

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE UK VERSION OF REGULATION (EU) NO 596/2014 WHICH IS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

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 2022 ("FY22").

Notice of Annual General Meeting

The Company is pleased to confirm that its Annual General Meetings ("AGM") will be held at the offices of WH Ireland Limited, 24 Martin Lane, London, EC4R 0DR at 1.00 p.m. on 11 July 2023.

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 2022 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 FY22 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

For further information, please contact:

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WH Ireland Limited	Chris Fielding, James Bavister (Corporate Finance)	+44 20 7220 1666

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

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 very positive underlying business development in respect of the Group's general product offerings, the year 2022 turned out to be a very challenging year once again, heavily impacted by the general COVID-19 pandemic. During parts of the first half of 2022, the Group's Shanghai based subsidiary handling substantial parts of sourcing and logistic tasks within the Group, was effectively locked down. This consequently had a severely negative impact on production and deliveries from our assembly facility in Denmark in 2022.

Despite being constrained by additional COVID-19 related impacts, in relation to specific electronic component shortages in the market, the Group achieved full year revenue of €1.9 million, an increase of 236% compared to 2021 (€0.6 million). Most of this revenue was earned in the second half. Furthermore, despite the general challenges and continued component shortages continuing during the second half of 2022, the Group moved towards an EBITDA breakeven level in the second half of 2022 (loss of €0.04 million), based on recognized revenues of €1.5 million in the period.

Gross Profit for the year amounted to €0.9 million, an increase of 112% compared to 2021 (€0.4 million), corresponding to a Gross Margin in 2022 of 51% compared to 81% in 2021. The 2022 Gross Margin was restored to historical levels, whereas the Gross Margin in 2021 was

2022 of 01/0 compared to 01/0 in 2021. The 2022 Gross Margin was restored to historical levels, whereas the Gross Margin in 2021 was impacted by exceptional items. The underlying Gross Margin in 2022 was achieved despite the Group experiencing substantial cost increases, related to logistical and component costs. The change in the product mix compensated for these cost increases. Overall Costs of Goods Sold (COGS) for 2022 increased by approximately 5%, compared to COGS in 2021. This meant that the substantial cost savings, related to the introduction of our One Unite platform in 2021, were eliminated in 2022.

Despite the overall challenges in 2022, the year has also shown some very encouraging developments in relation to the fundamentals of the product offerings of the Group. The combined WindEye™ and WindTinizer products provide a unique "Plug and Play" turbine integration solution, focused on increasing electricity generation from existing installed wind turbines. These have become even more valuable, due to the generally increased price levels of energy during the year, and further by the increased focus on the need to move towards more renewable energy sources in general. Due to these developments, the Group's order backlog increased by the end of year to €4.3 million (2021: €2.6 million). The product mix continues to be favourable compared to the order backlog entering 2022.

Overall EBITDA loss for the year was reduced to €0.8 million in 2022 compared to a loss in 2021 of €1.1 million. The EBITDA loss in 2022 was primarily realised during the first half of 2022, whereas the Group progressed toward an EBITDA break-even position during the second half of 2022.

During 2022 the Group continued its strong development effort, both related to expanding current product offerings and new deployment of our general Lidar technology. In the short term, one of the most important developments was related to our WindTinizer products, which now also cover an analogue interface for turbine integrations. This expands the potential total market for our plug and play integration solution within the Retro-fit market segment. Our participation in the drone-based CO2 emissions project Khaosguard is progressing well and initial milestones such as preliminary in field CO2 measurements have successfully been demonstrated.

Financial Overview

Revenue during the year increased 236% to €1.9 million (2021: €0.6 million). Gross profit was up 112% (2021: (36%)) to €0.9 million (2021: €0.4 million).

During the year, administrative expenses excluding depreciation amortisation and warrant cost increased to €1.76 million compared to €1.58 million in 2021, relating to development projects, following the increased revenues.

Net loss for the year before taxes and exceptional expenses, decreased to €1.2 million from €1.4 million in 2021, which included depreciation, amortisation, and warranty costs of €0.2 million (2021: €0.3 million) in aggregate.

The Group held cash balances at the end of the year of €1.4 million (2021: €0.04 million) and trade receivables at the end of the year amounted to €0.4 million (2021: €1.0 million). During the year the Company raised €2.4 million before expenses through the issue of share capital.

The Group has capitalised its continued cost of investment in technology during the year of €0.3 million in 2022 (2021: €0.7 million) before grants of €0.1 million (2021: €0.4 million).

Outlook

Entering 2023 the Group had a strong order backlog of €4.3 million scheduled for delivery in 2023. In 2023 the Group has received additional orders scheduled for delivery in 2023 and further additional significant orders are currently being negotiated. Based on these developments the Group expects to realise a substantial revenue growth in 2023 compared to 2022.

In 2023 the Group expects to see a reduction of the average COGS compared to costs in 2022 supporting an expected modest Gross Margin increase in 2023.

Entering 2023, the production capacity of the Group was fully booked by customer orders for deliveries in the first half of 2023. Currently, the Group is focused on increasing capacity by at least 100% to be implemented mid-year 2023 and planning for a further doubling of capacity when entering year 2024.

In particular, considering the very unexpected challenges the COVID-19 pandemic brought upon us in the past two years, I would like to take the opportunity to thank our employees, partners and management in Denmark, China and UK for their efforts and loyalty to the Group in 2022.

BY ORDER OF THE BOARD ON JUNE 12, 2023

Johan Blach Petersen

Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Year ended 31 December 2022 €	Year ended 31 December 2021 €
	Note		
Revenue from contracts with customers	5	1,853,249	551,535
Cost of goods sold		(906,638)	(105,322)
Gross profit		946,611	446,213
Administrative expenses		(1,953,607)	(1,882,094)
Other operating income		32,260	32,271
Exceptional (expenses)/income	6	(89,038)	-
Loss from operations	6	(1,063,774)	(1,403,610)
Finance (expense)/income	9	(230,734)	25,520
Loss before taxation		(1,294,508)	(1,378,090)
Taxation	10	218,837	248,913
Loss for the year attributable to the ordinary equity holders of Windar Photonics Plc		(1,075,671)	(1,129,177)
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Exchange gains/(losses) arising on translation of foreign operations		22,817	(92,348)
Total comprehensive loss for the year attributable to the ordinary equity holders of Windar Photonics Plc		(1,052,854)	(1,221,525)
Loss per share attributable to the ordinary equity holders of Windar Photonics Plc			
Basic and diluted, cents per share	11	(1.9)	(2.1)

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		31 December 2022 €	31 December 2021 €
	Note		
Assets			
Non-current assets			
Intangible assets	14	1,196,996	1,195,267
Property, plant & equipment	15	106,983	2,423
Deposits		28,994	26,398
Total non-current assets		1,332,973	1,224,088
Current assets			
Inventory	16	699,236	694,969
Trade receivables	17	389,652	991,734
Other receivables	17	197,496	157,919
Tax credit receivables	17	218,928	265,620
Prepayments		47,860	33,954
Cash and cash equivalents	18	1,404,073	40,548
Total current assets		2,957,245	2,184,744
Total assets		4,290,218	3,408,832
Equity			
Share capital	22	834,771	675,664
Share premium	23	16,479,150	14,502,837
Merger reserve	23	2,910,866	2,910,866
Foreign currency reserve	23	(65,577)	(88,394)
Retained earnings	23	(19,818,092)	(18,758,348)
Total equity		341,118	(757,375)
Non-current liabilities			

Warranty provisions	25	45,774	36,150
Holiday Allowance provisions	26	134,734	131,877
Loans	21	1,690,462	1,371,076
Total non-current liabilities		1,870,970	1,539,103
Current liabilities			
Trade payables	20	264,083	544,330
Other payables and accruals	20	451,402	758,234
Contract liabilities	20	1,205,531	951,606
Loans	20	157,114	372,934
Total current liabilities		2,078,130	2,627,104
Total liabilities		3,949,100	4,166,207
Total equity and liabilities		4,290,218	3,408,832

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 €	31 December 2021 €
Assets			
Non-current assets			
Investments in subsidiaries	13	-	-
Total non-current assets		-	-
Current assets			
Other receivables	17	21,300	12,898
Intragroup receivables	17	183,579	88,373
Cash and cash equivalents	18	960,237	4,454
Total current assets		1,165,116	105,725
Total assets		1,165,116	105,725
Equity			
Share capital	22	834,771	675,664
Share premium	23	16,479,150	14,502,837
Merger reserve	23	658,279	658,279
Foreign exchange reserve	23	(7,746)	(7,746)
Retained earnings	23	(16,977,909)	(16,088,210)
Total equity		986,545	(259,176)
Current liabilities			
Trade payables	20	108,452	186,271
Other payables and accruals	20	70,119	178,630
Total liabilities		178,571	364,901
Total equity and liabilities		1,165,116	105,725

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Loss for the period before taxation		(1,294,508)	(1,378,090)
Adjustments for:			
Finance expense/(income)	9	230,734	(25,520)
Amortisation	14	174,792	254,339
Depreciation	15	2,992	25,115
Received tax credit		265,510	213,362
Foreign exchange gain/(losses)		22,817	(92,348)
Share option and warrant costs		15,927	22,773
		(581,736)	(980,369)
Movements in working capital			
Change in inventory		(4,000)	(50,400)

Changes in inventory		(4,408)	(38,183)
Changes in receivables		562,504	(500,363)
Changes in prepayments		(13,906)	(19,760)
Changes in deposits		(2,596)	(1,017)
Changes in trade payables		(280,247)	(96,569)
Changes in contract liabilities		253,926	735,700
Changes in warranty provisions	25	9,620	(2,343)
Changes in other payables and provisions		(306,832)	528,803
Cash flow from operations		(363,535)	(394,101)
Investing activities			
Payments for intangible assets	14	(297,540)	(652,264)
Payments for tangible assets	15	(107,456)	-
Grants received	14	121,019	408,354
Cash flow from investing activities		(283,977)	(243,910)
Financing activities			
Proceeds from issue of share capital		2,393,686	-
Costs associated with the issue of share capital		(258,266)	-
Proceeds from new long-term loans		373,055	-
Repayment of loans		(372,934)	(22,180)
Interest received / (paid)		(124,630)	51,006
Cash flow from financing activities		2,010,911	28,826
Net increase/(decrease) in cash and cash equivalents		1,363,399	(609,185)
Exchange differences		126	23,372
Cash and cash equivalents at the beginning of the year		40,548	626,361
Cash and cash equivalents at the end of the year	18	1,404,073	40,548

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Loss for the period before taxation		(889,699)	(700,557)
Adjustments for:			
Finance Expenses and currency losses / (Income)		17,313	(20,332)
Write down of investment in subsidiary		677,376	559,137
		(195,010)	(161,752)
Movements in working capital			
Changes in receivables		(8,402)	(1,603)
Changes in loans to subsidiary entity		(92,069)	(67,728)
Changes in trade payables		(77,819)	18,320
Changes in other payables and provisions		(108,512)	88,850
Cash flow from operations		(481,812)	(123,913)
Investing activities			
Additional investment in subsidiary undertaking	13	(677,376)	(416,640)
Cash flow from investing activities		(677,376)	(416,640)
Financing activities			
Proceeds from issue of share capital		2,393,686	-
Cost associated with the issue of share capital		(258,266)	-
Interest expenses and currency losses during the year / (Income)		(20,449)	1,760
Cash flow from financing activities		2,114,971	1,760
Net Increase/(decrease) in cash and cash equivalents		955,783	(538,793)
Cash and cash equivalents at the beginning of the year		4,454	543,247
Cash and cash equivalents at the end of the year	18	960,237	4,454

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Share Premium	Merger reserve	Foreign currency reserv
	€	€	€	
Group				
At 1 January	675,664	14,502,837	2,040,866	3,065

2021	675,664	14,502,837	2,910,866	3,99
Share option and warrant costs	-	-	-	
Transaction with owners	-	-	-	
Loss for the year	-	-	-	
Exchange gains/(losses) arising on translation of foreign operations	-	-	-	(92,34€)
Total comprehensive loss	-	-	-	(92,34€)
At 31 December 2021	675,664	14,502,837	2,910,866	(88,394)
New shares issued	159,107	2,234,579	-	
Costs associated with capital raise	-	(258,266)	-	
Share option and warrant costs	-	-	-	
Transaction with owners	159,107	1,976,313	-	
Loss for the year	-	-	-	
Exchange gains/(losses) arising on translation of foreign operations	-	-	-	22,81
Total comprehensive loss	-	-	-	22,81
At 31 December 2022	834,771	16,479,150	2,910,866	(65,577)
Company				
	Share Capital	Share Premium	Merger reserve	Foreign currency reserve
At 1 January 2021	675,664	14,502,837	658,279	(7,74€)
Loss for the year	-	-	-	
Total comprehensive loss	-	-	-	
At 31 December 2021	675,664	14,502,837	658,279	(7,74€)
New shares issued	159,107	2,234,579	-	
Costs associated with capital raise	-	(258,266)	-	
Transaction with owners	159,107	1,976,313	-	
Loss for the year	-	-	-	
Total comprehensive loss	-	-	-	
At 31 December 2021	834,771	16,479,150	658,279	(7,74€)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 and Company.

Several amendments and interpretations apply for the first time in 2022.

Standard or Interpretation	T i t l e	Effective for annual periods beginning on or after
IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021. (Amendment to IFRS 16)	1 April 2021
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract. (Amendments to IAS 37)	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use. (Amendments to IAS 16)	1 January 2022
IFRS	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IFRS 3	Reference to the Conceptual Framework. (Amendments to IFRS 3)	1 January 2022

The above new and amended standards which apply for the first time for these 2022 financial statements have been assessed by the Directors and to the extent that they may be applicable, the Directors have concluded that none of these have had a material impact to the Group's and Company's financial statements.

Standards, amendments and interpretations issued and effective in 2022 but not relevant

There are no IFRSs or IFRIC interpretations that are effective and not relevant to the Group and Company's.

Standards, amendments and interpretations issued but not yet effective in 2022

There were a number of standards and interpretations which were in issue at 31 December 2022 but not effective for periods commencing 1 January 2022 and have not been adopted for these financial statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's and Company's financial statements. They may result in consequential changes to the accounting policies and other note disclosures. The new standards will not be early adopted by the Group and Company and will be incorporated in the preparation of the Group and Company financial statements from the effective dates noted below.

Standard or Interpretation	T i t l e	Effective for annual periods beginning on or after
IAS 1	Classification of Liabilities as Current or Non-current. (Amendments to IAS 1)	1 January 2023
IFRS 17	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.	1 January 2023
IAS 1	Disclosure of Accounting Policies. (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction. (Amendments to IAS 12)	1 January 2023
IAS 8	Definition of Accounting Estimates. (Amendments to IAS 8)	1 January 2023
IFRS 16	Amendments to IFRS 16, Lease Liability in a Sale and Leaseback.	1 January 2024
IAS 1	Amendments to IAS 1, Non-current Liabilities with Covenants.	1 January 2024

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

3. Going Concern

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

Based on the Group's latest trading expectations and associated cash flow forecasts, the directors have considered the cash requirements of the Group on which basis the board is convinced the Company has sufficient cash flows for operations for the coming 12 months period.

However, as the Company foresee and plan for substantial growth in both 2023 and 2024 the cash flow projections rely on the precise execution of logistical plans within the entire supply chain. During the period, difficulty in obtaining supplies has had an impact on the group's ability to deliver on contracts or the Group has experienced delays in the start of assignments, which has had an impact on cashflows and could still impact future cashflows. It remains difficult to assess reliably whether there will be any further material disruption in the future which could adversely impact the group's forecast.

The risk related to the execution of the logistical plans is not only related to COVID-19 developments as seen in 2022 but also to the general performance of single suppliers whereby symmetry of deliveries to the Company has led and could still lead to over stocking and lack of deliveries to the final customers. Management is monitoring the supply chain developments on a daily basis, however any deviations could

have a material impact, and as such the Board considers this risk to pose a material uncertainty in respect of future cash flows in the Company, which may cast significant doubt about the Group's ability to continue as a going concern. 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 2022 and are prepared under the historic cost convention, except for the following:

- share based payments and share option and warrant costs

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

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

5. Revenue

Revenue from contracts with customers:

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Sale of products and installation	1,820,762	550,558
Rendering of services	32,487	977
Revenue	<u>1,853,249</u>	<u>551,535</u>

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

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
WindEye™	1,250,834	256,663
WindVision™	569,928	293,895
Rendering of services	32,487	977
Revenue	<u>1,853,249</u>	<u>551,535</u>

Contract liabilities of €1,205,531 (2021: €951,606) relates to performance obligation under contracts that have not yet been completed and are expected to be met in 2023.

6. Loss from operations

Loss from operations is stated after:

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Staff costs (note 11)	1,253,715	1,072,454
Expensed research and development costs	633,451	328,582
Amortisation ¹	174,792	254,339
Depreciation	2,474	25,115
Lease payments	105,066	108,589
Other Operating Income	(32,260)	(32,271)
Remuneration received by the Group's auditor or associates of the Group's auditor:		
- Audit of parent company	8,760	8,340
- Additional amounts relating to the prior year group audit charged during the current year	-	12,774
Audit of consolidated financial statements		

- Audit of consolidated financial statements		
- Taxation compliance services	20,678	22,638
Other auditors:	1,128	953
- Audit of overseas subsidiaries	16,233	25,071

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

Above loss specification excludes exceptional expenses in 2022 of €89,038 relating to solicitor and auditor costs related to the suspension of the Company in 2022.

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 2022, one customer accounted for more than 25 per cent of the revenue (2021: two customers). The total amount of revenue from this customer amounted to €752,893 or 41 per cent of the total revenue (2021: €302,199 or 55 per cent of the revenue)

Revenue by geographical location of customer:

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Europe	18,737	7,519
Americas	870,817	-
China	899,573	544,016
Asia (excluding China)	64,122	-
Revenue	1,853,249	551,535

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 2022 €	As at 31 December 2021 €
Denmark	1,327,449	1,216,037

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

8. Directors and employees

	2022 Average	Year end	2021 Average	Year end
Number of employees excluding directors				
Sales and Services	4	4	7	5
Research and development	12	11	11	13
Production	5	5	4	4
Administration	3	3	3	3
	24	23	25	25

Group	2022 €	2021 €
Staff costs		
Wages and salaries	1,114,985	971,863
Social security costs	122,803	77,818
	<u>1,237,788</u>	<u>1,049,681</u>
Warrant and Option costs	<u>15,927</u>	<u>22,773</u>
	<u><u>1,253,715</u></u>	<u><u>1,072,454</u></u>

Company	2022 €	2021 €
Staff costs		
Wages and fees	<u>41,850</u>	<u>13,450</u>
	<u><u>41,850</u></u>	<u><u>13,450</u></u>

The Company has 4 employees (2021: 3), all being the Directors of the Company.

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

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

	Wages and salaries and fees €	Fair value of warrant costs €	Pension contributions €	Total €
Year ended 31 December 2022				
<i>Directors</i>	<u>41,850</u>	<u>-</u>	<u>-</u>	<u>41,850</u>
Year ended 31 December 2021				
<i>Directors</i>	<u>13,450</u>	<u>-</u>	<u>-</u>	<u>13,450</u>

9. Finance income/(expense)

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Foreign exchange gains/(losses)	(82,086)	143,019
Interest expense on financial liabilities measured at amortised cost	(148,648)	(117,499)
Finance income/(expense)	<u>(230,734)</u>	<u>25,520</u>

10. Income tax

	Year ended 31 December 2022 €	Year ended 31 December 2021 €
(a)		
The tax credit for the year:		
UK Corporation tax	-	-
Foreign Research and Development tax credit	(218,837)	(248,913)
(b)		
Tax reconciliation		
Loss on ordinary activities	(1,294,508)	(1,378,090)

Loss on ordinary activities at the UK standard rate of corporation tax 19% (2021: 19%)	(245,956)	(261,837)
Effects of:		
Expenses non-deductible for tax purposes	8,838	46,061
Research and Development tax allowance	(56,699)	(74,679)
Adjustment to not recognized deferred taxes in previous periods	(33,979)	23,583
Unrecognised tax losses	137,165	118,873
Different tax rates applied in overseas jurisdictions	(55,918)	(47,098)
Exchange rate differences	27,712	(53,816)
Research and Development Tax credit for the year	(218,837)	(248,913)

The tax credit is recognised as 22 per cent. (2021: 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. (2021: 22 per cent) of deficits relating to research and development costs up to DKK 25 million.

(a) Deferred tax - Group

In view of the tax losses carried forward and other timing differences there is a deferred tax asset of approximately €3,085,177 (2021: €2,948,012) which has not been recognised in these Financial Statements, given uncertainty around timing and availability of sufficient taxable profits in the relevant Company.

(b) Deferred tax - Company

In view of the tax losses carried forward and other differences there is a deferred tax asset of approximately €409,952 (2021: €389,814) 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 2022 €	Year ended 31 December 2021 €
Loss for the year	(1,075,671)	(1,129,177)
Weighted average number of ordinary shares for the purpose of basic earnings per share	55,963,110	54,595,522
Basic loss and diluted, cents per share	(1.9)	(2.1)

There is no dilutive effect of the outstanding share options (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 (2021: €Nil).

13. Investment in Subsidiaries

Company	€
At 1 January 2022	-
Capital subscriptions in the year	5,376
Capital contribution in the year	672,000
Write down investment in subsidiary	(677,376)
As at 31 December 2022	-

The subsidiaries of Windar Photonics Plc are as follows:

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

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

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

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

During the year the Company invested funds received from the share placing into subsidiaries, and a total transfer of funds of €769,445 was made during the year. A further capital contribution of €672,000 was made to Windar Denmark ApS during the year.

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 2022.

14. Intangible assets

Group	Development projects €
Cost	
At 1 January 2021	3,774,766
Additions	652,264
Grants received	(408,354)
Exchange differences	1,437
At 31 December 2021	4,020,113
Additions - internally developed	297,540
Grants received	(121,019)
Exchange differences	74
At 31 December 2022	4,196,708
	Development projects €
Accumulated amortisation	
At 1 January 2021	2,569,523
Charge for the year	254,339
Exchange differences	984
At 31 December 2021	2,824,846
Charge for the year	174,792
Exchange differences	74
At 31 December 2022	2,999,712
Net carrying value	
At 1 January 2021	1,205,243
At 31 December 2021	1,195,267
At 31 December 2022	1,196,996

The Group has no intangible assets in the United Kingdom, Denmark or China as at 31 December 2022.

The Group has received public Research and Development Grants of €121,019 (2021: €408,354) in respect of the capitalised research and development. At the end of the year 2 development projects are ongoing which are supported by public Research and Development Grants and outstanding grants which can be claimed in the coming two years amount to €209,754 (2021: €402,893) which could be claimed in the following 2 years).

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

15. Property, plant & equipment

Group	Plant and equipment
Cost	€
At 1 January 2021	226,909
Additions	-
Disposed	-
Exchange differences	1,313
At 31 December 2021	228,222
Additions	107,456
Disposed	-
Exchange differences	45
At 31 December 2022	335,723
Accumulated depreciation	
At 1 January 2021	199,211
Charge for the year	25,111
Disposed	-
Exchange differences	1,477
At 31 December 2021	225,799
Charge for the year	2,992
Disposed	-
Exchange differences	(51)
At 31 December 2022	228,740

16. Inventory

Net carrying value	
At 1 January 2021	27,698
At 1 January 2022	2,423
At 31 December 2022	106,983

	Group As at 31 December 2022 €	As at 31 December 2021 €
Raw material	382,027	363,216
Work in progress	294,852	46,879
Finished goods	22,357	284,874
Inventory	699,236	694,969

The cost of inventory sold and recognised as an expense during the year was €897,017 (2021: €107,679)

17. Trade and other receivables

	Group		Company	
	As at 31 December 2022 €	As at 31 December 2021 €	As at 31 December 2022 €	As at 31 December 2021 €
Trade receivables	389,652	1,865,023	-	-
Less: provision for impairment of trade receivables	-	(873,289)	-	-
Trade receivables - net	389,652	991,734	-	-
Receivables from related parties	-	-	183,579	88,373
Total financial assets other than cash and cash equivalents classified at amortised costs	389,652	991,734	183,579	88,373
Tax receivables	218,928	265,620	-	-
Other receivables	197,496	157,919	21,300	12,898
Total other receivables	416,424	423,539	21,300	12,898
Total trade and other receivables	806,076	1,415,273	204,879	12,898
Classified as follows:				
Current Portion	806,076	1,415,273	204,879	101,271

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	-	800	75,749	76,549
Loss provision	-	-	-	-
Net carrying amount	-	800	75,749	76,549

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.

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
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	As at 31 December 2022 €	As at 31 December 2021 €	As at 31 December 2022 €	As at 31 December 2021 €
Cash at bank	1,404,073	40,548	960,237	4,454

19. Notes supporting statement of cash flows

	Non-current loans and borrowings €	Current loans and borrowings €	Total €
As at 1 January 2021	1,719,825	22,173	1,741,998
Repayment of loans	-	(22,180)	(22,180)
Accrued interests on non-current loans	23,538	-	23,538
Loans and borrowings classified as non-current in previous period becoming current in this period	(372,934)	372,934	-
Foreign exchange rate differences	647	7	654
As at 31 December 2021	1,371,076	372,934	1,744,010
Repayment of loans	-	(93,686)	(93,686)
Loans and borrowings classified as non-current in previous period becoming current in this period	(157,114)	157,114	-
Accrued interests on non-current loans	103,247	-	103,247
Loans and borrowings classified as current in previous period becoming non-current in this period	-	-	-
New long-term borrowings in the period	373,055	(279,248)	93,807
Foreign exchange rate differences	198	-	198
As at 31 December 2022	1,690,462	157,114	1,847,576

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

20. Trade and other payables

	Group		Company	
	As at 31 December 2022 €	As at 31 December 2021 €	As at 31 December 2022 €	As at 31 December 2021 €
Trade payables	264,083	544,330	108,452	186,271
Other payables and accruals	410,600	615,932	29,317	36,328
Payables to Directors	40,802	142,302	40,802	142,302
Current portion of Growth Fund and Covid-19 loans	157,114	372,934	-	-
Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost	872,599	1,675,498	178,571	364,901
Contract liabilities	1,205,531	951,606	-	-
Total trade and other payables	2,078,130	2,627,104	178,571	364,901
Classified as follows:				
Current Portion	2,078,130	2,627,104	178,571	364,901

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	As at 31 December

	As at 31 December 2022 €	As at 31 December 2021 €
Loans		
Growth Fund and COVID-19 loans	1,847,576	1,744,010
Current portion of Growth Fund and COVID-19 loans	(157,114)	(372,934)
Total non-current financial liabilities measured at amortised costs	1,690,462	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 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. The loan agreement was further amended in 2022 whereby interests payable until September 2022 were further accrued to the loan principal hereafter the loan principal to be repaid in quarterly instalments over the period from 1 October 2023 until 1 July 2027. In November 2022 the loan was transferred to Windar Denmark ApS.

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

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

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

Both loans are denominated in Danish Kroner.

The Company had no borrowings.

22. Share capital

	Authorised 2022	€ 2022	Authorised 2021	€ 2021
Shares at beginning of reporting period	54,595,524	675,664	54,595,524	675,664
Issue of share capital	13,765,920	159,107	-	-
Shares at end of reporting period	68,361,444	834,771	54,595,524	675,664

	Number of shares issued and fully paid 2022	€ 2022	Number of shares issued and fully paid 2021	€ 2021
Shares at 1 January 2021	54,595,524	675,664	54,595,524	675,664
Issue of shares for cash	13,765,920	159,107	-	-
Shares at 31 December 2022	68,361,444	834,771	54,595,524	675,664

At 31 December 2022 the share capital comprises 68,361,444 shares of 1 pence each.

On 25 and 29 November 2022 the company issued 13,640,920 ordinary shares of 1 pence each for a cash consideration at £0.15 per share. On 30 December 2022 the company issued 125,000 ordinary shares of 1 pence each for cash contribution at £0.20 per share.

Share options

Share options are granted to employees.

During the year a total of 10,833 share options lapsed, and no new share options were granted during the year.

Share options issued in 2017, 2019 and 2021 are valued using the Black-Scholes pricing model and no performance conditions are included in the fair value calculations. The options were issued at a strike price of 100p in respect of share options granted in 2017 and 2019 and a strike price of 40p for options granted in 2021. All share options granted with a third vesting on each anniversary for the first three years whereafter the options have a 10-year life. The price of the share at the time of issue used equals the actual market price of the share at issue. The risk-free rate was 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 12.67 pence (2021: 21.14 pence). At the year end the Company had the following options outstanding:

	Number of options			At 31 December 2022	Exercise price (£ pence)	Exercise date
	At 31 December 2021	Granted	Lapsed			
Options	1,032,500	-	(10,833)	1,021,667	72.40	16/11/18 to 01/04/35
	1,032,500	-	(10,833)	1,021,667		

The number of share options exercisable at 31 December 2022 are 803,287 (2021: 589,583).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2022 is 8.92 years (2021: 10.37 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. Short term leases

The Company has no leasing commitments with maturity longer than 6 months.

25. Warranty provision

	2022 €	2021 €
Provision at the beginning of reporting period	36,150	38,493
Provision charged to the profit and loss account	9,620	(2,358)
Utilised in year	-	-
Foreign exchange rate movements	4	15
	<u>45,774</u>	<u>36,150</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 €9,620 (2021: (€2,358)) corresponding to a warranty cost percentage of Nil % (2021: Nil%) relative to the prior two years revenue. However, due to the early business stage of the Group and the uncertainty following this the Group has adopted a policy to accrue a 4% provision based on the prior two years deliveries calculated with the cost of goods sold at the end of the period.

26. Holiday allowance provision

	2022 €	2021 €
Provision at the beginning of reporting period	131,877	129,879
Increase holiday allowance provision in year	-	-
Accrued interest	2,857	1,949
Foreign exchange rate movements	-	49
	134,734	131,877

27. 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 €32,261 (2021: €32,273). At the end of the year receivable amounts were outstanding from Wavetouch €81,628 (2021: €(193,173)). At the end of the year there were amounts outstanding to Jørgen Korsgaard Jensen €416 (2021: €77,280), Johan Blach Petersen €6,850 (2021: €65,022) and Søren Høffer €33,536 (2021: €33,536). During the year Jørgen Korsgaard Jensen issued a loan to the company of €51,183 and subscribed new shares in the Company for an amount of €115,600. During the year Johan Blach Petersen subscribed new shares in the Company for an amount of €71,672. Further Pasinika Limited a significant shareholder in the Company, received a fee from the Company of €4,000.

Intercompany transactions

At 31 December 2022 there exist an intercompany loan between Windar Photonics PLC and its directly or indirectly held subsidiaries Windar Denmark ApS and Windar Photonics A/S. Windar Photonics PLC has a receivable at €183,579 (2021: €88,373) and interest added during 2022 amounts to €3,136 (2021: €11,054) with Windar Photonics A/S and Windar Denmark ApS. The interest rate for 2022 is Bank of England base rate + 2.5% p.a. (2021: Base rate + 2.5% p.a.).

28. Controlling Parties

There is no ultimate controlling party of the Company.

29 Post balance sheet events and outstanding lawsuits

No material events have happened post balance sheet date and no outstanding lawsuits are ongoing at the end of the year or post balance sheet date.

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