

30 June 2021

Windar Photonics plc
("Windar" or the "Company")

Final Results and Notice of AGM

Windar Photonics plc (AIM:WPHO), the technology group that has developed a cost efficient and innovative LiDAR wind sensor for use on electricity generating wind turbines, is pleased to announce its final audited results for the year ended 31 December 2020 ("FY20").

Notice of Annual General Meeting

The Company is pleased to confirm that its Annual General Meetings ("AGM") will be held at the offices of West Hill Corporate Finance Ltd, 85 Gresham Street, London, EC2V 7NQ at 1.00 p.m. on 26 July 2021.

In light of the Coronavirus (COVID-19) pandemic and the restrictions imposed by the UK Government, the Company will convene the AGM with the minimum necessary quorum of two shareholders (which the Company will facilitate), and further shareholders will not be permitted to attend the AGM in person. The Company will include all valid proxy votes (whether submitted electronically or in hard copy form) in its polls at the AGM and the Chair of the meeting will call for a poll on each resolution. The Company accordingly requests that shareholders submit their proxy votes in respect of the resolutions as set out in the Notice of the AGM, electronically or by post in advance, in accordance with the instructions set out in the Notice of the AGM.

Shareholders should submit their votes via proxy as early as possible, and shareholders are requested to appoint the Chairman of the meeting as their proxy. If a shareholder appoints someone else as their proxy, that proxy will not be able to attend the AGM in person or cast the shareholder's vote.

Copies of the Annual Report and Accounts for the year ended 31 December 2020 and the Notice of the Annual General Meeting are available from the Company's website – www.windarphotonics.com

Copies of the Annual Report and Accounts for FY20 and the Notice of the Annual General Meeting will be posted to shareholders today and will be available from the Company's website – www.windarphotonics.com

Related Party Opinion

Jørgen Korsgaard Jensen, Chief Executive Officer of the Company, has agreed to provide a letter of support to the Company up to a value of €1,000,000 for a period of 12 months from the date of publication of the FY20 final audited results (the "Letter of Support"). If the Company requires to utilise the funds available under the Letter of Support, the funds will be provided on an interest free basis.

The provision of this letter of support to the Company is deemed to be a related party transaction for the purposes of the AIM Rules for Companies. The independent Directors consider, having consulted with the Company's nominated adviser, Cenkos Securities plc, that the terms of the letter of support are fair and reasonable insofar as the Shareholders are concerned.

For further information, please contact:

Windar Photonics plc

Jørgen Korsgaard Jensen, CEO

Tel: +45 24234930

Cenkos Securities plc (Nomad & Broker)

Neil McDonald / Pete Lynch

Tel: 0131 220 6939

About Windar:

Windar Photonics is a technology group that develops cost-efficient and innovative Light Detection and Ranging ("LiDAR") optimization systems for use on electricity generating wind turbines. LiDAR wind sensors in general are designed to remotely measure wind speed and direction.

<http://investor.windarphotonics.com>

Chairman's Statement

Despite a positive start the year with the receipt of the first volume order from the OEM market for the Company's LiDAR wind sensor, the onset of the COVID-19 pandemic had a significant impact on the ability of the Company to deliver orders during the year. Notwithstanding the impact of the global pandemic, the Company generated revenue of €1.3 million, an increase of 13% compared to 2019 (€1.2 million). Coupled with the implementation of cost saving initiatives throughout the Company, the EBITDA loss was reduced by 61% to €1.1 million (2019: loss of €2.8 million).

Total orders received and scheduled for delivery in 2020 amounted to €2.9 million. However, primarily due to the impact of the pandemic delivery of orders amounting to €1.6 million were postponed and rescheduled for delivery in 2021.

The retro-fit market operations were particularly adversely impacted by the onset of the pandemic due to project delays and travel restrictions. However important customer trials under our distribution agreement with Vestas were initiated and finalized in 2020 with very encouraging results Management expect to see the first volume orders and deliveries through this channel to be realised in 2021.

Our continued drive to optimize the cost base of our products has resulted in the Company successfully completing our new OneUnit platform which means the complete with electronic box has been eliminated. All optical and electronic parts now fully integrated in our optical head. With this platform now fully developed, our average production costs going into 2021 are estimated to have reduced by close to 21% compared the average costs at the beginning of 2020. Besides the cost saving the new platform enables a substantial simplification of the installation process of our products bringing additional cost savings to our end users.

Within the various other ongoing development projects good progress has been achieved in 2021. In previous years, the Company was focused on expanding our wind measurements data capabilities beyond the measurement of wind speed and wind direction to include wind turbulence and wake data which today are fully integrated in the entire project range. Going forward and based on new software developments the Company will also be integrating rain intensity data in our product range.

Financial Overview

Revenue during the year increased by 13% to €1.3 million (2019: €1.2 million). Gross profit was up 28% (2019: 47%) to €0.7 million (2019: €0.5 million).

Net loss for the year before taxes decreased to €1.6 million from €3.3 million in 2019, which included depreciation, amortisation and warrant costs of €0.3 million (2019: €0.3 million).

The Group held cash balances at the end of the year of €0.6 million (2019: €0.8 million).

Trade receivables were €0.4 million (2019: €0.1 million), reflecting that most of the revenue recognized in 2020 was delivered during the last quarter of the year.

The Group has capitalised its continued cost of investment in technology during the year. This amounts to €0.5 million in 2020 (2019: €0.5 million) before grants of €0.2 million (2019: €0.1 million).

During the year, the Group raised €1.0 million before expenses through the issue of share capital.

Outlook

Even though there remain significant project and delivery delays in the first part of 2021 due to aftermath of the global pandemic, the Board expects to see a substantial revenue increase in 2021. This expectation is based on

the orderbook at the start of the year which contained a number of orders initially scheduled for delivery in 2020. In addition, the Board expects to receive new orders and has strong expectations for initial volume orders/deliveries under our distribution agreement with Vestas.

Despite the overall encouraging developments, the Group's cash flow position is constantly being monitored with respect to eventual consequences of customer payments and project delays. However, management believe that there are a number of actions available to them in order to manage the cash position if needed.

Positively, the total order inflow in 2020 has been encouraging at €2.9 million which approximately represents the annual break even fix point in the Group. Given the order back-log carried into 2021, orders received and expected new orders the Board believes the Group is in a good position moving forward.

Finally, I would like to take the opportunity to thank the management and staff for their efforts in 2020.

BY ORDER OF THE BOARD ON June 30, 2021

Johan Blach Petersen
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Revenue from contracts with customers	1,333,956	1,177,897
Cost of goods sold	(632,586)	(629,560)
Gross profit	701,370	548,337
Administrative expenses	(2,183,141)	(3,680,990)
Other operating income	32,196	32,145
Loss from operations	(1,449,575)	(3,100,508)
Finance expenses	(143,110)	(190,889)
Loss before taxation	(1,592,685)	(3,291,397)
Taxation	252,517	212,488
Loss for the year attributable to the ordinary equity holders of Windar Photonics Plc	(1,340,168)	(3,078,909)
Other comprehensive income		
Items that will or may be reclassified to profit or loss:		
Exchange gains/(losses) arising on translation of foreign operations	22,585	(3,085)
Total comprehensive loss for the year attributable to the ordinary equity holders of Windar Photonics Plc	(1,317,583)	(3,075,824)

Loss per share attributable to the ordinary equity holders of Windar Photonics Plc

Basic and diluted, cents per share	(2.7)	(6.7)
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All activities relate to continuing operations

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	31 December 2020 €	31 December 2019 €
Assets		
Non-current assets		
Intangible assets	1,205,243	1,192,607
Property, plant & equipment	27,698	61,800
Deposits	25,382	24,980
Total non-current assets	1,258,323	1,279,387
Current assets		
Inventory	636,785	1,019,564
Trade receivables	429,241	111,703
Other receivables	220,047	84,305
Tax credit receivables	253,030	212,428
Prepayments	14,195	44,857
Restricted cash and cash equivalents	-	-
Cash and cash equivalents	626,361	763,024
Total current assets	2,179,659	2,235,881
Total assets	3,437,982	3,515,268
Equity		
Share capital	675,664	608,689
Share premium	14,502,837	13,692,119
Merger reserve	2,910,866	2,910,866
Foreign currency reserve	3,955	(18,630)
Retained earnings	(17,651,945)	(16,338,796)
Total equity	441,377	854,248
Non-current liabilities		
Warranty provisions	38,493	61,170
Loans	1,719,825	5,174
Total non-current liabilities	1,758,318	66,344
Current liabilities		
Trade payables	726,007	1,045,792
Other payables and accruals	274,202	211,879
Contract liabilities	215,905	69,954
Invoice discounting	-	1,992
Loans	22,173	1,265,059
Total current liabilities	1,238,287	2,594,676
Total liabilities	2,996,605	2,661,020
Total equity and liabilities	3,437,982	3,515,268

The financial statements were approved and authorised for issue by the Board of Directors on June 30 2021 and were signed below on its behalf by:

Jørgen Korsgaard Jensen, Director
Company number: 09024532

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	31 December 2020	31 December 2019
	€	€
Assets		
Non-current assets		
Investments in subsidiaries	142,497	519,897
Total non-current assets	142,497	519,897
Current assets		
Other receivables	11,295	11,790
Prepayments	-	26,599
Intragroup receivables	2,074	43,088
Cash and cash equivalents	543,247	521,713
Total current assets	556,616	603,190
Total assets	699,113	1,123,087
Equity		
Share capital	675,664	608,689
Share premium	14,502,837	13,692,119
Merger reserve	658,279	658,279
Foreign currency reserve	-	(7,746)
Retained earnings	(15,395,399)	(14,046,739)
Total equity	441,381	904,602
Current liabilities		
Trade payables	233,648	198,485
Other payables and accruals	24,084	20,000
Total liabilities	257,732	218,485
Total equity and liabilities	699,113	1,123,087

The financial statements were approved and authorised for issue by the Board of Directors on June 30 2021 and were signed below on its behalf by:

Jørgen Korsgaard Jensen, Director
Company number: 09024532

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020	Year ended 31 December 2019
	€	€
Loss for the period before taxation	(1,592,685)	(3,291,397)
Adjustments for:		
Finance expenses	143,110	190,889
Amortisation	286,903	267,317
Depreciation	38,752	52,411
Received tax credit	212,864	120,186
Foreign exchange losses	22,691	3,085
Share option and warrant costs	27,020	27,868
	(861,345)	(2,629,641)
<i>Movements in working capital</i>		
Changes in inventory	382,779	(292,565)
Changes in receivables	(453,281)	144,164
Changes in prepayments	30,663	38,905
Changes in deposits	(401)	21,305
Changes in trade payables	(319,788)	552,426
Changes in contract liabilities	145,951	(13,214)
Changes in warranty provisions	(22,677)	(17,252)
Changes in other payables and provisions	62,321	447,972
Cash flow from operations	(1,035,778)	(1,747,900)
<i>Investing activities</i>		
Payments for intangible assets	(469,362)	(528,278)
Payments for tangible assets	(4,449)	(3,427)
Grants received	174,713	50,824
Cash flow from investing activities	(299,098)	(480,881)
<i>Financing activities</i>		
Proceeds from issue of share capital	975,214	1,315,342
Costs associated with the issue of share capital	(97,521)	(133,827)
Proceeds from new long term loans	402,447	-
Reduction from invoice discounting	(1,992)	(8,743)
(Decrease)/Increase in restricted cash balances	-	158,138
Repayment of loans	(5,171)	(5,240)
Interest paid	(74,357)	(55,878)
Cash flow from financing activities	1,198,620	1,269,792
Net increase/(decrease) in cash and cash equivalents	(136,256)	(958,989)
Exchange differences	(407)	210
Cash and cash equivalents at the beginning of the year	763,024	1,721,803
Cash and cash equivalents at the end of the year	626,361	763,024

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Loss for the period before taxation	(1,367,934)	(12,183,497)
Adjustments for:		
Finance Income	(16,946)	(30,953)
Write down of investment in subsidiary	1,116,716	11,887,213
Share option and warrant costs	27,020	27,868
	(241,144)	(299,369)
<i>Movements in working capital</i>		
Changes in receivables	495	913
Changes in prepayments	26,599	(2,743)
Changes in loans to subsidiary entity	61,161	962,489
Changes in trade payables	35,163	130,795
Changes in other payables and provisions	4,084	-
Cash flow from operations	(113,642)	792,085
<i>Investing activities</i>		
Additional investment in subsidiary undertaking	(739,317)	(1,673,427)
Cash flow from investing activities	(739,317)	(1,673,427)
<i>Financing activities</i>		
Proceeds from issue of share capital	975,214	1,315,342
Costs associated with the issue of share capital	(97,521)	(133,827)
Currency losses during the year	(3,200)	-
Cash flow from financing activities	874,493	1,181,515
Net decrease in cash and cash equivalents	21,534	300,173
Cash and cash equivalents at the beginning of the year	521,713	221,540
Cash and cash equivalents at the end of the year	543,247	521,713

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital €	Share Premium €	Merger reserve €	Foreign currency reserve €	Accumulated Losses €	Total €
Group						
At 1 January 2019	560,859	12,558,434	2,910,866	(21,715)	(13,287,758)	2,720,686
New shares issued	47,830	1,267,512	-	-	-	1,315,342
Costs associated with capital raise	-	(133,827)	-	-	-	(133,827)
Share option and warrant costs	-	-	-	-	27,870	27,870

Transaction with owners	47,830	1,133,685	-	-	27,870	1,209,385
Loss for the year	-	-	-	-	(3,078,909)	(3,078,909)
Other comprehensive gains	-	-	-	3,085	-	3,085
Total comprehensive loss	-	-	-	3,085	(3,078,909)	(3,075,824)
At 31 December 2019	608,689	13,692,119	2,910,866	(18,630)	(16,338,797)	854,247
New shares issued	66,975	908,239	-	-	-	975,214
Costs associated with capital raise	-	(97,521)	-	-	-	(97,521)
Share option and warrant costs	-	-	-	-	27,020	27,020
Transaction with owners	66,975	810,718	-	-	27,020	904,713
Loss for the year	-	-	-	-	(1,340,168)	(1,340,168)
Other comprehensive gains/(loss)	-	-	-	22,585	-	22,585
Total comprehensive loss	-	-	-	22,585	(1,340,168)	(1,317,583)
At 31 December 2020	675,664	14,502,837	2,910,866	3,955	(17,651,945)	441,377
Company						
At 1 January 2019	560,859	12,558,434	658,279	(7,746)	(1,891,110)	11,878,716
New shares issued	47,830	1,267,512	-	-	-	1,315,342
Costs associated with capital raise	-	(133,827)	-	-	-	(133,827)
Share option and warrant costs	-	-	-	-	27,868	27,868
Transaction with owners	47,830	1,133,685	-	-	27,868	1,209,383
Loss for the year	-	-	-	-	(12,183,497)	(12,183,497)
Total comprehensive loss	-	-	-	-	(12,183,497)	(12,183,497)
At 31 December 2019	608,689	13,692,119	658,279	(7,746)	(14,046,739)	904,602
New shares issued	66,975	908,239	-	-	-	975,214
Costs associated with capital raise	-	(97,521)	-	-	-	(97,521)
Share option and warrant costs	-	-	-	-	27,020	27,020
Transaction with owners	66,975	810,718	-	-	27,020	904,713
Loss for the year	-	-	-	-	(1,367,934)	(1,367,934)
Total comprehensive loss	-	-	-	-	(1,367,934)	(1,367,934)
At 31 December 2020	675,664	14,502,837	658,279	(7,746)	(15,387,653)	441,381

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

2. Adoption of new and revised International Financial Reporting Standards

New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2020 that would be expected to have a material impact on the Group.

The new IFRSs adopted during the year areas as follows:

Amendments to References to the Conceptual Framework in IFRS Standards	
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IRFS 7	Interest Rate Benchmark Reform
Amendments to IAS 1 & IAS 8	Definition of Material
IFRS 16	Covid-19-Related Rent Concessions

The adoption of the new and amendments to IFRSs did not have any significant impact on the financial statements of the Group and the Company.

The following standards, amendments and interpretations applicable to the Group are in issue but are not yet effective and have not been early adopted in these financial statements. They may result in consequential changes to the accounting policies and other note disclosures. We do not expect the impact of such changes on the financial statements to be material. These are outlined in the table below:

		Effective dates for financial periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1 Amendments to IFRS 9 Amendments to IFRS 16 Amendments to IAS 41	1 January 2022
Amendments to IFRS 3	Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Directors anticipate that the adoption of these standards and the interpretations in future periods will

have no material impact on the financial statements of the Group.

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, the directors have considered the cash requirements of the Group. The directors are confident that based on the Group's forecasts and projections, taking account of possible changes in trading performance is appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements.

However, Management has noticed the risk of non-payments from customer receivables and the potential for future projects/customer delivery schedules to be delayed due to the general COVID-19 pandemic, which could have a material impact on the outlook cash flow forecasts.

In the event, for the reasons stated above the timing of the forecast revenue and customer payments were not to be achieved in the periods expected, the Group may need to seek additional funding to cover those periods where there might be a potential shortfall. However, in order to cover any such eventual shortfalls a major shareholder of the Company has already committed to supporting the Company if required for at least 12 months from the date that these financial statements are signed.

Due to primarily the above stated uncertainties regarding the COVID-19 situation, Management highlight the very high levels of uncertainties, which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. 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

Basis of preparation

The consolidated financial statements comprise the consolidated financial information of the Group as at 31 December 2020 and are prepared under the historic cost convention, except for the following:

- share based payments and share option and warrant costs

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs").

The acquisition of the subsidiary 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.

5. Revenue

	Year ended 31 December 2020	Year ended 31 December 2019
	€	€
Revenue from contracts with customers:		
Sale of product and installation	1,325,951	1,129,255
Rendering of services	8,005	48,642
Revenue	<u>1,333,956</u>	<u>1,177,897</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Year ended 31 December 2020 €	Year ended 31 December 2019 €
WindEye™	770,531	1,070,231
WindVision™	555,420	59,018
Rendering of services	8,005	48,648
Revenue	1,333,956	1,177,897

Contract liabilities of €215,905 (2019: €69,954) relates to performance obligation under contracts that have not yet been completed and are expected to be met in 2021.

6. Loss from operations

Loss from operations is stated after:

	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Staff costs	1,263,759	1,579,160
Expensed research and development costs	489,375	488,593
Amortisation ¹	286,903	267,317
Depreciation	38,752	52,411
Lease payments	115,350	131,989
Other Operating Income	(32,196)	(32,145)
Remuneration received by the Group's auditor or associates of the Group's auditor:		
- Audit of parent company	5,133	5,460
- Audit of consolidated financial statements	18,120	19,185
- Taxation compliance services	830	7,357
Other auditors:		
- Audit of overseas subsidiaries	18,803	21,430
- Adjustment to prior year audit of consolidated financial statements	35,715	42,899

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

7. Segment information

Operation 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 2020, four customers accounted for more than 10 per cent of the revenue each (2019: three customers). The total amount of revenue from these customers amounted to €1,076,841, 81 per cent of the total revenue (2019: €1,028,380 or 88 per cent of the revenue)

Revenue by geographical location of customer:

	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Europe	119,340	256,501
Americas	54,218	-
China	1,128,722	919,658
Asia (excluding China)	31,676	1,738
Revenue	1,333,956	1,177,897

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 2020 €	As at 31 December 2019 €
Denmark	1,248,460	1,270,753
	1,248,460	1,270,753

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

8. Directors and employees

	2020		2019	
	Average	Year end	Average	Year end
Number of employees excluding directors				
Sales and Services	7	6	8	8
Research and development	10	10	11	11
Production	2	2	3	3
Administration	3	3	3	3
	22	21	25	25

Group	2020	2019
	€	€
Staff costs		
Wages and salaries	1,190,757	1,465,035
Social security costs	45,982	86,257
	1,236,739	1,551,292
Warrant and Option costs	27,020	27,868
	1,263,759	1,579,160

Company	2020	2019
	€	€
Staff costs		
Wages and fees	25,760	40,448
	25,760	40,448
Warrant and Option costs	27,020	27,868
	52,780	68,316

The Company has 3 employees (2019: 4), all being the Directors of the Company.

Key management personnel compensation

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 fees	Fair value of warrant costs	Pension contributions	Total
	€	€	€	€
Year ended 31 December 2020				
<i>Directors</i>	25,760	-	-	25,760
Year ended 31 December 2019				
<i>Directors</i>	40,448	-	-	40,448

9. Finance income and expense

Finance expense

	Year ended 31 December 2020 €	Year ended 31 December 2019 €
Foreign exchange losses	(32,746)	(39,124)
Interest expense on financial liabilities measured at amortised cost	(110,364)	(151,765)
Finance expense	(143,110)	(190,889)

10. Income tax

	Year ended 31 December 2020 €	Year ended 31 December 2019 €
(a) The tax credit for the year:		
UK Corporation tax	-	-
Foreign tax credit	(252,517)	(212,488)
(b) Tax reconciliation		
Loss on ordinary activities before tax	(1,592,685)	(3,291,397)
Loss on ordinary activities at the UK standard rate of corporation tax 19% (2019: 19%)	(302,610)	(625,365)
Effects of:		
Expenses non-deductible for tax purposes	(35,103)	3,108
Adjustment to not recognized deferred taxes in previous periods	(137,902)	-
Unrecognised tax losses	263,464	533,772
Different tax rates applied in overseas jurisdictions	(54,860)	(125,599)
Exchange rate differences	14,494	1,596
Tax credit for the year	(252,517)	(212,488)

The tax credit is recognised as 22 per cent. (2019: 22 per cent) 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 per cent. (2019; 22 per cent) of deficits relating to research and development costs up to DKK 25 million.

(c) Deferred tax – Group

In view of the tax losses carried forward and other timing differences there is a deferred tax asset of approximately €2,829,139 (2019: €2,549,025) which has not been recognised in these Financial Statements, given uncertainty around timing and availability of sufficient taxable profits in the relevant Company.

(d) Deferred tax – Company

In view of the tax losses carried forward and other differences there is a deferred tax asset of approximately €338,140 (2019: €281,199) 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.

11. 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 2020 €	Year ended 31 December 2019 €
Loss for the year	(1,317,583)	(3,078,909)
Weighted average number of ordinary shares for the purpose of basic earnings per share	49,819,356	45,614,917
Basic loss and diluted, cents per share	(2.7)	(6.7)

There is no dilutive effect of the warrants (note 25) as the dilution would reduce the loss per share.

12. Dividends

No dividends were proposed by the Group during the period under review (2019: €Nil).

13. Investment in Subsidiaries

	€
Company At 1 January 2020	519,897
Capital contribution in the year	739,316
Write down investment in subsidiary	(1,116,716)
As at 31 December 2020	142,497

The subsidiaries of Windar Photonics Plc are included in these financial statements in accordance with the merger accounting as set out in the basis of preparation and basis of consolidation in notes 4 and 5, are as follows:

Name	Country of incorporation	Ownership	Registered Office	Nature of business
Windar Photonics A/S	Denmark	100%	Helgeshoej Allé 16-18, 2630 Taastrup, Denmark	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

The Company owns 100 per cent. of the issued share capital of Windar Photonics A/S (comprising A Shares of DKK 5,737,800 of 1 DKK each and B Shares of DKK 3,642,592 of 1 DKK each) with CVR number 32157688.

Windar Photonics A/S was incorporated on 28 December 2008 in Denmark and acquired by the Company in August 2014. During the year the Company invested the funds received from the share placing into its main trading subsidiary, Windar Photonics A/S, and a total transfer of funds of €678,156 was made during the year. A further waiver of intercompany receivable due from Windar Photonics A/S of €739,317 was made during the year and treated as capital contribution.

Windar Photonics A/S owns 100 per cent. 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 capital of USD 200,000 of which USD 200,000 is paid in as per 31 December 2020.

14. Intangible assets

Group	Development projects
	€
Cost	
At 1 January 2019	2,989,095
Additions – internally developed	528,277
Grants received	(50,824)
Exchange differences	(1,190)
At 31 December 2019	3,465,358
Additions – internally developed	469,362
Grants received	(174,713)
Exchange differences	14,759
At 31 December 2020	3,774,766
Accumulated amortisation	
At 1 January 2019	2,006,207
Charge for the year	267,317
Exchange differences	(773)
At 31 December 2019	2,272,751
Charge for the year	286,903
Exchange differences	9,869
At 31 December 2020	2,569,523
Net carrying value	
At 1 January 2019	982,888
At 31 December 2019	1,192,607
At 31 December 2020	1,205,243

The Group has received public Research and Development Grants of €174,713 (2019: €50,824) in respect of the capitalised research and development. At the end of the year 3 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 €669,605 (2019: €508,722, which could be claimed in the following 3 years).

The company's development projects relate to the development of improved performance and functionality, improved components etc. in the company's products.

Measurement of the development projects are based on realization of the company's business plan and budgets, particularly realization of expected growth in revenue.

15. Property, plant & equipment

Group	Plant and equipment
	€
Cost	

At 1 January 2019	218,341
Additions	3,427
Disposed	-
Exchange differences	(79)
At 31 December 2019	221,689
Additions	4,449
Disposed	-
Exchange differences	771
At 31 December 2020	226,909
Accumulated depreciation	
At 1 January 2019	107,553
Charge for the year	52,411
Disposed	-
Exchange differences	(75)
At 31 December 2019	159,889
Charge for the year	38,752
Disposed	-
Exchange differences	570
At 31 December 2020	199,211
Net carrying value	
At 1 January 2019	110,788
At 31 December 2019	61,800
At 31 December 2020	27,698

16. Inventory

	Group	
	As at 31 December 2020	As at 31 December 2019
	€	€
Raw material	16,145	417,481
Work in progress	181,598	392,374
Finished goods	439,042	209,709
Inventory	636,785	1,019,564

The cost of inventory sold and recognised as an expense during the year was €655,086 (2019: €639,555).

17. Trade and other receivables

	Group		Company	
	As at 31 December 2020 €	As at 31 December 2019 €	As at 31 December 2020 €	As at 31 December 2019 €
Trade receivables	1,301,858	623,458	-	-
Less; provision for impairment of trade receivables	(872,617)	(511,755)	-	-
Trade receivables – net	429,241	111,703	-	-
Receivables from related parties	-	-	2,074	43,088

Total financial assets other than cash and cash equivalents classified at amortised costs	429,241	111,703	2,074	43,088
Tax receivables	253,030	212,428	-	-
Other receivables	220,047	84,305	11,295	11,790
Total other receivables	473,077	296,733	11,295	11,790
Total trade and other receivables	902,318	408,436	13,369	54,878
Classified as follows:				
Current Portion	902,318	408,436	13,369	54,878

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

	More than 30 days past due €	More than 60 days past due €	More than 120 days past due €	Total €
Gross carrying amount	1,210	-	904,645	905,855
Loss provision	-	-	(872,617)	(872,617)
Net carrying amount	1,210	-	32,028	33,238

Trade and other receivables represent financial assets and are considered for impairment on an expected credit loss model. These assets have historically had immaterial levels of bad debt and are with credit worthy customers, and as the Group trades with a concentrated number of customers and utilises export credit facilities the Group has reviewed trade receivables on an individual basis. Additionally, the Group continues to trade with the same customers and therefore the future expected credit losses have been considered in line with the past performance of the customers in the recovery of their receivables. The implementation of IFRS 9 has therefore not resulted in a change to the impairment provision in the current or prior year.

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 including the area of operations of

those debtors and the advancing market for wind power and the Group's products. The assessment of the expected credit risk for the year has not increased, when looking at the factors affecting the risk noted above.

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

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

Of the net trade receivables €Nil (2019: €49,750) was pledged as security for the invoice discounting facility. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. Since the trade receivables continue to be recognised, the business model of the Group is not affected. The proceeds from transferring the debts of are included in other financial liabilities until the debts are collected or the Group makes good any losses incurred by the service provider.

18. 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 2020 €	As at 31 December 2019 €	As at 31 December 2020 €	As at 31 December 2019 €
Cash at bank	626,361	763,024	543,247	521,713

The Group has restricted cash balances of €33,672 (2019: € 360,000) but a provision of the full amount was made in 2019 and carried over into 2020. The restricted cash balances relate to transactions entered into between the Group and external financial parties. When EKF has credit approved a customer EKF, issues a non-recourse payment guarantee to an external financial party typically of 80% to 90% of the face value of the transaction. Upon shipment of the products, the Group then sells the invoice to the external financial party at face value subject to depositing and pledging a cash amount equal to the difference between the face value of the invoice and the EKF guarantee. When the customer pays typically one year later, the full invoice amount to the financial party, the deposit is paid in full to the Group.

19. Notes supporting statement of cash flows

	Non-current loans and borrowings €	Current loans and borrowings €	Invoice discounting €	Total €
As at 1 January 2019	1,135,744	5,240	10,735	1,151,719
Repayment of loans	-	(5,240)	-	(5,240)
Repayment of Invoice Discounting	-	-	(8,743)	(8,743)
Accrued interests on non-current loans	135,011	-	-	135,011
Loans and borrowings classified as non-current in previous period becoming current in this period	(1,265,059)	1,265,059	-	-
Foreign exchange rate differences	(522)	-	-	(522)
As at 31 December 2019	5,174	1,265,059	1,992	1,272,225
Repayment of loans	-	(5,171)	-	(5,171)
Repayment of Invoice Discounting	-	-	(1,992)	(1,992)
Loans and borrowings classified as non-current in previous period becoming current in this period	(22,128)	22,128	-	-
Accrued interests on non-current loans	68,753	-	-	68,753
Loans and borrowings classified as current in previous period becoming non-current in this period	1,262,084	(1,262,084)	-	-

New long term borrowings in the period	402,447	-	-	402,447
Foreign exchange rate differences	3,495	2,241	-	5,736
As at 31 December 2020	1,719,825	22,173	-	1,741,998

20. Trade and other payables

	Group		Company	
	As at 31 December 2020 €	As at 31 December 2019 €	As at 31 December 2020 €	As at 31 December 2019 €
Invoice discounting	-	1,992	-	-
Trade payables	726,007	1,045,792	233,648	198,485
Other payables and accruals	274,202	211,879	24,084	20,000
Current portion of Nordea and Growth Fund loans	22,173	1,265,059	-	-
Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost	1,022,382	2,524,722	257,732	218,485
Contract liabilities	215,905	69,954	-	-
Total trade and other payables	1,238,287	2,594,676	257,732	218,485
Classified as follows:				
Current Portion	1,238,287	2,594,676	257,732	218,485

The invoice discounting arrangement was secured upon the trade debtors to which the arrangement relates.

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.

21. Borrowings

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

	Group	
	Carrying and Fair value As at 31 December 2020 €	As at 31 December 2019 €
Loans		
Growth Fund	1,736,802	1,259,499
Current portion of Growth Fund	(16,977)	(1,259,499)
Nordea Ejendomme	5,196	10,734
Current portion of Nordea Loan	(5,196)	(5,560)
Total non-current financial liabilities measured at amortised costs	1,719,825	5,174

The Growth Fund borrowing from the Danish public institution, Vækstfonden, initially bore interest at a fixed annual rate of 12 per cent with a full bullet repayment in June 2020. As announced in 2020 terms for the borrowing was renewed during the year whereafter the interest rate was reduced to 7 percent p.a. and the loan

to be repaid in quarterly instalments over the period from 1 January, 2022 until 1 October, 2026. A new Covid-19 loan was further obtained during the year from Vækstfonden which carries an interest rate of CIBOR plus 5 percent p.a. and to be repaid in quarterly instalments over the period from 1 October 2021 until 1 October 2026.

In 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.

The loan from Nordea Ejendomme is in respect of amounts included in the fitting out of the offices in Denmark. The loan is repayable over the 6 years and matures in November 2021 and carries a fixed interest rate of 6 per cent.

Both loans are denominated in Danish Kroner.

The Company had no borrowings.

22. Share capital

On 3 January and 8 January 2020 the company issued 1,166,363 ordinary shares of 1 pence each for a cash consideration at £0.275 per share. On 23 December 2020 the company issued 4,844,444 ordinary shares of 1 pence each for a cash consideration of £0.1125 per share. On 12 December 2019 the company issued 4,076,348 ordinary shares of 1 pence each for cash consideration at £0.275 per share.

	Authorised 2020	€ 2020	Authorised 2019	€ 2019
Shares at beginning of reporting period	48,584,717	608,689	44,508,369	560,859
Issue of share capital	6,010,807	66,975	4,076,348	47,830
Shares at end of reporting period	54,595,524	675,664	48,584,717	608,689
	Number of shares issued and fully paid 2020	€ 2020	Number of shares issued and fully paid 2019	€ 2019
Shares at 1 January 2019	48,584,717	608,689	44,508,369	560,859
Issue of shares for cash	6,010,807	66,975	4,076,348	47,830
Shares at 31 December 2019	54,595,524	675,664	48,584,717	608,689

At 31 December 2020 the share capital comprises 54,595,524 shares of 1 pence each.

Warrants and share options

Warrants and share options are granted to Directors and employees.

No new share options or warrants were granted in 2020

Share options issued in 2017 and 2019 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 £1 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 was £0.88. The risk-free rate was 1.15%. The expected volatility is based on historical volatility of the AIM market over the last two years and is estimated to be 40%.

The average share price during the year was 22.42 pence (2019: 50.00 pence). At the year end the Company had the following warrants and options outstanding:

	At 31 December 2019	Number of warrants and options		At 31 December 2020	Exercise price (£ pence)	Exercise date
		Granted	Lapsed			
Warrants	1,520,956	-	-	1,520,956	39.07	31/12/19 to 31/12/21
Options	557,500	-	-	557,500	100.00	16/11/18 to 01/03/32
	2,078,456	-	-	2,078,456		

The number of options and warrants exercisable at 31 December 2020 is warrants 1,520,956 (2019: 1,520,956) and options 460,000 (2019: 241,666).

The weighted average remaining contractual life for the options outstanding as at 31 December 2020 is 9.76 years (2019: 10.76 years).

The warrants have a remaining life of one year (2019: 2 years).

23. 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.

24. Operating Leases

The total future value of the minimum lease payment is due as follows:

	2020	2019
	€	€
Not later than one year	41,879	75,967
Later than one year and not later than five years	-	-
	<u>41,879</u>	<u>75,967</u>

All leasing commitments are in respect of property and cars leased by the Group. The terms of property leases vary from country to country, although they all tend to be tenant repairing with rent reviews once a year. The Company has not entered any leases in 2020 with maturity longer than 6 months.

25. Warranty provision

	2020	2019
	€	€
Provision at the beginning of reporting period	61,170	78,422
Provision charged to the profit and loss account	(22,500)	(9,995)
Utilised in year	-	(7,240)
Foreign exchange rate movements	(177)	(17)
	<u>38,493</u>	<u>61,170</u>

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 €(22,500) (2019: (€9,995)) corresponding to a warranty cost percentage of Nil % (2019: 0.4%) 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.

26. 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 €32,196 (2019: €32,145). There were amounts outstanding at the year end to Wavetouch €(23,630) (2019: €167,527). At the end of the year there were amounts outstanding to OPDI of € Nil (2019: € nil). At the end of the year there were amounts outstanding to Directors of € 65,696 (2019: € 39,936).

Intercompany transactions

At 31 December 2020 there exist an intercompany loan between Windar Photonics PLC and its subsidiary Windar Photonics A/S.

Windar Photonics PLC has a receivable at €2,074 (2019: €43,088). Interest added during 2020 amounts to €20,147 (2019: €35,396).

The interest rate for 2020 is Bank of England base rate + 2.5% p.a. (2019: Base rate 0.75% + 2.5% p.a.).

27. Controlling Parties

There is no ultimate controlling party of the Company.

28. Post balance sheet events and outstanding lawsuits

No major post balance sheet events have happened in 2021.

At the end of 2020 the Company had one outstanding lawsuit regarding a dispute with a previous supplier. The company disputes the claim of approximately €22,000 made against the company.