

12 September 2024

Windar Photonics plc

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

Un-audited Results for the 6 months ended 30th June 2024

and

Update on current trading and sales development activity

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 un-audited results for the 6 months ended 30 June 2024. Following the successful, oversubscribed, undiscounted 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 for the 6 month period of €2.3m represents 71% growth on prior year revenue of €1.3m, which with a concentration of sales following April 2024 capital raise, is in line with expectation to achieve targeted full year growth. The market will be updated as the expected significant orders are received,
- Gross margin of 60% (H1 2023: 55%) shows continued progression as first software revenues are reflected,
- Increase in operating costs reflects scale-up in key strategic functions,
- H1 2024 EBITDA (before warrant / share-based payments) of €0.1m (H1 2023: €0.3m loss) represents continued progress,
- Loss for the six month period H1 2024 reduced to €0.3m (2023: €0.4m),
- Basic loss per share: H1 2024: €0.004ps (H1 2023: €0.006ps),
- £4.4m (before expenses) raised in April 2024 through oversubscribed equity placing issued at a premium,
- Cash at H1 2024 of €2.8m (H1 2023:€0.3m) after working capital increases of €2.0m directly attributable to high levels of sales shortly before and after half year.

Operational:

- Successful launch of Windar Nexus software suite, adding further applications and efficiencies for our customers,
- Significant order with a gross value of US\$1.3m delivered to a new customer in the North American market in June, with Nexus software implemented and operational from August,
- Production capacity in Taastrup manufacturing plant now at targeted levels giving significant capacity for future growth,
- Weather delayed installations in China in the early part of the year resulted in working capital constraints that have concentrated growth into the period following the April fundraise.

Current Trading & Sales Development Activity

- Orders for delivery in H2 2024 of €3.8m as at June 2024 with pipeline and production capacity in place to meet full year expectations,
- Order pipeline is increasingly strong with significant trial and repeat orders in North American market expected in H2 2024,

- Repeat orders predominantly on Vestas V82 turbine platform however multiple trial orders on development platforms such as Senvion and GE, are anticipated across the North American market – thereby further enhancing the Company’s prospects for future growth,
- Continued development activity across China, Japan and Australia in progress on multiple turbine platforms,
- First installations of Windar’s ‘Nexus’ software platform successfully completed in August 2024 which, with further value enhancing modules in development and testing, gives opportunity for increasing repeat revenue.

Strategic Development and Outlook

In the first half of 2024 Windar achieved three key milestones:

1. Obtained and delivered a breakthrough \$1.3m order in North America – providing a significant foothold in that market
2. Completed testing and commenced implementation of its Nexus turbine management software – with first site implementation successfully completed in August
3. Raised £4.4m in an oversubscribed, undiscounted share issue

Current sales development with both new and existing customers on Vestas and additional turbine platforms in the North American market gives increasing confidence over the medium to long term opportunity for sales and quality of earnings growth, across all markets globally.

The opportunity for further developments in our suite of Nexus turbine performance enhancing software not only introduces new and recurring revenue streams but also supports our accelerating sales development activity, particularly across North America.

Following the April fundraise Windar will not be constrained by factors impacting short-term working capital and whilst growth in 2024 will be concentrated in the final 8 months of the year, we remain confident over the full year outcome.

With a strong team, an increasingly robust sales pipeline, a strong balance sheet, ongoing successful product development, increased manufacturing capacity and greater supply chain resilience and increasing addressable market the Board looks to the future with confidence.

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CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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. The funding provided through that capital raise has allowed the company to accelerate its previously somewhat constrained sales and production activity since April. Whilst there is much to be done in the second half of the year to achieve our targets for the year our sales pipeline and production capacity give us confidence.

We are making significant progress both in attracting new customers in North America, and towards expanding new and existing customers onto additional turbine platforms. This, combined with the successful first installations of Windar's Nexus software suite in August leave the longer term opportunity for Windar increasingly exciting.

Strategic Development

In the first half of 2024 Windar achieved three key milestones:

1. Obtained and delivered a breakthrough \$1.3m order in North America – providing a significant foothold in that market
2. Completed testing and commenced implementation of its Nexus turbine management software – with implementation successfully completed in August
3. Raised £4.4m in an oversubscribed, undiscounted share issue

Current sales development with both new and existing customers on Vestas installations and in relation to expanding installations onto additional turbine platforms (including GE and Senvion) in the North American market gives increasing confidence over the medium to long term opportunity for sales and quality of earnings growth, across all markets globally.

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.

The opportunity for further developments in our suite of Nexus turbine performance enhancing software not only introduces new and recurring revenue streams but also supports our accelerating sales development activity, particularly across North America and supports gross margin development.

Following the April fundraise Windar will not be constrained by factors impacting short-term working capital and whilst growth in 2024 will be concentrated in the final 8 months of the year we remain confident over the full year outcome.

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.

Six Months to 30th June 2024

In April 2024 we were pleased to announce a \$1.3m order marking a new relationship with a significant turbine operator in the North American market. This order was successfully delivered in June with Nexus software implementation completed in August. 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.

During the six months to 30 June 2024, revenue increased by 71% from €1.3m to €2.3m. With activity prior to the April fundraise constrained by the impact of weather delayed implementations in China on working capital, growth in 2024 will be concentrated in the final 8 months of the year.

Gross Margin % (H1 2024: 60%, H1 2023 55%) continuing to progress illustrates the anticipated benefits of the introduction of software revenues, increasing volume and of increasingly geographically diverse sales.

To facilitate the rapid growth of the business certain strategic overheads have been increased. These developments are closely controlled and reflect the infrastructure necessary to deliver the anticipated profit development.

An EBITDA loss of €0.1m (before share-based payments) marks continued progress from the prior first half loss of €0.3m and with the sales activity anticipated in H2 we remain confident of full year out-turn.

The Group exited the half year with net cash of €1.2m, an increase of €2.7m from the last half years net debt. Working capital movements directly driven by sales activity around the half year increased working capital by €2.0m year on year. We anticipate that short term working capital movements will become less pronounced as the number of deliveries increases and phasing normalises.

Board & Employees

Recognising that there is much to do for Windar to achieve its full potential it is appropriate to recognize the contribution and dedication of our employees in achieving the key milestones noted above. In particular the development, testing and first implementations of our Nexus software suite has required particular dedication from our development team. This success of this first stage of Nexus software provides a platform for future growth – and the efforts of our team are much appreciated.

Outlook

With a strong team, an increasingly robust sales pipeline, a strong balance sheet, ongoing successful product development, increased manufacturing capacity, greater supply chain resilience and increasing addressable market the Board looks to the future with confidence.

David Lis
Chairman

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June 2024 (unaudited) €	Six months ended 30 June 2023 (unaudited) €	Year ended 31 December 2023 (audited) €
Note			
Revenue	2,296,781	1,347,072	4,766,484
Cost of goods sold	(907,577)	(607,584)	(2,361,386)
Gross profit	1,389,204	739,488	2,405,098
Administrative expenses	(1,623,482)	(1,155,834)	(2,548,366)
Other operating income	-	16,115	32,210
Exceptional (expenses)/income	-	-	-
Loss from operations	(234,278)	(400,231)	(111,058)
Finance expenses	(30,528)	(87,658)	(240,033)
Loss before taxation	(264,806)	(487,889)	(351,091)
Taxation	(32,016)	117,818	168,571
Loss for the period	(296,822)	(370,071)	(182,520)
Other comprehensive income			
Items that will or maybe reclassified to profit or loss:			
Exchange losses arising on translation of foreign operations	(17,664)	90,240	7,089
Total comprehensive loss for the period	(314,569)	(279,831)	(175,431)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc			
Basic and diluted, cents per share	2	(0.4)	(0.6)
		(0.3)	(0.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	As at 30 June 2024 (unaudited) €	As at 30 June 2023 (unaudited) €	As at 31 December 2023 (audited) €
Assets				
Non-current assets				
Intangible assets		1,559,198	1,182,304	1,343,361
Property, plant & equipment		290,531	191,371	330,799
Right of use asset		42,415	74,260	56,005
Deposits		40,059	38,837	38,262
Total non-current assets		1,932,203	1,486,772	1,768,427
Current assets				
Inventory	3	1,037,619	885,751	718,983
Trade receivables	4	1,265,083	482,310	546,273
Other receivables	4	224,109	217,998	135,088
Tax credit receivables	4	118,999	337,722	151,015
Prepayments		10,387	93,911	129,551
Cash and cash equivalents		2,763,637	284,830	152,180
Total current assets		5,419,834	2,302,522	1,833,090
Total assets		7,352,037	3,789,294	3,601,517
Equity				
Share capital	5	985,971	834,771	834,771
Share premium		21,203,127	16,479,150	16,479,150
Merger reserve		2,910,866	2,910,866	2,910,866
Foreign currency reserve		(76,152)	24,663	(58,488)
Accumulated loss		(20,148,553)	(20,188,163)	(19,901,376)
Total equity		4,875,259	61,287	264,923
Non-current liabilities				
Warranty provisions		28,160	45,696	25,493
Holiday Allowance provision	6	140,599	135,987	138,538
Right of use liability		-	41,134	31,711
Loans	6	1,173,230	1,500,663	1,287,697
Total non-current liabilities		1,341,989	1,723,480	1,483,439
Current liabilities				
Trade payables	7	56,120	358,130	572,234
Other payables and accruals	7	466,501	347,620	472,810
Contract liabilities	7	128,270	940,956	251,678
Right of use liability	7	43,783	27,422	25,648
Loans	7	440,115	330,399	530,785
Total current liabilities		1,134,789	2,004,527	1,853,155
Total liabilities		2,476,778	3,728,007	3,336,594
Total equity and liabilities		7,352,037	3,789,294	3,601,517

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June 2024 (unaudited) €	Six months ended 30 June 2023 (unaudited) €	Year ended 31 December 2023 (audited) €
Loss for the period before tax	(264,806)	(487,889)	(351,091)
Adjustments for:			
Finance expenses	30,528	87,658	240,033
Amortisation	48,480	89,622	179,134
Depreciation – property, plant and equipment	34,721	10,736	30,165
Depreciation – right of use assets	14,091	-	28,738
Received tax credit	-	-	237,389
Taxes paid	-	90,240	(1,369)
Foreign exchange difference	(17,664)	-	7,089
Warrants expense	49,645	30,794	99,236
	(105,005)	(178,839)	469,324
<i>Movements in working capital</i>			
Changes in inventory	(318,636)	(186,515)	(19,747)
Changes in receivables	(807,832)	(113,160)	(94,213)
Changes in prepayments	119,164	(46,051)	(81,691)
Changes in deposits	(1,796)	(9,843)	(9,268)
Changes in trade payables	(516,112)	94,047	308,149
Changes in contract liabilities	(123,408)	(264,575)	(953,853)
Changes in warranty provision	2,663	(82)	(20,285)
Changes in other payables and provision	(6,307)	(103,781)	21,402
Cash flow (used in) operations	(1,757,269)	(808,799)	(380,182)
<i>Investing activities</i>			
Payments for intangible assets	(273,893)	(192,953)	(493,436)
Payments for tangible assets	-	(97,541)	(254,796)
Grants received	13,967	115,971	165,265
Cash flow (used in) investing activities	(259,926)	(174,523)	(582,967)
<i>Financing activities</i>			
Proceeds from issue of share capital	5,394,280	-	-
Costs associated with the issue of share capital	(519,104)	-	-
Proceeds from new long-term loans	-	-	-
Lease payments	(15,534)	-	(27,348)
Repayment of loans	(203,076)	(15,260)	(52,249)
Interest (paid)/received	(29,168)	(87,658)	(208,757)
Cash flow from financing activities	4,627,398	(102,918)	(288,354)
Net (decrease)/increase in cash and cash equivalents	2,610,203	(1,086,240)	(1,251,503)
Exchange differences	1,254	(33,003)	(390)
Cash and cash equivalents at the beginning of the period	152,180	1,404,073	1,404,073
Cash and cash equivalents at the end of the period	2,763,637	284,830	152,180

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2023	834,771	16,479,150	2,910,866	(65,577)	(19,818,092)	341,118
New shares issued	-	-	-	-	-	-
Share option and warrant costs	-	-	-	-	-	-
Transaction with owners	-	-	-	-	-	-
Comprehensive loss for the period	-	-	-	-	(370,071)	(370,071)
Other comprehensive loss	-	-	-	90,240	-	90,240
Total comprehensive income	-	-	-	90,240	(370,071)	(279,831)
At 30 June 2023	834,771	16,479,150	2,910,866	24,663	(20,188,163)	61,287
New shares issued	-	-	-	-	-	-
Costs associated with capital raise	-	-	-	-	-	-
Share option and warrant costs	-	-	-	-	-	-
Transaction with owners	-	-	-	-	-	-
Comprehensive loss for the period	-	-	-	-	286,787	286,787
Other comprehensive income	-	-	-	(83,151)	-	(83,151)
Total comprehensive income	-	-	-	(58,488)	286,787	(259,680)
At 31 December 2023	834,771	16,479,150	2,910,866	(58,488)	(19,901,376)	264,923
New shares issued	151,200	5,085,736	-	-	-	5,236,936
Share option and warrant costs	-	(361,759)	-	-	-	(361,759)
Transaction with owners	151,200	4,723,977	-	-	-	4,875,177
Comprehensive loss for the period	-	-	-	-	(296,822)	(296,822)
Warrant reserve	-	-	-	-	49,645	49,645
Other comprehensive Income	-	-	-	(17,664)	-	(17,664)
Total comprehensive income	-	-	-	(17,664)	(247,177)	(264,841)
At 30 June 2024	985,971	21,203,127	2,910,866	(76,152)	(20,148,553)	4,875,259

1. BASIS OF PREPARATION

The financial information for the six months ended 30 June 2024 and 30 June 2023 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 2024 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2023. The comparative financial information for the year ended 31 December 2023 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2023 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2023 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.

2. 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 2024	Six months ended 30 June 2023	Year ended 31 December 2023
	€	€	€
Loss for the period	<u>(296,822)</u>	<u>(370,071)</u>	<u>(182,520)</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	81,287,870	55,963,110	68,361,444
Basic loss and diluted, cents per share	<u>(0.4)</u>	<u>(0.6)</u>	<u>(0.3)</u>

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

3. Inventory

	As at 30 June 2024	As at 30 June 2023	As at 31 December 2023
	€	€	€
Raw materials	714,571	770,287	414,160
Work in progress	92,480	115,464	63,355
Finished goods	230,568	-	241,468
Inventory	1,037,619	885,751	718,983

4. Trade and other receivables

	As at 30 June 2024	As at 30 June 2023	As at 31 December 2023
	€	€	€
Trade receivables	1,265,083	482,310	546,273
Less; provision for impairment of trade receivables	-	-	-
Trade receivables – net	1,265,083	482,310	546,273
Total financial assets other than cash and cash equivalents classified at amortized costs	1,265,083	482,310	546,273
Tax receivables	118,999	337,722	151,015
Other receivables	224,109	217,998	135,088
Total other receivables	343,108	555,720	286,103
Total trade and other receivables	1,608,191	1,038,030	832,376
Classified as follows:			
Current Portion	1,608,191	1,038,030	832,376

5. Share capital

	Number of shares	€
Shares as 30 June 2023	55,963,110	834,771
Issue of shares for cash	12,398,334	-
Shares at 31 December 2023	68,361,444	834,771
Issue of shares for cash	12,926,426	-
Shares at 30 June 2024	81,287,870	834,771

At 30 June 2024, the share capital comprises 81,287,870 shares of 1 pence each.

6. Borrowings

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

	Six months ended 30 June 2024 €	Six months ended 30 June 2023 €	Year ended 31 December 2023 €
Growth Fund Loans (including accrued interest)	1,613,345	1,831,062	1,818,482
Current portion of Growth Fund Loans	(440,115)	(330,399)	(530,785)
Holiday Accruals	140,599	135,987	138,538
Total non-current financial liabilities measured at amortised costs	1,313,829	1,636,650	1,426,235

The Growth Fund Loans include two separate loans. All conditions for the loans are unchanged to the position at the end of year 2023.

All loans are denominated in Danish Kroner.

7. Trade and other payables

	As at 30 June 2024 €	As at 30 June 2023 €	As at 31 December 2023 €
Trade payables	56,120	358,130	572,234
Other payables and accruals	362,823	347,620	368,607
Payables to Directors	103,678	-	104,203
Right of use liability	43,783	27,422	25,648
Current portion of loans	440,115	330,399	530,785
Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortized cost	1,006,519	1,063,571	1,601,477
Contract liabilities	128,270	940,956	251,678
Total trade and other payables	1,134,789	2,004,527	1,853,155
Classified as follows:			
Current Portion	1,134,789	2,004,527	1,853,155

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.

8. 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.