

25 November 2022

Windar Photonics plc

(“**Windar**”, the “**Company**” or the “**Group**”)

Unaudited interim report for the six months ended 30 June 2022

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, announces its unaudited interim results for the six months ended 30 June 2022.

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Notes to Editors:

Windar Photonics is a technology group that develops cost-efficient and innovative 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.

<http://investor.windarphotonics.com>

CHAIRMAN'S STATEMENT

Despite having experienced severe logistical challenges during the first six months of 2022 due to the ongoing COVID-19 pandemic, realised revenue for the first half year of 2022 increased by 35% to €0.4 million (H1 2021: €0.3 million). The majority of revenue within the period was realized in June, when initial deliveries to Vestas Service (North America) finally commenced.

The Company continued to see an increased interest in our product offerings with receipt of new orders during the period for a further €1.6 million (H1 2021: €0.9 million), including important new test orders from North America and Japan expanding our WindEye™ and WindTimizer solution to new wind turbine platforms. Similarly, the Company received new orders from key customers in Asia based on previously announced test results in the region and, in total, the overall order backlog at the end of the period stood at €3.8 million (H1 2021: €2.2 million), of which more than €1 million has been invoiced/received, but is not recognised in the revenue figure for H1 2022 and is included as deferred revenue within the contract liabilities figure on the balance sheet. This invoiced balance will be recognised in future periods.

The Company further continued its efforts to reduce operational expenses during the period and, compared to the same period of 2021, total operational costs were reduced by 10%. This reduction, combined with the increased revenue and gross profit during the period, resulted in the net loss before taxation being reduced from €0.9 million in H1 2021 to €0.8 million in H1 2022.

Financial Overview

Overall, the Group realized revenues of €0.4 million (H1 2020: €0.3 million) and recorded a net loss of €0.8 million for the period (H1 2021: loss of €0.9 million) after depreciation, amortization and warrant costs of €0.1 million (H1 2021: €0.2 million).

Cash flow from operations produced a net inflow of €0.1 million for the period compared to a net outflow of €0.6 million in H1 2021.

Outlook

Despite the continued COVID related challenges experienced during the period, which severely impacted planned production and customer shipments, the overall market developments have been encouraging in 2022. The order backlog has increased substantially during the period, and the Board expect additional orders in the near future, not only substantiated by the Company's exclusive offerings but further supported by the general worldwide increase in electricity prices supporting our underlying business case.

As previously announced in the annual accounts for 2021, and due to the severe COVID related challenges experienced during the period, the Board initiated activities for a new capital raise in the second half of 2022. The Board is pleased to announce that subject to readmission of trading on AIM, the Company has successfully raised €2.4 million (before costs) at an issue price of 15p per share. Board member participation in the capital raise is expected to constitute approximately 10% of the total capital raise. Further, after end of the accounting period the Company has renegotiated the repayment schedule of the Growth Fund loan, whereby €0.6 million currently recognized as short term debts at the end of the accounting period would have been deemed as long-term debts if new terms applied. Given these actions and combined with the continued progress of the underlying positive development of the general business activities, the Board believes that the Company has sufficient cash flows for operations for the coming 12 months period.

Overall, the Board recognizes the severe negative impact the general COVID-19 pandemic has had on the progress of the Company during the last couple of years. However, noting a substantial improved development in relation to all important key performance indicators in the second half of 2022 the Board believes that the Company is positioned for a successful economical future. The development is currently further enhanced by the globally increase in cost of energy whereby the value of our value proposition increases, as the main benefit from the product offerings is to increase power generation from new and existing wind turbines, and at the same time, positively contributing to a more worldwide sustainable green power generation transformation in the future.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June 2022 (unaudited) €	Six months ended 30 June 2021 (unaudited) €	Year ended 31 December 2021 (audited) €
	Note		
Revenue	420,555	305,991	551,535
Cost of goods sold	(225,853)	(147,703)	(105,322)
Gross profit	194,702	158,288	446,213
Administrative expenses	(1,047,542)	(1,120,163)	(1,882,094)
Other operating income	16,129	16,136	32,271
Loss from operations	(836,711)	(945,739)	(1,403,610)
Finance expenses	(43,606)	(16,601)	25,520
Loss before taxation	(880,317)	(962,340)	(1,378,090)
Taxation	124,997	100,850	248,913
Loss for the period	(755,320)	(861,490)	(1,129,177)
Other comprehensive income			
Items that will or maybe reclassified to profit or loss:			
Exchange losses arising on translation of foreign operations	(37,554)	(11,759)	(92,348)

Total comprehensive loss for the period		(792,874)	(873,249)	(1,221,525)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc				
Basic and diluted, cents per share	2	(1.4)	(1.6)	(2.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	As at 30 June 2022 (unaudited) €	As at 30 June 2021 (unaudited) €	As at 31 December 2021 (audited) €
Assets				
Non-current assets				
Intangible assets		1,215,454	1,073,665	1,195,267
Property, plant & equipment		1,815	12,120	2,423
Deposits		26,601	25,614	26,398
Total non-current assets		1,243,870	1,111,399	1,224,088
Current assets				
Inventory	3	858,407	602,139	694,969
Trade receivables	4	288,432	396,752	991,734
Other receivables	4	16,717	157,914	157,919
Tax credit receivables	4	373,853	353,993	265,620
Prepayments		24,785	4,743	33,954
Cash and cash equivalents		109,533	78,077	40,548
Total current assets		1,671,727	1,593,618	2,184,744
Total assets		2,915,597	2,705,017	3,408,832
Equity				
Share capital	5	675,664	675,664	675,664
Share premium		14,502,837	14,502,837	14,502,837
Merger reserve		2,910,866	2,910,866	2,910,866
Foreign currency reserve		(126,248)	(7,805)	(88,394)
Accumulated loss		(19,505,475)	(18,488,434)	(18,758,348)
Total equity		(1,542,356)	(406,872)	(757,375)
Non-current liabilities				
Warranty provisions		42,858	38,509	36,150
Holiday allowance provision		131,829	-	131,877
Loans	6	1,187,013	1,533,259	1,371,076
Total non-current liabilities		1,361,700	1,571,768	1,539,103
Current liabilities				
Trade payables	7	754,981	736,586	544,330
Other payables and accruals	7	758,713	503,776	758,234
Contract liabilities	7	1,048,039	110,915	951,606
Loans	7	534,520	188,844	372,934
Total current liabilities		3,096,252	1,540,121	2,627,104
Total liabilities		4,457,953	3,111,889	4,166,207
Total equity and liabilities		2,915,597	2,705,017	3,408,832

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June 2022 (unaudited) €	Six months ended 30 June 2021 (unaudited) €	Year ended 31 December 2021 (audited) €
Loss for the period before tax	(880,317)	(962,340)	(1,378,090)
Adjustments for:			
Finance expenses	43,606	16,601	(25,520)
Amortisation	83,752	127,173	254,339
Depreciation	-	15,239	25,115
Received tax credit	-	-	213,362
Foreign exchange difference	(37,554)	(11,759)	(92,348)
Warrants expense	8,193	25,000	22,773
	(782,320)	(790,086)	(980,369)
<i>Movements in working capital</i>			
Changes in inventory	(163,439)	34,647	(58,183)
Changes in receivables	844,503	94,622	(500,363)
Changes in prepayments	9,170	9,451	(19,760)
Changes in deposits	(203)	(233)	(1,017)
Changes in trade payables	81,799	10,580	(96,569)
Changes in contract liabilities	96,433	(104,990)	735,700
Changes in warranty provisions	6,708	16	(2,343)
Changes in holiday allowance provision	(48)	-	-
Changes in other payables and provision	129,330	209,640	528,803
Cash flow (used in) operations	221,933	(536,353)	(394,101)
<i>Investing activities</i>			
Payments for intangible assets	(221,298)	(114,296)	(652,264)
Grants received	130,078	107,200	408,354
Payments for tangible assets	-	-	-
Cash flow (used in) investing activities	(91,220)	(7,096)	(243,910)
<i>Financing activities</i>			
Proceeds from issue of share capital	-	-	-
Costs associated with the issue of share capital	-	-	-
Proceeds from new long-term loans	-	-	-
Repayment of loans	(22,477)	-	(22,180)
Interest (paid)/received	(43,605)	(16,601)	51,006
Cash flow from financing activities	(66,082)	(16,601)	26,826
Net (decrease)/increase in cash and cash equivalents	64,631	(560,050)	(609,185)
Exchange differences	4,354	(11,766)	23,372
Cash and cash equivalents at the beginning of the period	40,548	626,361	626,361
Cash and cash equivalents at the end of the period	109,533	78,077	40,548

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2021	675,664	14,502,837	2,910,866	3,954	(17,651,944)	441,377
New shares issued	-	-	-	-	-	-
Share option and warrant costs	-	-	-	-	25,000	25,000
Transaction with owners	-	-	-	-	25,000	25,000
Comprehensive loss for the period	-	-	-	-	(861,490)	(861,490)

Other comprehensive loss	-	-	-	(11,759)	-	(11,759)
Total comprehensive income	-	-	-	(11,759)	(861,490)	(873,249)
At 30 June 2021	675,664	14,502,837	2,910,866	(7,805)	(18,488,434)	(406,872)
New shares issued	-	-	-	-	-	-
Costs associated with capital raise	-	-	-	-	-	-
Share option and warrant costs	-	-	-	-	(2,227)	(2,227)
Transaction with owners	-	-	-	-	(2,227)	(2,227)
Comprehensive loss for the period	-	-	-	-	(267,687)	(267,687)
Other comprehensive income	-	-	-	(80,589)	-	(80,589)
Total comprehensive income	-	-	-	(80,589)	(267,687)	(348,276)
At 31 December 2021	675,664	14,502,837	2,910,866	(88,394)	(18,758,348)	(757,375)
New shares issued	-	-	-	-	-	-
Share option and warrant costs	-	-	-	-	8,193	8,193
Transaction with owners	-	-	-	-	8,193	8,193
Comprehensive loss for the period	-	-	-	-	(755,320)	(755,320)
Other comprehensive Income	-	-	-	(37,854)	-	(37,554)
Total comprehensive income	-	-	-	(37,854)	(755,320)	(792,874)
At 30 June 2022	675,664	14,502,837	2,910,866	(126,248)	(19,505,475)	(1,542,356)

1. BASIS OF PREPARATION

The financial information for the six months ended 30 June 2022 and 30 June 2021 does not constitute the Groups statutory financial statements for those periods with the meaning of Section 434(3) of the Companies Act 2006 and has neither been audited or reviewed pursuant to guidance issued by the Auditing Practices Board. The annual financial statements of Windar Photonics plc are prepared in accordance with International Financial Reporting Standards. The principal accounting policies used in preparing the Interim financial statements are those that the Group expects to apply in its financial statements for the year ended 31 December 2022 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2021. The comparative financial information for the year ended 31 December 2021 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2021 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2021 was unqualified but included a reference to the material uncertainty related to going concern in respect of the timing of future revenues without qualifying their report and did not contain a statement under section 498(2)-498(3) of the Companies Act 2006. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue operating for the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing the half yearly condensed consolidated financial statements. This interim report was approved by the directors.

Loss per share

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

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	€	€	€
Loss for the period	(755,320)	(861,490)	(1,129,177)
Weighted average number of ordinary shares for the purpose of basic earnings per share	54,595,522	54,595,522	54,595,522
Basic loss and diluted, cents per share	(1.4)	(1.6)	(2.1)

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

2. Inventory

	As at 30 June 2022	As at 30 June 2021	As at 31 December 2021
	€	€	€
Raw materials	489,292	125,256	363,216

Work in progress	71,677	284,199	46,879
Finished goods	297,438	192,684	284,874
Inventory	858,407	602,139	694,969

3. Trade and other receivables

	As at 30 June 2022 €	As at 30 June 2021 €	As at 31 December 2021 €
Trade receivables	1,161,721	908,507	1,865,023
Less: provision for impairment of trade receivables	(873,289)	(511,755)	(873,289)
Trade receivables – net	288,432	396,752	991,734
Total financial assets other than cash and cash equivalents classified at amortized costs	288,432	396,752	991,734
Tax receivables	373,853	353,993	265,620
Other receivables	16,717	157,914	157,919
Total other receivables	390,570	511,907	423,539
Total trade and other receivables	679,002	908,659	1,415,273
Classified as follows:			
Current Portion	679,002	908,659	1,415,273

4. Share capital

	Number of shares	€
Shares as 30 June 2021	54,595,524	675,664
Issue of shares for cash	-	-
Shares at 31 December 2021	54,595,524	675,664
Issue of shares for cash	-	-
Shares at 30 June 2022	54,595,524	675,664

At 30 June 2022, the share capital comprises 54,595,524 shares of 1 pence each.

Borrowings

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

	Six months ended 30 June 2022 €	Six months ended 30 June 2021 €	Year ended 31 December 2021 €
Growth Fund Loans (including accrued interest)	1,721,533	1,719,825	1,744,010
Current portion of Growth Fund Loans	(534,520)	(188,844)	(372,934)
Nordea Ejendomme	-	2,278	-
Total non-current financial liabilities measured at amortised costs	1,187,013	1,533,259	1,371,076

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 2021. Terms for the borrowing were amended in June 2020, and November 2020, pursuant to which the interest rate was reduced to 7 percent p.a. and the loan is to be repaid in equal quarterly instalments over the period from 1 January 2022 until 1 January 2026. In November 2020 the Company has received an offer on an additional Covid loan of €400,000 at an annual interest rate of CIBOR + 5% to be repaid over a 5 year period starting from January 2022. The cash proceeds has been received post reporting period.

Post the accounting period the Company has renegotiated the repayment schedule of the Growth Fund loan, whereby €0.6 million currently recognized as current portion and other short-term debts at the end of the accounting period would have been deemed as long-term debts if new terms applied.

All loans are denominated in Danish Kroner.

5. Trade and other payables

As at 30 June 2022	As at 30 June 2021	As at 31 December 2021
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	€	€	€
Trade payables	754,981	736,586	673,182
Other payables and accruals	758,713	503,776	629,382
Current portion of loans	534,520	188,844	372,934
Total financial liabilities, excluding non-current loans and borrowings classified as financial liabilities measured at amortized cost	2,048,214	1,429,206	1,675,498
Contract liabilities	1,048,039	110,915	951,606
Total trade and other payables	3,096,253	1,540,121	2,627,104
Classified as follows:			
Current Portion	3,096,253	1,540,121	2,627,104

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.

6. Availability of Interim Report

Copies of the Interim Report will not be sent to shareholders but will be available from the Group's website www.investor.windarphotonics.com.