

**22 September 2017**

*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 2017**

### **Highlights**

- 62% increase in revenue to €1.3 million (H1 2016: €0.8 million) and above revenue generated during the whole of 2016
- 47% reduction in operating costs to €1.0 million (excluding depreciation, amortisation and warrant costs) (H1 2016: €1.8 million)
- 71% reduction in EBITDA loss to €0.4 million (H1 2016: €1.4 million)
- Expansion of distributor network to 14 distributors within the IPP retrofit market
- Major progress in OEM market and ongoing projects with 13 wind turbine OEMs
- Strengthened balance sheet post period with £1.25 million fundraise

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, hereby announces its unaudited interim results for the six months ended 30 June 2017.

### **Chairman’s Statement**

I am pleased to report that we have started 2017 with many positive developments. After a challenging 2016 with many changes implemented within the Company, we are pleased to report revenue for the period amounting to €1.3 million (H1 2016: €0.8 million) representing growth of 62% against the same period last year and above the €1.2 million of revenue achieved during the full financial year in 2016.

We have also seen the benefits of our effort to realign operational expense levels in the first half of 2017, reducing our operational costs (excluding depreciation, amortisation and warrant costs) by 47% to €1.0 million (H1 2016: €1.8 million).

Overall the Group realised a net loss of €0.8 million for the period (H1 2016: €1.8 million loss) after depreciation, amortisation and warrant costs of €0.4 million (2016: €0.3 million). We are pleased to report that net EBITDA loss was reduced by 71% from €1.4 million in the first six months of 2016 to €0.4 million in the first six months of 2017.

Cash flow from operations showed a net outflow of €0.1 million for the period compared to a net outflow of €1.0 million in the first half of 2016. Excluding restricted cash holdings of €0.1 million, the net cash holding at the end of the period amounted to €0.4 million (H1 2016: €0.3 million), since which time the Company announced a £1.25 million fundraise (€1.4 million) before expenses, further strengthening its balance sheet.

In 2017 we continued to grow our distribution network for the IPP retrofit market segment and at the end of the period we had 14 distributors globally. The revenue growth in the first six months

of the year was driven by particularly strong growth in Asia, whereas we have still not seen the full benefit of our new market strategy in Europe and North America. Despite still supporting our WindTimizer™ integration solution, as demonstrated by our contract win from a major IPP in Mexico, our primary focus area within the IPP retrofit market segment is still integrating our products through direct turbine integration. Today we have several such projects in conjunction with both OEMs and turbine control manufactures. We expect to finalise some of these projects within the foreseeable future, and they are expected to support continued revenue growth within this market segment.

The OEM market segment accounts for only a fraction of our total revenue and represents an exciting opportunity for significant growth. We have continued to make major progress with several OEMs, as demonstrated by our latest OEM project in China which was announced to the market in April. We have seen a strong uptick of interest in our product portfolio for direct integration with new wind turbine platforms. This interest is driven partly by new features which are now integrated throughout our product portfolio, such as turbulence and wake detection capabilities. These additional capabilities support our current projects with 13 wind turbine manufacturers which include the majority of the top 10 OEMs in the world. Some of these projects have been ongoing for some years, and based on recent results achieved during the first half of this year, we expect to realise design wins for new turbine platforms within the foreseeable future. Any of these projects taken individually has the potential to substantially increase our general activity and revenue, supporting our long term financial targets for the Group.

Despite reaching our realignment targets in relation to the general OPEX levels, we have at the same time been able to increase our resources within the Wind Analytics and Turbine Optimisation team, which in the first half of 2017 accounted for more than 50% of our total research and development resources. With the development and alignment of the beam scanning technology platforms in both our WindEye™ and WindVision™ product lines, the remaining research and development resources are today primarily focused on additional cost optimization projects in order to extend our existing cost price advantage versus our competitors.

I am also pleased that Jørgen Korsgaard Jensen has agreed to move to a permanent position as our Chief Executive Officer. Jørgen founded the Company and has been instrumental in building Windar into the business it is today. Based upon current traction with our customers and our increased product offering, the Directors believe that that the Group is well positioned to show continued growth in the second half of 2017 over the second half of 2016.

John Weston  
Chairman

**For further information:**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<b>Six months ended 30 June 2017</b>	Six months ended 30 June 2016	Year ended 31 December 2016
	<b>(unaudited)</b>	(unaudited)	(audited)
Note	€	€	€
<b>Revenue</b>	<b>1,254,058</b>	775,813	1,196,037
Cost of Goods Sold	<b>(683,530)</b>	(375,946)	(627,255)
<b>Gross profit</b>	<b>570,528</b>	399,867	568,782
Administrative expenses	<b>(1,366,398)</b>	(2,175,327)	(3,804,798)
Other operating income	<b>5,021</b>	-	69,074
<b>Loss from operations</b>	<b>(790,849)</b>	(1,775,460)	(3,166,942)
Finance expenses	<b>(79,150)</b>	(51,209)	(106,882)
<b>Loss before taxation</b>	<b>(869,999)</b>	(1,826,669)	(3,273,824)
Taxation	<b>24,093</b>	59,223	128,109
<b>Loss for the period</b>	<b>(845,906)</b>	(1,767,446)	(3,145,715)
<b>Other comprehensive income</b>			
Items that will or maybe reclassified to profit or loss:			
Exchange losses arising on translation of foreign operations	<b>3,836</b>	(3,676)	(22,087)
<b>Total comprehensive loss for the period</b>	<b>(842,070)</b>	(1,771,122)	(3,167,802)
<b>Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc</b>			
<b>Basic and diluted, cents per share</b>	2	<b>(2.10)</b>	(4.60)
		(8.08)	

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Notes	As at 30 June 2017 (unaudited) €	As at 30 June 2016 (unaudited) €	As at 31 December 2016 (audited) €
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		1,043,610	1,202,791	1,183,675
Property, plant & equipment		98,303	131,802	119,421
Deposits		50,519	92,182	54,072
<b>Total non-current assets</b>		<b>1,192,432</b>	<b>1,426,775</b>	<b>1,357,168</b>
<b>Current assets</b>				
Inventory	3	616,282	943,216	993,657
Trade receivables	4	472,099	710,662	557,721
Other receivables	4	317,655	313,199	289,509
Prepayments		109,509	66,351	81,237
Cash and cash equivalents		390,876	254,795	783,166
<b>Total current assets</b>		<b>1,906,421</b>	<b>2,288,223</b>	<b>2,705,290</b>
<b>Total assets</b>		<b>3,098,852</b>	<b>3,714,998</b>	<b>4,062,458</b>
<b>Equity</b>				
Share capital	5	513,327	498,853	513,327
Share premium		8,964,224	7,962,366	8,964,224
Merger reserve		2,910,866	2,910,866	2,910,866
Foreign currency reserve		(28,792)	(14,217)	(32,628)
Accumulated loss		(11,241,162)	(9,315,154)	(10,530,769)
<b>Total equity</b>		<b>1,118,463</b>	<b>2,042,714</b>	<b>1,825,020</b>
<b>Non-current liabilities</b>				
Loans	6	973,209	876,220	921,751
<b>Total non-current liabilities</b>		<b>973,209</b>	<b>876,220</b>	<b>921,751</b>
<b>Current liabilities</b>				
Trade and other payables	7	680,961	526,474	603,950
Other liabilities		211,005	265,142	240,681
Invoice discounting		100,580		239,528
Deferred revenue		10,007		226,942
Loans		4,626	4,448	4,586
<b>Total current liabilities</b>		<b>1,007,180</b>	<b>796,064</b>	<b>1,315,687</b>
<b>Total liabilities</b>		<b>1,980,389</b>	<b>1,672,284</b>	<b>2,237,438</b>
<b>Total equity and liabilities</b>		<b>3,098,852</b>	<b>3,714,998</b>	<b>4,062,458</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<b>Six months ended 30 June 2017</b>	Six months ended 30 June 2016	Year ended 31 December 2016
	<b>(unaudited) €</b>	(unaudited) €	(audited) €
Loss for the period before tax	<b>(869,999)</b>	(1,826,669)	(3,273,824)
Adjustments for:			
Finance expenses	<b>79,150</b>	51,209	106,882
Amortisation	<b>245,275</b>	166,997	366,784
Depreciation	<b>24,643</b>	28,331	61,034
Received tax credit	-	-	120,305
Tax (paid)/received	-	-	(22,008)
Foreign exchange difference	<b>3,836</b>	(18,629)	(25,898)
Warrants expense	<b>135,513</b>	154,415	317,069
	<b>(381,582)</b>	(1,440,346)	(2,349,656)
<i>Movements in working capital</i>			
Changes in inventory	<b>377,375</b>	(173,592)	(224,033)
Changes in receivables	<b>56,807</b>	262,905	414,296
Changes in trade payables	<b>37,368</b>	338,819	416,295
Changes in deferred revenue	<b>(216,935)</b>	-	226,942
Changes in other payables	<b>10,007</b>	(30,697)	(55,158)
<b>Cash flow (used in) operations</b>	<b>(116,960)</b>	(1,046,911)	(1,571,314)
<i>Investing activities</i>			
Payments for intangible assets	<b>(163,856)</b>	(251,888)	(474,435)
Grants received	<b>58,292</b>	-	48,420
Payments for tangible assets	<b>(3,704)</b>	(9,507)	(35,635)
<b>Cash flow (used in) investing activities</b>	<b>(109,268)</b>	(261,395)	(461,650)
<i>Financing activities</i>			
Proceeds from issue of share capital	-	1,231,664	2,252,920
Costs associated with the issue of share capital	-	(252,779)	(257,703)
Proceeds from invoice discounting	<b>(138,948)</b>	-	239,528
Net change in long term borrowing	<b>(2,573)</b>	(814)	(4,303)
Finance expenses	<b>(25,119)</b>	(880)	(10,239)
Finance income	-	-	-
<b>Cash flow from financing activities</b>	<b>(166,640)</b>	977,191	2,220,203
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(392,868)</b>	(331,115)	(187,239)
Exchange differences	<b>577</b>	(7,997)	2,020
Cash and cash equivalents at the beginning of the period	<b>783,166</b>	593,907	593,907
<b>Cash and cash equivalents at the end of the period</b>	<b>390,876</b>	254,795	783,166

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS  
ENDED 30 JUNE 2017**

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2016	487,688	6,994,646	2,910,866	(10,541)	(7,702,123)	2,680,536
New shares issued	10,084	1,102,654	-	-	-	1,112,738
Costs associated with capital raise	-	(252,779)	-	-	-	(252,779)
New shares issued in respect of services rendered	1,081	117,845	-	-	-	118,926
Share option and warrant costs	-	-	-	-	154,415	154,415
<b>Transaction with owners</b>	<b>11,165</b>	<b>967,720</b>	<b>-</b>	<b>-</b>	<b>154,415</b>	<b>1,133,300</b>
Comprehensive loss for the period	-	-	-	-	(1,767,446)	(1,767,445)
Other comprehensive loss	-	-	-	(3,676)	-	(3,676)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,676)</b>	<b>(1,767,446)</b>	<b>(1,771,122)</b>
<b>At 30 June 2016</b>	<b>498,853</b>	<b>7,962,366</b>	<b>2,910,866</b>	<b>(14,217)</b>	<b>(9,315,154)</b>	<b>2,042,714</b>
New shares issued	14,474	1,125,708	-	-	-	1,140,182
Costs associated with capital raise	-	(123,850)	-	-	-	(123,850)
Share option and warrant costs	-	-	-	-	162,654	162,654
<b>Transaction with owners</b>	<b>14,474</b>	<b>1,001,858</b>	<b>-</b>	<b>-</b>	<b>162,654</b>	<b>1,178,986</b>
Comprehensive loss for the period	-	-	-	-	(1,378,269)	(1,378,269)
Other comprehensive loss	-	-	-	(18,411)	-	(18,411)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,411)</b>	<b>(1,378,269)</b>	<b>(1,396,680)</b>
<b>At 31 December 2016</b>	<b>513,327</b>	<b>8,964,224</b>	<b>2,910,866</b>	<b>(32,628)</b>	<b>(10,530,769)</b>	<b>1,825,020</b>
Share option and warrant costs	-	-	-	-	135,513	158,534
<b>Transaction with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,513</b>	<b>158,534</b>
Comprehensive loss for the period	-	-	-	-	(845,906)	(869,915)
Other comprehensive Income	-	-	-	3,836	-	3,836
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,836</b>	<b>(710,394)</b>	<b>(1,117,475)</b>
<b>At 30 June 2017</b>	<b>513,327</b>	<b>8,964,224</b>	<b>2,910,866</b>	<b>(28,792)</b>	<b>(11,241,162)</b>	<b>1,118,463</b>

**1. BASIS OF PREPARATION**

The financial information for the six months ended 30 June 2017 and 30 June 2016 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 as endorsed by the European Union ("IFRS"). 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 2017 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2016.

The comparative financial information for the year ended 31 December 2016 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2016 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2016 was unqualified, did not include references to any matters which the auditors drew attention to by way of emphasis 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:

	<b>Six months ended 30 June 2017</b>	Six months ended 30 June 2016	Year ended 31 December 2016
	€	€	€
<b>Loss for the period</b>	<b>(845,906)</b>	(1,767,446)	(3,145,347)
<b>Weighted average number of ordinary shares for the purpose of basic earnings per share</b>	<b>40,283,979</b>	38,433,974	38,950,108
<b>Basic loss and diluted, cents per share</b>	<b>(2.10)</b>	(4.60)	(8.08)

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

## 3. Inventory

	<b>As at 30 June 2017</b>	As at 30 June 2016	As at 31 December 2016
	€	€	€
Raw materials	<b>309,046</b>	557,277	496,442
Goods in progress	<b>219,539</b>	154,375	110,654
Finished goods	<b>87,697</b>	231,564	386,561
<b>Inventory</b>	<b>616,282</b>	943,216	993,657

## 4. Trade and other receivables

	<b>As at 30 June 2017</b>	As at 30 June 2016	As at 31 December 2016
	€	€	€
Trade receivables	<b>400,221</b>	710,662	557,721
Tax receivables	<b>174,572</b>	198,800	150,336
Restricted cash	<b>71,878</b>	-	30,609
Other receivables	<b>143,083</b>	114,399	108,564
Total other receivables	<b>317,655</b>	313,199	289,230
<b>Total trade and other receivables</b>	<b>789,754</b>	1,023,861	847,230



## 5. Share capital

	Number of shares	€
Shares as 30 June 2016	39,051,879	498,853
Issue of shares for cash	1,232,100	14,474
Shares at 31 December 2016	40,283,979	513,327
<b>Shares at 30 June 2017</b>	<b>40,283,979</b>	<b>513,327</b>

At 30 June 2017, the share capital comprises 40,283,979 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 2017 €	Six months ended 30 June 2016 €	Year ended 31 December 2016 €
Growth Fund (including accrued interest)	<b>954,507</b>	853,070	900,743
Nordea Ejendomme	<b>18,702</b>	23,150	21,008
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>973,209</b>	876,220	921,751

The Growth Fund borrowing from the Danish public institution, Vækstfonden, bears interest at a rate of 12 per cent. The borrowing is a bullet loan with maturity in June 2020. The Group may at any point in time either repay the loan in part or in full or initiate an annuity repayment scheme over four years. If an annuity repayment scheme is initiated, the interest rate will be reduced to 8 per cent in the repayment period.

The loan from Nordea Ejendomme is in respect of amounts included in the fitting out of the offices in Denmark. The loan is repayable over the 6 years and matures 1 November 2021 and carries a fixed interest rate of 6 per cent.

Both loans are denominated in Danish Kroner.

## 7. Trade and other payables

	As at 30 June 2017 €	As at 30 June 2016 €	As at 31 December 2016 €
Invoice discounting	<b>100,580</b>	.	239,528
Trade payables	<b>680,919</b>	526,474	603,950
Other payables	<b>211,005</b>	265,142	240,681
Current portion of Nordea loan	<b>4,626</b>	4,448	4,586
<b>Total financial liabilities classified as financial liabilities measured at amortised cost</b>	<b>996,730</b>	796,064	1,088,745

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](http://www.investor.windarphotonics.com).