

25 September 2023

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Windar Photonics plc

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

Unaudited interim report for the six months ended 30 June 2023

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 2023.

Financial highlights

- revenue increased by 220% to €1.3 million (H1 2022: €0.4 million)
- gross profit increased by 290% to €0.74 million (H1 2022: €0.19 million)
- EBITDA loss reduced to €0.27 million (H1 2022: €0.74 million)

Operational highlights

- overall production capacity increased to 80-100 systems per month, despite supply chain challenges
- new COO appointed in March to further strengthen the Company’s production and logistics functions
- relocated its China operations to a new facility in Shanghai
- completed the test project on a GE 1.6MW platform in North America, demonstrating a potential increase of 3.2% in its annual energy production

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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>

The person responsible for arranging the release of this announcement on behalf of the Company is Jørgen Korsgaard Jensen, Chief Executive of the Company.

CHAIRMAN’S STATEMENT

The Board is delighted to report that revenue for the first half year of 2023 increased by 220% to €1.3 million (H1 2022: €0.4 million).

This was achieved despite revenue in the first 3 months of the year being negatively impacted by component shortages following the COVID pandemic and subsequent supply chain issues.

Besides navigating these component shortages during the first half year, the Company has been focused on increasing the overall production capacity, both internally and within our supply chain, and is pleased to announce that overall production capacity when entering the second half of 2023 has been doubled,

since 2022, to approximately 80-100 systems per month.

The Gross profit for the period amounted to €0.74 million (H1 2022: €0.19 million), representing a Gross margin of 54.9% compared to a gross margin in the first half of 2022 of 46.3%. The increase was predominantly due to a more favorable product and customer mix, which are expected to continue going forward.

Due to the increased activity level, operational expenses, excluding amortisation, depreciation and warrant costs, increased by 7.2% to €1.02 million (H1 2022: €0.96 million), as a result of which the Company reported a reduced EBITDA loss of €0.27 million (H1 2022: €0.74 million).

During the first half of 2023 the Board made some strategic decisions affecting the operational expenses. Firstly, it hired in March a new COO to further strengthen the performance of the Company's production and logistics functions. Secondly, in February the Company relocated its China operations to a new facility in Shanghai, as a result of which, the Company is better positioned to serve the growing demand from Chinese customers and in due course to have the flexibility to establish local assembly facilities.

Project wise the Company completed the previously announced test project on a GE 1.6MW platform in North America. Overall the test demonstrated a potential increase of 3.2% in Annual Energy Production (AEP). Part of the improvement was due to identification of non-optimal turbine settings. This is an important result for the Company since it demonstrates the efficacy of our product in respect of an additional operating platform. The Board estimates that approximately 15,000 turbines of this type are currently installed globally.

The Company is currently discussing with this particular client a roll-out of our Lidar as a Service (LaaS) concept, whereby the revenue stream from this project will be more consultancy oriented. This consultancy service does require accurate Lidar-based data, as the existing wind turbine data was insufficiently accurate.

Financial Overview

Overall, the Group reported increased revenues of €1.3 million (H1 2022: €0.4 million) and a reduced net loss of €0.37 million for the period (H1 2022: loss of €0.76 million) after depreciation, amortisation and warrant costs of €0.13 million (H1 2022: €0.09 million).

Due to primarily the depreciation of the Chinese currency of 6% against the euro during the first half of 2023, other comprehensive income amounted to €0.09 million (H1 2022: (€0.04 million)). Net equity at the end of the period amounted to €0.06 million (H1 2022: ((€1.54 million))).

Cash flow from operations produced a net outflow of €1.1 million for the period, compared to a net inflow of €0.1 million in H1 2022. Movements in working capital items amounted to a net outflow of €0.6 million for the period compared to a net inflow of €1.2 million in H1 2022.

Outlook

At the start of the second half, the Company had an order backlog of €3.8 million for delivery during the year. However, current customer delivery schedules for the second half now amount to approximately €5.2 million, of which €2.2 million has already been delivered .

In addition, at the end of August the Company had outstanding quotations with customers amounting to approximately €6.0 million, the vast majority of which are expected to be rolled over into 2024 in light of the timing of the final order and assembly capacity.

Regarding the above-mentioned US GE 1.6MW project, this project was initially planned for a full roll-out in 2023. However, this is now expected to be transformed into a consultancy contract with revenue in the order of €0.8-1.0 million primarily spread over 2024.

Given the above the Company expects to meet the current market expectations for 2023 including net revenue of approximately €6.5 million – an increase of approximately 260% compared to 2022 (2022: €1.8 million), and an EBITDA result of approximately €1.5-1.6 million compared to an EBITDA loss of €1.1 million realised in 2022. This would represent a record-breaking revenue for the Company and its maiden profit.

As the Company expects to see continued growth in China in 2024 a main focus for the second half of 2023 is to increase production capacity further to approximately 150 systems per month by the end of the year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June 2023 (unaudited) €	Six months ended 30 June 2022 (unaudited) €	Year ended 31 December 2022 (audited) €
Revenue		1,347,072	420,555	1,853,249
Cost of goods sold		(607,584)	(225,853)	(906,638)
Gross profit		739,488	194,702	946,611
Administrative expenses		(1,155,834)	(1,047,542)	(1,953,607)
Other operating income		16,115	16,129	32,260
Exceptional (expenses)/income		-	-	(89,038)
Loss from operations		(400,231)	(836,711)	(1,063,774)
Finance expenses		(87,658)	(43,606)	(230,734)
Loss before taxation		(487,889)	(880,317)	(1,294,508)
Taxation		117,818	124,997	218,837
Loss for the period		(370,071)	(755,320)	(1,075,671)
Other comprehensive income				
Items that will or maybe reclassified to profit or loss:				
Exchange losses arising on translation of foreign operations		90,240	(37,554)	22,817
Total comprehensive loss for the period		(279,831)	(792,874)	(1,052,854)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc				
Basic and diluted, cents per share	2	(0,6)	(1,4)	(1,9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	As at 30 June 2023 (unaudited) €	As at 30 June 2022 (unaudited) €	As at 31 December 2022 (audited) €
Assets				
Non-current assets				
Intangible assets		1,182,304	1,215,454	1,196,996
Property, plant & equipment		191,371	1,815	106,983
Right of use asset		74,260	-	-
Deposits		38,837	26,601	28,994
Total non-current assets		1,486,772	1,243,870	1,332,973
Current assets				

Inventory	3	885,751	858,407	699,236
Trade receivables	4	482,310	482,310	389,652
Other receivables	4	217,998	16,717	197,496
Tax credit receivables	4	337,722	373,853	218,928
Prepayments		93,911	24,785	47,860
Cash and cash equivalents		284,830	109,533	1,404,073
Total current assets		2,302,522	1,671,727	2,957,245
Total assets		3,789,294	2,915,597	4,290,218
Equity				
Share capital	5	834,771	675,664	834,771
Share premium		16,479,150	14,502,837	16,479,150
Merger reserve		2,910,866	2,910,866	2,910,866
Foreign currency reserve		24,663	(126,248)	(65,577)
Accumulated loss		(20,188,163)	(19,505,475)	(19,818,092)
Total equity		61,287	(1,542,356)	341,118
Non-current liabilities				
Warranty provisions		45,696	42,858	45,774
Holiday Allowance provision	6	135,987	131,829	134,734
Right of use liability		41,134	-	-
Loans	6	1,500,663	1,318,842	1,690,462
Total non-current liabilities		1,723,480	1,361,700	1,870,970
Current liabilities				
Trade payables	7	358,130	754,981	264,083
Other payables and accruals	7	347,620	758,713	451,402
Contract liabilities	7	940,956	1,048,039	1,205,531
Right of use liability	7	27,422	-	-
Loans	7	330,399	534,520	157,114
Total current liabilities		2,004,527	3,096,252	2,078,130
Total liabilities		3,728,007	4,457,953	3,949,100
Total equity and liabilities		3,789,294	2,915,597	4,290,218

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June 2023 (unaudited) €	Six months ended 30 June 2022 (unaudited) €	Year ended 31 December 2022 (audited) €
Loss for the period before tax	(487,889)	(880,317)	(1,294,508)
Adjustments for:			
Finance expenses	87,658	43,606	230,734
Amortisation	89,622	83,752	174,792
Depreciation	10,736	-	2,992
Received tax credit	-	-	265,510
Foreign exchange difference	90,240	(37,554)	22,817
Warrants expense	30,794	8,193	15,927
	(178,839)	(782,320)	(581,736)
Movements in working capital			
Changes in inventory	(186,515)	(163,439)	(4,268)
Changes in receivables	(113,160)	844,503	562,504
Changes in prepayments	(46,051)	9,170	(13,906)
Changes in deposits	(9,843)	(203)	(2,596)
Changes in trade payables	94,047	81,799	(280,247)
Changes in contract liabilities	(264,575)	96,433	253,926
Changes in warranty provision	(82)	6,708	9,620
Changes in other payables and provision	(103,781)	290,916	(306,832)

Cash flow (used in) operations	(808,799)	383,567	(363,535)
<i>Investing activities</i>			
Payments for intangible assets	(192,953)	(221,298)	(297,540)
Grants received	115,971	130,078	121,019
Payments for tangible assets	(97,541)	-	(107,456)
Cash flow (used in) investing activities	(174,523)	(91,220)	(283,977)
<i>Financing activities</i>			
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
Repayment of loans	(15,260)	(184,111)	(372,934)
Interest (paid)/received	(87,658)	(43,605)	(124,630)
Cash flow from financing activities	(102,918)	(227,716)	2,010,911
Net (decrease)/increase in cash and cash equivalents	(1,086,240)	64,631	1,363,399
Exchange differences	(33,003)	4,354	126
Cash and cash equivalents at the beginning of the period	1,404,073	40,548	40,548
Cash and cash equivalents at the end of the period	284,830	109,533	1,404,073

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2022	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 loss	-	-	-	(37,854)	-	(37,854)
Total comprehensive income	-	-	-	(37,854)	(755,320)	(793,174)
At 30 June 2022	675,664	14,502,837	2,910,866	(126,248)	(19,505,475)	(1,542,356)
New shares issued	159,107	2,234,579	-	-	-	2,393,686
Costs associated with capital raise	-	(258,266)	-	-	-	(258,266)
Share option and warrant costs	-	-	-	-	7,734	7,734
Transaction with owners	159,107	1,976,313	-	-	7,734	2,143,154
Comprehensive loss for the period	-	-	-	-	(320,351)	(320,351)
Other comprehensive income	-	-	-	60,671	-	60,671
Total comprehensive income	-	-	-	60,671	(320,351)	(259,680)
At 31 December 2022	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 Income	-	-	-	90,240	-	90,240
Total comprehensive income	-	-	-	90,240	(370,071)	(344,831)

At 30 June 2023	834,771	16,479,150	2,910,866	24,663	(20,188,163)	61,287
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1. BASIS OF PREPARATION

The financial information for the six months ended 30 June 2023 and 30 June 2022 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 2023 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2022. The comparative financial information for the year ended 31 December 2022 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2022 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2022 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 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	€	€	€
Loss for the period	(370,071)	(755,320)	(1,075,671)
Weighted average number of ordinary shares for the purpose of basic earnings per share	55,963,110	54,595,522	55,963,110
Basic loss and diluted, cents per share	(0.6)	(1.4)	(1.9)

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

3. Inventory

	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
	€	€	€
Raw materials	705,287	489,292	382,027
Work in progress	115,464	71,677	294,852
Finished goods	-	297,438	22,357
Inventory	820,751	858,407	699,236

4. Trade and other receivables

	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
	€	€	€
Trade receivables	482,310	1,161,721	389,652
Less: provision for impairment of trade receivables	-	(873,289)	-
Trade receivables – net	482,310	288,432	389,652
Total financial assets other than cash and cash equivalents classified at amortised costs	482,310	288,432	389,652
Tax receivables	337,722	373,853	218,928
Other receivables	205,631	16,717	197,496
Total other receivables	543,353	390,570	416,424
Total trade and other receivables	1,025,663	679,002	806,076
Classified as follows:			
Current Portion	1,025,663	679,002	806,076

5. Share capital

	Number of shares	€
Shares as 30 June 2022	54,595,524	675,664
Issue of shares for cash	1,367,586	159,107

Shares at 31 December 2022	55,963,110	834,771
Issue of shares for cash	-	-
Shares at 30 June 2023	55,963,110	834,771

At 30 June 2023, the share capital comprises 55,963,110 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 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	€	€	€
Growth Fund Loans (including accrued interest)	1,831,062	1,721,533	1,847,576
Current portion of Growth Fund Loans	(330,399)	(534,520)	(157,114)
Holiday Accruals	135,987	131,829	134,734
Total non-current financial liabilities measured at amortised cost	1,636,650	1,318,842	1,825,196

The Growth Fund Loans include two separate loans. All conditions for the loans are unchanged to the position at the end of year 2022.

All loans are denominated in Danish Kroner.

7. Trade and other payables

	As at 30 June 2023	As at 30 June 2022	As at 31 December 2022
	€	€	€
Trade payables	358,130	754,981	264,083
Other payables and accruals	347,620	758,713	410,600
Payables to Directors	-	-	40,802
Right of use liability	27,422	-	-
Current portion of loans	330,399	534,520	157,114
Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost	1,063,571	2,048,214	872,599
Contract liabilities	940,956	1,048,039	1,205,531
Total trade and other payables	2,004,527	3,096,253	2,078,130
Classified as follows:			
Current Portion	2,004,527	3,096,253	2,078,130

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.