forwarded to subsidiary entities which are not due to be repaid are treated as a capital contribution and an increase to the cost of the investment.

Functional and presentation currency
Items included in the Financial Statements are measured using the currency of the primary economic environment in which each entity operates ("the functional currency") which is considered by the Directors to be Euro for the Parent Company, Danish Kroner DKK for Windar Photonics A/S and Windar Denmark ApS, and Renminbi RNB for Windar Photonics Shanghai Co. Ltd. The Group Financial Statements have been presented in Euro's which represent the dominant economic environment in which the Group operates.

Foreign currency
Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss. Exchange rates apply for the annual accounts 2023:

	Year end 2023	Average 2023	Year end 2022	Average 2022
Euro/DKK	7,4529	7,4510	7,4365	7,4393
Euro/RMB	7,8509	7,6500	7,3585	7,0751

On consolidation, the results of overseas operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Revenue
Revenue arises from the sale of the WindEYE™, and WindVISION™ products and related services that measures remote wind speed measurements. Revenue is recognised exclusive of VAT and other taxes and when the Group has performed the specific obligations under the contract with customers.

Revenue arises from three areas of the business and is recognised as follows:

- Product sale. Revenue is recognised when the obligation of delivery of the product to the customer is complete at full contract value.
- Installation. Revenue is recognised when the obligation of acceptance of installation is complete at full contract value.
- Sale under performance obligation. Where there is a requirement to prove performance of product within the contract in respect of the increase in output from the turbines, revenue is recognised at a point in time when each of the distinct performance obligations are satisfied which varies from customer to customer but is broadly 60% on delivery of product, 30% on installation and 10% when the performance obligation in terms of generated output is met.

Where payment for installation and other performance services is received before the installation and other services have been completed, revenue is deferred and included within creditors and released on completion of the installation and service obligations.

No adjustment is made to the revenue recognised in respect of any financing component of the contract.

Where products are sold with warranties revenue is recognised in the period where the products are shipped and an appropriate provision for claims under warranty is based on past experience is accounted for in accordance to IAS 37. This is shown as an expense in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Other Operating Income includes sales of other services and rental income originating from outside the core business of the Group and is recognised exclusive of VAT and other taxes.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the board of directors.

Financial assets and liabilities
Financial instruments

The Group classifies all its financial instruments into the amortised cost category. The Group's accounting policy for each category is as follows:

- Trade and loan receivables: Trade receivables are initially recognised by the Group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts. An impairment provision is calculated by considering the trade receivables and expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting the Group's customers. An estimate for doubtful debts is also made when collection of the full amount is no longer probable. Debts are written off when they are identified as being uncollectible. Trade receivables and other receivables are recognised at fair value. Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the intercompany loans; Impairment of loan receivables is calculated utilising the lifetime expected credit losses of these loans and the changes in the credit risk of the counterparty.
- Cash and cash equivalents in the statement of financial position comprise cash at bank, cash in hand.
- Financial liabilities. The Group treats its financial liabilities in accordance with the following accounting policies:
  Trade payables and other short-term monetary liabilities are recognised at fair value and subsequently at amortised cost
- Loans are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. "Interest expense" in this context includes initial transaction costs and premiums payable on redemption, as well as any interest payable while the liability is outstanding.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Company's ordinary shares are classified as equity instruments.

Borrowing costs
Borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

Current taxation

The current tax is based upon the taxable profit for the period together with adjustments, where necessary, in respect of prior periods. The Group's asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the financial period end date.

Current tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of Financial Position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors and paid. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value or estimated loss on disposal. The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value, less its residual value, over their expected useful economic lives. It is provided at the following rates:

Plant and equipment	over 3 - 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets - Development projects
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in Statement of Comprehensive Income in the period in which it is incurred. Capitalised development costs comprise costs, including wages and salaries. Amortisation or other finance expenses are not recognized.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Depreciation is provided on the basis of the assets' residual value and an assessment of the assets' expected useful lives, however, no more than 5 years from finishing the technology or receival of the first milestone-payment.

Impairment of non-financial assets
Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's (or CGUs) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Deposits
Deposits in respect of property rentals are recorded as separately identifiable assets and recognised at historical cost.

Inventory
Cost of raw materials and con-sumables consists of purchase price. Cost of manufactured goods and work in progress consists of costs of raw materials, con-sumables and direct labour costs.
Inventories are initially recognised at cost and subsequently at the lower of cost and the net realisable value of inventories where the net realisable value is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Provisions
Provisions are recognised for liabilities of uncertain timing or amounts that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability. Product warranty provisions are based on 4% of the total products delivered, using an average repair cost per product.

Grants
Grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Grants are recognised either in Statement of Comprehensive Income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate or where they related directly to capitalised costs, they are netted off the cost of the assets.
Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in Statement of Comprehensive Income in the period in which they become receivable.

Share based payments
The Group operates an equity-settled share-based compensation plan under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the instruments granted. At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Employee benefits
Employees in the Group typically have variating holiday benefits. At the end of each reporting period the Group accrue these holiday liabilities.

Leases
At the commencement date of the lease, the Group recognises a right-of-use asset and a corresponding lease liability which is measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

5. Basis of consolidation

The consolidated financial statements incorporate the results of Windar Photonics plc and all of its subsidiary undertakings as at 31 December 2023 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The acquisition of the subsidiary Windar Photonics A/S in 2014 was deemed to be a business combination under common control as the ultimate control before and after the acquisition was the same. As a result, the transaction is outside the scope of IFRS 3 and has been included under the principles of merger accounting by reference to UK GAAP. In 2022, the direct ownership of the subsidiary was changed whereafter the 100% owned subsidiary Windar Denmark ApS holds the 100% direct ownership of Windar Photonics A/S.

Under the merger method, the income, expense, assets and liabilities of Windar Photonics A/S and Windar Denmark ApS have been included in the consolidated financial statements of Windar Photonics plc as if it had always been a member of the Group, taking into account the original acquisition date of the wider Group. The amounts attributed to the assets (including goodwill) and liabilities of Windar Photonics A/S therefore reflect their book values as at 1 January 2013. Any difference between the consideration paid for the acquisition of Windar Photonics A/S by the Company and the net book value of the assets (including attributed goodwill) and liabilities acquired of €1.5m has been treated as an adjustment in the merger reserve.

6. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group has made no significant judgements other than described below. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below. The Group considers that these risks relate to the next financial period and those in the future by the nature of those judgements.

(a) Useful lives of intangible assets

Intangible assets with finite useful life are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Statement of Comprehensive Income in specific periods. The useful life of all development projects has been estimated at five years from the date of capitalisation. The carrying value at the end of the period

was €1,343,361 and a change in the estimate of useful life from 5 to 3 years would reduce this amount by €100,343 and the amortisation charged to the Statement of Comprehensive income for the year would have decreased by €86,138. More details are included in note 17.

(b) Impairment of intangible assets
In assessing impairment, Management estimates the recoverable amount of cash generating units based on expected future cash flows and uses the weighted average cost of capital to discount them. At the end of each reporting period Management reviews a four year forward looking financial projection including a terminal value for the Group. The Management has further evaluated the terminal growth expectations and the applied discount rate applicable to derive a Net Present Valuation (NPV) of the Group. If the NPV of the Group shows a lower valuation than the net assets or the company cost of investment in subsidiary an impairment will be made. Based on this evaluation including Managements estimates and assumption no impairment was made during the reporting period. Estimation uncertainty relates to assumptions about future operating results in particular sales volumes and the determination of a suitable discount rate.

(c) Impairment of investment in subsidiaries
In assessing impairment of investments in subsidiaries, management estimates the recoverable amount of each asset. Management has estimated the impairment for the carrying value of the investment in reference to the net asset value of the subsidiaries. Estimation uncertainty relates to assumptions about future operating results. Also see note 16 for details in relation to investments.

(d) Estimation of the expected credit losses or trade receivables
In assessing the expected credit losses, in respect of the trade receivables under IFRS 9, the Group considers the past performance of the receivable book along with future factors, that may affect the credit worthiness of the entire trade receivables. Estimations have therefore been made within these assumptions which could affect the carrying value of the trade receivables.

(e) Warranty provision
In the current financial year, the Group revised its estimate for the warranty provision related to its product sales. Previously, the provision was based on 4% of the amortised cost of the products delivered within the prior two years. The new estimate is based on 4% of the total products delivered, with an average repair cost per product. This change reflects an updated understanding of the costs associated with potential warranty claims, based on historical data and industry trends.

The adjustment to the estimate was made to more accurately reflect the Group's anticipated warranty obligations. Under the previous methodology, the provision was limited to a percentage of sales over the last two years. However, as the Group has gathered more data on warranty claims, it became evident that a more comprehensive approach, considering all delivered products, would provide a better estimate of potential future warranty costs. This change aligns the warranty provision with the actual experiences and expectations regarding product repairs and replacements. Management is satisfied that the current provision is appropriate and will review the percentage used on an annual basis as more information becomes available on the warranty position.

7. Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Group, from which financial instrument risk arises, include Trade and other receivables, Cash and cash equivalents, loans and Trade and other payables.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receive quarterly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. In 2016 the Group restricted its policy in respect of credit risks related to customers. Prior to any major sales of products or services to new customers the Group seeks to either

- receive prepayments or
- obtain full credit risk insurance

or a combination of the above, hence the Group's exposure to credit risk from trade and other receivables is considered insignificant.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only major independently rated parties with minimum rating "A" are accepted.

The Group does not enter into derivatives to manage credit risk.

Fair value and cash flow interest rate risk
The Growth Fund borrowing from the Danish public institution, Vækstfonden, initially bore interest at a fixed annual rate of 12%. In prior years, the terms for the borrowing was renewed whereafter the interest rate was reduced to 7% p.a. and the loan to be repaid on a quarterly basis instalment over the period from 1 January, 2022 until 1 October, 2026.

In 2020, the Group obtained an additional Covid-19 loan the Growth Fund borrowing from the Danish public institution, Vækstfonden carrying an interest rate of CIBOR plus 5% and the loan to be repaid on a quarterly basis instalment over the period from 1 October 2021 until 1 October 2026. In the event the CIBOR rate changes by 5% p.a. the interest expenses charged to the Profit and Loss statement would change by €12,110 p.a.

Foreign exchange risk
Foreign exchange risk also arises when the Group enters into transactions denominated in a currency other than their functional currency (€). Given the volume and magnitude of such transactions it is not considered sufficient to warrant hedging the risk exposure.

The Group's main foreign currency risk will be the short-term risk associated with accounts receivable and payable denominated in currencies that were not the subsidiary's functional currency. The risk will arise on the difference in the exchange rate between the time invoices were raised/received and the time invoices were settled/paid.
The Group's policy is, where possible, to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries (translation risk).

The Group is aware of its non-Euro exposures but does not consider that at present a hedging program be required. Raw materials and capital expenditure are primarily in Euro (€) and US Dollars whilst the target revenue market is Asia, Europe and the USA. Any divergence from this would be considered by management with a view to putting cover in place.

The Group has significant operations in the following currencies: Euro (€), Danish Kroner (DKK) and Chinese Yuan (RMB).

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	€	€	€	€	€
At 31 December 2023					
Trade payables	572,234	–	–	–	–

Trade payables	572,234				
Other payables and accruals	472,810	–	–	–	–
Loans	235,741	294,575	940,985	319,752	–
Total financial liabilities	1,280,785	294,575	940,985	319,752	–
At 31 December 2022					
Trade payables	264,083	–	–	–	–
Other payables and accruals	–	451,402	–	–	–
Loans	18,030	139,084	426,944	1,263,518	–
Total financial liabilities	282,113	590,486	426,944	1,263,518	–

More details in regard to the line items are included in note 24 and 25.

Capital Disclosures

The Group monitors capital, which comprises all components of equity (i.e. share capital, share premium, merger reserve and accumulated retained earnings).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

8. Revenue

Revenue from contracts with customers:	**Year ended 31 December 2023 €**	Year ended 31 December 2022 €
Sale of products and installation	**4,614,696**	1,820,762
Rendering of services	**151,788**	32,487
Revenue	**4,766,484**	1,853,249

Revenue from contracts with customers is split of products as follows:

	Year ended 31 December 2023 €	Year ended 31 December 2022 €
WindEye™	**2,769,206**	1,250,834
WindVision™	**1,845,490**	569,928
Rendering of services	**151,788**	32,487
Revenue	**4,766,484**	1,853,249

Contract liabilities of €251,678 (2022: €1,205,531) relates to performance obligation under contracts that have not yet been completed and are expected to be met in 2024.

9. Loss from operations

Loss from operations is stated after:

	Year ended 31 December 2023 €	**Year ended 31 December 2022 €**
Staff costs (note 11)	**1,476,189**	1,253,715
Expensed research and development costs	**1,023,801**	633,451
Amortisation[1]	**179,134**	174,792
Depreciation - property, plant and equipment	**29,407**	2,474
Depreciation - right of use assets	**28,738**	–
Lease payments	**27,348**	105,066
Other operating income	**(32,210)**	(32,260)
Remuneration received by the Group's auditor or associates of the Group's auditor:		
- Audit of parent company	**11,839**	8,760
- Audit of consolidated financial statements	**26,112**	20,678
- Taxation compliance services	**1,175**	1,128
Other auditors:		
- Audit of overseas subsidiaries	**34,991**	16,233

[1] Amortisation charges on the Group's intangible assets are recognised in the administrative expenses line item in the consolidated statement of comprehensive income.

10. Segment information

Operating segments are reported as reported to the chief operation decision maker.

The Group has one reportable segment being the sale of LiDAR Wind Measurement and therefore segmental results and assets are disclosed in the consolidated income statement and consolidated statement of financial position.

In 2023, 3 customers each accounted for more than 19% of the revenue (2022: one customers). The total amount of revenue from these customers amounted to €3,538,099 or 74% of the total revenue (2022: €752,893 or 41% of the revenue).

Revenue by geographical location of customer:

	Year ended 31 December 2023 €	**Year ended 31 December 2022 €**
Europe	**151,788**	18,737
Americas	**1,008,800**	870,817
Australia	**81,900**	–
China	**3,523,996**	899,573
Asia (excluding China)	**–**	64,122
Revenue	**4,766,484**	1,853,249

Geographical information
The parent company is based in the United Kingdom. The information for the geographical area of non-current assets is presented for the most significant area where the Group has operations being Denmark.

	As at 31 December 2023	**As at 31 December 2022**
	€	€
Denmark	**1,648,426**	1,327,449

Non-current assets for this purpose consist of property, plant and equipment and intangible assets, long term deposits and Right of Use assets.

11. Directors and employees

	2023 Average	**Year end**	**2022 Average**	**Year end**
Number of employees excluding directors				
Sales and Services	**4**	**3**	4	4
Research and development	**14**	**15**	12	11
Production	**5**	**6**	5	5
Administration	**4**	**5**	3	3
	27	**29**	24	23

Group	**2023**	**2022**
	€	**€**
Staff costs		
Wages and salaries	**1,271,999**	1,114,985
Social security costs	**104,954**	122,803
	1,376,953	1,237,788
Warrant and Option costs	**99,236**	15,927
	1,476,189	1,253,715

Company	**2023**	**2022**
	€	€
Staff costs		
Wages and fees	**79,777**	41,850
	79,777	41,850

The Company has 5 employees (2022: 4), all being the Directors of the Company.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Group, and are considered to be directors of the company.

The value of all elements of remuneration received by key management in the year was as follows:

	Wages and salaries and	**Fair value of warrant costs**	**Pension**	**Total**

	Salaries and fees	Warrant costs	contributions	Total
	€	€	€	€
Year ended 31 December 2023				
Directors	**79,777**	**-**	**-**	**79,777**
Year ended 31 December 2022				
Directors	41,850	-	-	41,850

12. Finance expense

	Year ended 31 December 2023	Year ended 31 December 2022
	€	€
Foreign exchange losses	**(59,791)**	(82,086)
Interest expense on financial liabilities measured at amortised cost and lease interest	**(180,242)**	(148,648)
Finance expense	**(240,033)**	(230,734)

13. Income tax

		Year ended 31 December 2023	Year end December
		€	
(a)	**The tax credit for the year:**		
	UK Corporation tax	-	
	Foreign Research and Development tax credit	**168,571**	21
(b)	**Tax reconciliation**		
	Loss on ordinary activities before tax	**(351,091)**	(1,29
	Loss on ordinary activities at the UK standard rate of corporation tax 23.5% (2022: 19%)	**(82,506**	(24
	Effects of:		
	Expenses non-deductible for tax purposes	**48,212**	
	Research and Development tax allowance	**(76,805)**	(5
	Adjustment to not recognized deferred taxes in previous periods	**(15,292)**	(3
	Unrecognised tax losses	**56,429**	13
	Different tax rates applied in overseas jurisdictions	**16,392**	(5
	Change in tax rate	**(129,459)**	
	Exchange rate differences	**14,458**	2
	Research and Development Tax credit for the year	**(168,571)**	(21

The tax credit is recognised as 22%. (2022: 22%) of the company's deficit that relates to research and development costs. Companies in Denmark, who conduct research and development and accordingly experience deficits can apply to the Danish tax authorities for a payment equal to 22%. (2022: 22%) of deficits relating to research and development costs up to DKK 25 million.

(a) Deferred tax - Group
In view of the tax losses carried forward and other timing differences, there is a deferred tax asset of approximately €3,215,754(2022: €3,085,177) which has not been recognised in these Financial Statements, given uncertainty around timing and availability of sufficient taxable profits in the relevant Company.

(b) Deferred tax - Company
In view of the tax losses carried forward and other differences there is a deferred tax asset of approximately €600,688 (2022: €409,952) which has not been recognised in these Financial Statements, given uncertainty around timing and availability of future profit against which the losses will be able to be used.

All taxes recognized in the statement of Comprehensive income are denominated in DKK.

14. Loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	Year ended 31 December 2023 €	Year ended 31 December 2022 €
Loss for the year	**(175,431)**	(1,075,671)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**68,361,444**	55,963,110
Basic loss and diluted, cents per share	**(0.3)**	(1.9)

There is no dilutive effect of the outstanding share options (note 27) as the dilution would reduce the loss per share.

15. Dividends

No dividends were proposed by the Group during the period under review (2022: €Nil).

16. Investment in Subsidiaries

Company	€
At 1 January 2023	–
Capital contribution in the year	–
Write down investment in subsidiary	–
As at 31 December 2023	**–**

The subsidiaries of Windar Photonics Plc are as follows:

Name	Country of incorporation	Ownership	Registered Office	Nature of business
Windar Denmark ApS	Denmark	100%	Helgeshoej Allé 16-18 DK-2630 Taastrup	Holding company
Windar Photonics A/S	Denmark	100% indirect	Helgeshoej Allé 16-18 DK-2630 Taastrup,	Develop and commercialise wind turbine technology
Windar Photonics (Shanghai) Co. Ltd.	China	100% indirect	Room 403-03, Building #2 No. 38 Debao Road, Pudong, Shanghai	Commercialise wind turbine technology

In 2022, the Company established Windar Denmark ApS and owns 100% of the issued share capital of Windar Denmark ApS (comprising shares of DKK 40,000 of 1 DKK each) with CVR number 43615947.

In November 2022, the Company transferred all outstanding shares in Windar Photonics A/S (CVR number 32157688) to Windar Denmark ApS. Following the transaction, the existing share capital in Windar Photonics A/S of DKK 9,380,392 (comprising A Shares of DKK 5,737,800 of 1 DKK each and B Shares of DKK 3,642,592 of 1 DKK each) were reduced to DKK 400,000 without any difference in share classes.

Windar Photonics A/S was incorporated on 28 December 2008 in Denmark and acquired by the Company in August 2014.

Windar Photonics A/S owns 100% of the issued common stock of Windar Photonics (Shanghai) Co.Ltd. Windar Photonics (Shanghai) Co. Ltd. was incorporated on 18 May 2016 in China with a registered fully paid capital of USD 200,000 of which USD 200,000 is paid in as per 31 December 2023. (prior year registered and fully paid capital of USD 200,000)

17. Intangible assets

Group	**Development projects €**
Cost	
At 1 January 2022	**4,020,113**
Additions	297,540
Grants received	(121,019)
Exchange differences	74
At 31 December 2022	**4,196,708**
Additions - internally developed	493,436
Grants received	(165,265)
Exchange differences	(9,318)
At 31 December 2023	**4,515,561**

	Development projects €
Accumulated amortisation	
At 1 January 2022	**2,824,846**
Charge for the year	174,792
Exchange differences	74
At 31 December 2022	**2,999,712**
Charge for the year	179,134
Exchange differences	(6,646)
At 31 December 2023	**3,172,200**
Net carrying value	
At 1 January 2022	1,195,267
At 31 December 2022	1,196,996
At 31 December 2023	**1,343,361**

The Group has received public Research and Development Grants of €165,223 (2022: €121,019) in respect of the capitalised research and development. At the end of the year 2 development projects are ongoing which are supported by public Research and Development Grants and outstanding grants which can be claimed in the coming two years amount to €51,127 (2022: €209,754).

The development projects relate to the development of improved performance and functionality of the Group's product offerings. Measurement of the development projects are based on expected contributions to forward looking business plans and budgets.

18. Property, plant & equipment

Group	**Property, plant and equipment €**
Cost	
At 1 January 2022	**228,222**
Additions	107,456
Disposed	-
Exchange differences	45
At 31 December 2022	**335,723**
Additions	254,796
Disposed	-
Exchange differences	-
At 31 December 2023	**590,289**
Accumulated depreciation	
At 1 January 2022	**225,799**
Charge for the year	2,992
Disposed	-
Exchange differences	(51)
At 31 December 2022	**228,740**
Charge for the year	30,165
Disposed	-
Exchange differences	585
At 31 December 2023	**259,490**

Net carrying value	
At 1 January 2022	2,423
At 31 December 2022	106,983
At 31 December 2023	330,799

19. Right of use assets

Group	**Right of use assets €**
Cost	
At 1 January 2022	**–**
Additions	–
At 31 December 2022	**–**
Additions	84,743
At 31 December 2023	**84,743**

Accumulated depreciation	
At 1 January 2022	**–**
Charge for the year	–
At 31 December 2022	**–**
Charge for the year	28,738
At 31 December 2023	**28,738**

Net carrying value	
At 1 January 2022	–
At 31 December 2022	–
At 31 December 2023	**56,005**

20. Inventory

	Group As at 31 December 2023	As at 31 December 2022
	€	**€**
Raw material	**414,160**	382,027
Work in progress	**63,355**	294,852
Finished goods	**241,468**	22,357
Inventory	**718,983**	699,236

The cost of inventory sold and recognised as an expense during the year was €2,381,571 (2022: €897,017)

21. Trade and other receivables

	Group		Company	
	As at 31 December 2023 €	As at 31 December 2022 €	**As at 31 December 2023 €**	As at 31 December 2022 €
Trade receivables	**546,273**	389,652	**-**	-
Receivables from related parties	**-**	-	**1,091,896**	183,579
Tax receivables	**151,015**	218,928	**-**	-
Other receivables	**135,088**	197,496	**12,512**	21,300
Total trade and other receivables	**832,376**	806,076	**1,104,408**	204,879
Classified as follows:				
Current Portion	**832,376**	806,076	**1,104,408**	204,879

22. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity less than 90 days:

	Group		Company	
	As at 31 December 2023 €	As at 31 December 2022 €	**As at 31 December 2023 €**	As at 31 December 2022 €
Cash at bank	**152,180**	1,404,073	**-**	960,237

As at year end, the Company had bank overdrafts of €426 (2022: €Nil) which is presented in the liabilities section of the Company Statement of Financial Position.

23. Notes supporting statement of cash flows

	Non-current loans and borrowings €	Current loans and borrowings €	**Total €**
As at 1 January 2022	1,371,076	372,934	**1,744,010**
Repayment of loans	–	(93,686)	**(93,686)**
Loans and borrowings classified as non-current in previous period becoming current in this period	(157,114)	157,114	**–**
Accrued interests on non-current loans	103,247	–	**103,247**
Loans and borrowings classified as current in previous period becoming non-current in this period	–	–	**–**
New long-term borrowings in the period	373,055	(279,248)	**93,807**
Foreign exchange rate differences	198	-	**198**
As at 31 December 2022	**1,690,462**	**157,114**	**1,847,576**

Repayment of loans	–	(73,415)	**(73,415)**
Loans and borrowings classified as non-current in previous period becoming current in this period	(530,785)	530,785	**–**
Accrued interests on non-current loans	128,020	–	**128,020**
Loans not paid on schedule	–	(83,699)	**(83,699)**
As at 31 December 2023	**1,287,697**	**530,785**	**1,818,482**

The Company does not have any long- or short-term loans or borrowings.

24. Trade and other payables

	Group		Company	
	As at 31 December 2023 €	As at 31 December 2022 €	**As at 31 December 2023 €**	As at 31 December 2022 €
Trade payables	**572,234**	264,083	**43,627**	108,452
Bank overdrafts	**–**	–	**426**	–
Other payables and accruals	**368,607**	410,600	**72,423**	29,317
Payables to Directors	**104,203**	40,802	**104,203**	40,802
Current portion of Growth Fund and Covid-19 loans	**530,785**	157,114	**–**	–
Lease liabilities	**25,648**	–	**–**	–
Contract liabilities	**251,678**	1,205,531	**–**	–
Total trade and other payables	**1,853,155**	2,078,130	**220,679**	178,571
Classified as follows:				
Current Portion	**1,853,155**	2,078,130	**220,679**	178,571

There is no material difference between the net book value and the fair values of current trade and other payables due to their short-term nature.

25. Borrowings

The carrying value and fair value of the Group's borrowings are as follows:

	Group Carrying and Fair value	
	As at 31 December 2023 €	As at 31 December 2022 €
Loans		
Growth Fund and COVID-19 loans	**1,818,482**	1,847,576
Current portion of Growth Fund and COVID-19 loans	**(530,785)**	(157,114)
Total non-current financial liabilities measured at amortised costs	**1,287,697**	1,690,462

As announced in 2020, terms for the borrowing was renewed during the year whereafter the interest rate was reduced to 7% p.a. and the loan to be repaid in quarterly instalments over the period from 1 January, 2022 until 1 October, 2026. The loan agreement was further amended in 2022 whereby interests payable until September 2022 were further accrued to the loan principal hereafter the loan principal to be repaid in quarterly instalments over the period from 1 October 2023 until 1 July 2027. In November 2022 the loan was transferred to Windar Denmark ApS.

A new Covid-19 loan was further obtained during 2020 from Vækstfonden which carries an interest rate of CIBOR plus 5% p.a. and to be repaid in quarterly instalments over the period from 1 October 2021 until 1 October 2026.

In 2020, relation with the changes to the existing Growth Fund borrowing and the new offered loan, the lender now has security of the assets of Windar Photonics A/S, subsidiary undertaking, to an amount of DKK12.6m. In relation to the additional Covid-19 loan the following terms and conditions are in place:

- There is an early exit fee set at a maximum DKK600k
- No dividends or corporate bond interest will be paid. Dividend distributions from Windar Photonics A/S to Windar Photonics PLC has been restricted until full repayment of the borrowing to the Growth Fund.
- No payment of inter-company debts from Windar Photonics A/S. Windar Photonics PLC has entered into an agreement to resign from repayments of any outstanding amounts owned by Windar Photonics A/S to Windar Photonics PLC until full repayment of the borrowing to the Growth Fund.
- The loan is secured up to a value of DKK12.6M on certain assets of Windar Photonics A/S, subsidiary undertaking.

Both loans are denominated in Danish Kroner.

The Company had no borrowings.

26. Lease liabilities

	Group As at 31 December 2023	As at 31 December 2022
	€	€
Lease liabilities - current portion	25,648	–
Lease liabilities - non-current portion	31,711	–
Lease liabilities	**57,359**	–

The total cash outflow in respect of lease liabilities was €99,903 s(2022; €Nil) while the related interest expenses recognised in the year was €2,868 (2022; €Nil).

Future lease payments are due as follows:

	Lease payments 2023	Interest 2023	Present value 2023
	€	€	€
Within one year	30,848	(2,868)	27,980
Within two to five years	46,272	(4,337)	41,935
More than five years	-	-	-
Total lease payments	77,120	(7,205)	69,915

27. Share capital

	Authorised 2023	€ 2023	Authorised 2022	€ 2022
Shares at beginning of reporting period	**68,361,444**	**834,771**	54,595,524	675,664
Issue of share capital	–	–	13,765,920	159,107
Shares at end of reporting period	**68,361,444**	**834,771**	68,361,444	834,771

	Number of shares issued and fully paid 2023	€ 2023	Number of shares issued and fully paid 2022	€ 2022
Shares at 1 January 2022	**68,361,444**	**834,771**	54,595,524	675,664
Issue of shares for cash	–	–	13,765,920	159,107
Shares at 31 December 2023	**68,361,444**	**834,771**	68,361,444	834,771

At 31 December 2023 the share capital comprises 68,361,444 shares of 1 pence each.

Share options
Share options are granted to employees.

During the year no share options lapsed, and 2,256,956 new share options were granted during the year.

Share options issued in 2017, 2019, 2021 and 2023 are valued using the Black-Scholes pricing model and no performance conditions are included in the fair value calculations. The options were issued at a strike price of 100p in respect of share options granted in 2017 and 2019 and a strike price of 40p for options granted in 2021. In 2023 1,056,956 option were issued at a strike price of 21.85p and 1,200,000 at 30.0p. All share options granted with a third vesting on each anniversary for the first three years whereafter the options have a 10-year life. The price of the share at the time of issue used equals the actual market price of the share at issue. The risk-free rate was 4%. The expected volatility is based on historical volatility of the AIM market over the last three years and is estimated to be 90%.

The average share price during the year was 33.48 pence (2022: 12.67 pence). At the year end the Company had the following options outstanding:

	Number of options					
	At 31 December 2022	Granted	Lapsed	At 31 December 2023	Exercise price (£ pence)	Exercise date
Options	1,021,667	2,256,596	-	3,278,263	40.50	16/11/18 to 15/06/36
	1,021,667	2,256,596	-	3,278,263		

The number of share options exercisable at 31 December 2023 are 1,448,750 (2022: 803,287).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 is 10.99 years (2022: 8.92 years).

28. Reserves

The following describes the nature and purpose of each reserve within equity

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve - Group	Represents the difference between the consideration paid for the acquisition of Windar Photonics A/S by the Company and the net book value of the assets and liabilities acquired.

Merger reserve - Company	Represents the difference between the fair value and the nominal value of the shares issued for the acquisition of Windar Photonics A/S.
Foreign currency reserve	Gains and losses on the retranslating the net assets from the functional currencies to the reporting currency of €.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

29. Short term leases

The Company has one leasing commitment with maturity under 3 years. The commitment has a value of €60,761.

30. Warranty provision

	2023 €	2022 €
Provision at the beginning of reporting period	**45,774**	36,150
Provision charged to the profit and loss account	**(20,185)**	9,620
Utilised in year	**–**	–
Foreign exchange rate movements	**(96)**	4
	25,493	45,774

The Group typically provides a two-year warranty period to customers on products sold. Warranty expenses/(income) charged to the Statement of Comprehensive Income amounted to €(20,185) (2022: 9,620) corresponding to a warranty cost percentage of Nil % (2022: Nil%) relative to the prior two years revenue. However, due to the early business stage of the Group and the uncertainty following this the Group has adopted a policy to accrue a 4% provision based on the prior two years deliveries calculated with the cost of goods sold at the end of the period.

31. Holiday allowance provision

	2023 €	2022 €
Provision at the beginning of reporting period	**134,734**	131,877
Increase holiday allowance provision in year	**–**	–
Accrued interest	**3,804**	2,857
	138,538	134,734

32. Related Party Transactions

Jørgen Korsgaard Jensen and Johan Blach Petersen are directors and shareholders of Wavetouch Denmark A/S (Wavetouch) and OPDI Technologies A/S (OPDI). Wavetouch has during the year rented office space from Windar Photonics A/S, the amount payable during the year to Windar was €32,210 (2022: €32,261). At the end of the year, receivable amounts were outstanding from Wavetouch €9,581 (2022: €81,628). At the end of the year, there were amounts outstanding to the directors as follows: Jorgen Korsgaard Jensen €nil (2022: €416), Johan Blach Petersen €6,850 (2022: € 6,850), David George Lis €24,354 (2022: €nil), Andrew Richardson €11,275 (2022: €nil), Paul Hodges €28,188 (2022: €nil) and Søren Høffner €33,536 (2022: €33,536).

Intercompany transactions

At 31 December 2023, there exist an intercompany loan between Windar Photonics PLC and its directly or indirectly held subsidiaries Windar Denmark ApS and Windar Photonics A/S.
Windar Photonics PLC has a receivable at €1,091,896 (2022: €183,579) and interest added during 2023 amounts to €47,417 (2022: €3,136) with Windar Photonics A/S and Windar Denmark ApS.
The interest rate for 2023 is Bank of England base rate + 2.5% p.a. (2022: Base rate + 2.5% p.a.).

33. Financial Instruments

a) Assets

		Group 2023 €	Group 2022 €	**Company 2023 €**	Company 2022 €
Trade & Other Receivables		**546,273**	389,652	**1,104,408**	183,579
Cash & Cash Equivalents		**152,180**	1,404,073	**-**	960,237
	Total	**698,453**	1,793,725	**1,104,408**	1,143,816

Assets in the analysis above are all categorised as 'other financial assets at amortised cost' for the Group and Company

b) Liabilities

		Group 2023 €	Group 2022 €	**Company 2023 €**	Company 2022 €
Trade & Other Payables		**783,901**	470,928	**220,679**	178,571
Loans		**1,818,483**	1,847,576	**-**	-
Lease liability		**57,359**	-	**-**	-
	Total	**2,659,743**	2,318,504	**220,679**	178,571

Liabilities in the analysis above are all categorised as 'other financial liabilities at amortised cost' for the Group and Company

24. Controlling Parties

There is no ultimate controlling party of the Company.

34. Post balance sheet events and outstanding lawsuits

On 2nd January 2024, the Group issued 465,000 shares at an average subscription price of 22p per share in satisfaction of fees due to Non-Executive Directors in respect of 2023.

On 8 April 2024, the Group completed a Placing to issue 12,631,426 new ordinary shares at a price of 35p price per share raising £4.42 million pre-costs. The purpose of the share issue was to provide working capital to support anticipated growth, continued new product development and increase balance sheet strength to support strengthening of the supplier and customer bases.

There are no outstanding lawsuits.

WINDAR PHOTONICS PLC

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from your stockbroker, solicitor, accountant or other professional adviser. If you have sold or otherwise transferred all your shares in Windar Photonics plc, please forward this document, together with any accompanying documents, to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who how holds the shares.

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "AGM") of Windar Photonics Plc (the "Company") will be held at The Heron, 5 Moor Lane, London, EC2Y 9AP at 10.00 a.m. on 5th August 2024 for the purpose of considering and, if thought fit, passing the resolutions below.

The Annual Report and Accounts for the year ended 31 December 2023, Notice of AGM and a form of Proxy will be posted to shareholders and shortly available on the Company's website at https://www.windarphotonics.com/

Resolution 7 will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

As Ordinary Resolutions:

To receive and adopt the Company's annual accounts for the financial year ended 31 December 2023 together with the Directors' report and the auditors' report on those accounts.

To re-elect David George Lis, who retires by rotation pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director

To re-elect Gavin Manson, who retires by rotation pursuant to the articles of association of the Company and who, being eligible, offers himself for re-election as a Director

To appoint Gravita Audit Limited, as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which the accounts are laid before the meeting

To authorise the Directors to fix the remuneration of the auditors.

6. That, in substitution for all subsisting authorities to the extent unused, the Directors be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot ordinary shares in the Company and grant rights to subscribe for, or to convert any security into such ordinary shares (such ordinary shares and rights to subscribe for or to convert any security into ordinary shares being relevant securities) up to an aggregate nominal amount of £243,864, with such authorisation to expire upon the earlier of the conclusion of the next annual general meeting and 30 June 2025 (unless renewed, varied or revoked by the Company prior to or on that date) after the date of this resolution (save that the Company may before such expiry make an offer or agreement which would or might require relevant securities allotted, or rights to be granted, after such expiry and the directors may allot relevant securities, in pursuance of such offer or agreement as if the authorisation conferred hereby had not expired).

As a Special Resolution

7. That, subject to the passing of resolution 6 above and in substitution for all subsisting authorities to the extent unused, the Directors be generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'CA 2006') to allot equity securities (as defined in section 560 CA 2006) pursuant to the authority referred to in resolution 5, as if section 561(1) CA 2006 did not apply to any such allotment, provided that the power was:

    1. limited to the allotment of equity securities in connection with an offer of equity securities:
        a. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
        b. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary.
    2. limited to the allotment of equity securities up to an aggregate nominal amount of 243,864, and shall expire on the earlier of the conclusion of the next annual general meeting and 30 June 2025 (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company, may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired.

Dated June 29, 2024

By Order of the Board

Jørgen Korsgaard Jensen

Director

Registered Address: 3 More London Riverside, London SE1 2AQ Registered Number: 09024532

END

FR EAFKEDFDLEAA