

29 September 2021

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 2020

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 2021.

For further information, please contact:

Windar Photonics plc
Jørgen Korsgaard Jensen, CEO

Tel: +45 24234930

Cenkos Securities plc (Nomad & Broker)
Neil McDonald / Pete Lynch

Tel: 0131 220 6939

Notes to Editors:

Windar Photonics is a technology group that develops cost-efficient and innovative Light Detection and Ranging ("LiDAR") optimisation systems for use on electricity generating wind turbines. LiDAR wind sensors in general are designed to remotely measure wind speed and direction.

<http://investor.windarphotonics.com>

CHAIRMAN'S STATEMENT

The Company's performance in 2021 showed an improvement from the corresponding prior year period with realised revenue for the first half year of 2021 of €0.31 million, equivalent to an increase of 11% compared to the first six months of 2020 (H1 2020: €0.27 million). Despite this modest growth, the revenue earned continued to be negatively impacted by the ongoing delays seen in end-user projects caused by the Covid-19 pandemic, which include the on/off travel restrictions in place, particularly in Asian markets.

Despite the ongoing impact of the Covid-19 pandemic, the Company saw continued market interest for our products. This interest has been realised with the receipt of orders for a further €0.9 million, primarily customers from the Asian markets. As at 30 June 2021, the Company order backlog stood at €2.2 million, an increase from €1.6 million at the end of year 2020. In addition, further orders have been received since the 30 June 2021, putting the Company in a strong position for future delivery. The order intake is evenly split between sales to the OEM and Retro-fit market segments.

The various cost cutting initiatives implemented during 2020 continued in 2021 and an additional 5% reduction of the total administrative expenses has resulted in achieving a reduced net Loss before taxation of €0.95 million when compared to the same period in the prior year (H1 2020: €1.03 million).

During the period, two very important customer test projects were completed with encouraging results. Both tests utilised the Plug and Play WindTimizer turbine integration module including the recently developed on/off (hourly) toggling module, facilitating the precise performance of before/after tests, eliminating any impact of environmental changes during the before/after periods. It is notable that the Windar products are the only Lidar products in the market with such Plug and Play and testing functionality.

The largest of the two test projects was completed at the end of the first half of the year in Asia, where the Company completed a 12 month test project with one of the world's leading IPPs, with an installed capacity of 35GW. The project included five different turbine platforms, with an average turbine size of 2.6MW. Before considering the reduced down time of the wind turbines, the average Annual Energy Production (AEP) was increased by more than 3%, with the results being verified by the IPP technology institute. The Company has received additional minor orders during the period from this IPP but expects to see a larger roll-out as of next year.

The second test project on the Vestas V82 turbine platform in North America, was completed at the end of 2020 and at the beginning of the first half year, the average AEP increase of 3% was verified also by the wind turbine manufacturer. Negotiations have been ongoing and significant orders for two Turbine Parks are expected in the near future. However, these negotiations in which the Company is not directly involved have taken longer than initially estimated and due to timing of eventual orders, these are not likely to be delivered within the current financial year. As Vestas Global Service has endorsed the Vestas/Windar solution as the preferred optimisation solution for the V82 turbine platform, we have initiated activities to address the roughly 4,000 V82 turbines installed globally. Following the successful pilot test customer inquiries have already been received for similar pilot test runs on additional wind turbine parks in North America.

Regarding the OEM market segments we have seen some delays in executing the previous received orders; however, during the period the Company has received larger orders from new OEM customers in Asia. The Company expected to see a continued growth in this segment, but timing of deliveries is unclear at the current stage.

Regarding our Lidar as a Service (LaaS) offering, the Company completed one pilot test with a North American customer on five Vestas V90 turbines during the period. Based on our advanced yaw alignment, wind speed and turbulence technologies we were able to demonstrate a potential 3.9% AEP increase by optimizing controller set points regarding the Wind Sector Management and the Nacelle Transfer Function. The Company expects to conclude orders within this market segment in the near future.

As previously announced, our One Unit system platform was successfully launched during the period. During the first half of 2021, our rain intensity detection technology was successfully completed and presented by the Company and The Danish Technology University (DTU) on the Wind Energy Science Conference (WESC 2021) in Hannover, Germany in May 2021. This technology is aimed at reducing leading-edge erosion of the wind turbine rotor blades. The functionality will be fully implemented in all our product platforms from January 2022 as a standard feature.

Within our EUDP funded Licoreim development project, focused on general wind turbine load reductions based on our WindVision™ system, we have seen good progress. The main parties besides the Company in the project are DTU, SiemensGamesa and Mita Teknik. For the retro-fit implementation, we have seen fatigue load reduction potentials of 7-9% in respect of blade and tower loads and expect to implement on a test turbine in Germany within the coming months.

Similarly, we have seen good progress within our Eurostar funded Lawis development project, focused on merging all major optical components into one single component. Besides targeting improved optical performances, this is a key target for further cost optimisations across our product platforms.

Financial Overview

Overall, the Group realised revenues of €0.31 million (H1 2020: €0.27 million) and a net loss of €0.86 million for the period (H1 2020: loss of €1.01 million) after depreciation, amortisation and warrant costs of €0.17 million (H1 2020: €0.18 million).

Cash flow from operations produced a net outflow of €0.54 million for the period compared to a net outflow of €0.65 million in H1 2020.

Outlook

Due to the delays detailed above, part of the order backlog of €2.2 million as per the end of the first half year is expected to be carried forward into 2022. The Company currently estimates that recognised revenue will grow by 45% to 50% in 2021, compared to the previous year. Despite the recent delays, the Group's cash flow position is constantly being monitored with respect to eventual consequences of orders and project delays. However, management believe that there are a number of actions available to them in order to manage the cash position if needed.

In the event that the Company is successful in finalising the aforementioned orders from North America in the near future the order backlog to be carried forward into 2022 is expected to be further strengthened from the position outlined above. In view of the encouraging project pipeline within the LaaS and Asian market segments, the Board believes that the Group is well placed to deliver a significantly improved financial performance in 2022.

The above estimates assume no further restrictions in relation to the current pandemic. Any further restrictions would not significantly affect overall order intake but could alter the timing of revenue recognition.

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

	Six months ended 30 June 2021 (unaudited) €	Six months ended 30 June 2020 (unaudited) €	Year ended 31 December 2020 (audited) €
Note			
Revenue	305,991	274,752	1,333,956
Cost of goods sold	(147,703)	(151,445)	(632,586)
Gross profit	158,288	123,307	701,370
Administrative expenses	(1,120,163)	(1,172,592)	(2,183,141)
Other operating income	16,136	16,076	32,196
Loss from operations	(945,739)	(1,033,209)	(1,449,575)
Finance expenses	(16,601)	(47,465)	(143,110)
Loss before taxation	(962,340)	(1,080,674)	(1,592,685)
Taxation	100,850	67,194	252,517
Loss for the period	(861,490)	(1,013,480)	(1,340,168)
Other comprehensive income			
Items that will or maybe reclassified to profit or loss: Exchange losses arising on translation of foreign operations	(11,759)	14,932	22,584
Total comprehensive loss for the period	(873,249)	(998,548)	(1,317,584)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc Basic and diluted, cents per share	(1,6)	(2.1)	(2.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	As at 30 June 2021 (unaudited) €	As at 30 June 2020 (unaudited) €	As at 31 December 2020 (audited) €
Assets				
Non-current assets				
Intangible assets		1,073,665	1,223,825	1,205,243
Property, plant & equipment		12,120	41,236	27,698
Deposits		25,614	24,957	25,382
Total non-current assets		1,111,399	1,290,018	1,258,323
Current assets				
Inventory	3	602,139	1,062,398	636,785
Trade receivables	4	396,752	160,284	429,241
Other receivables	4	157,914	101,863	220,047
Tax credit receivables	4	353,993	67,303	253,030
Prepayments		4,743	15,152	14,195
Restricted cash and cash equivalents		-	-	-
Cash and cash equivalents		78,077	268,174	626,361
Total current assets		1,593,618	1,675,174	2,179,659
Total assets		2,705,017	2,965,192	3,437,982
Equity				
Share capital	5	675,664	622,375	675,664
Share premium		14,502,837	14,016,576	14,502,837
Merger reserve		2,910,866	2,910,866	2,910,866
Foreign currency reserve		(7,805)	(3,698)	3,955
Accumulated loss		(18,488,434)	(17,337,276)	(17,651,945)
Total equity		(406,872)	208,843	441,377
Non-current liabilities				
Warranty provisions		38,509	61,310	38,493
Loans	6	1,533,259	1,164,431	1,719,825
Total non-current liabilities		1,571,768	1,225,741	1,758,318
Current liabilities				
Trade payables	7	736,586	950,015	726,007
Other payables and accruals	7	503,776	188,906	274,202
Invoice discounting	7	-	42,372	-
Contract liabilities	7	110,915	220,274	215,905
Loans	7	188,844	129,041	22,173
Total current liabilities		1,540,121	1,530,608	1,238,287
Total liabilities		3,111,889	2,756,349	2,996,605
Total equity and liabilities		2,705,017	2,965,192	3,437,982

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June 2021 (unaudited) €	Six months ended 30 June 2020 (unaudited) €	Year ended 31 December 2020 (audited) €
Loss for the period before tax	(962,340)	(1,080,674)	(1,592,685)
Adjustments for:			
Finance expenses	16,601	47,465	143,110
Amortisation	127,173	143,254	286,903
Depreciation	15,239	20,640	38,752
Received tax credit	-	212,570	212,864
Foreign exchange difference	(11,759)	14,932	22,691
Warrants expense	25,000	15,000	27,020
	(790,086)	(626,813)	(861,345)
<i>Movements in working capital</i>			
Changes in inventory	34,647	(42,834)	382,779
Changes in receivables	94,622	(66,139)	(453,281)
Changes in prepayments	9,451	29,706	30,663
Changes in deposits	(233)	23	(401)
Changes in trade payables	10,580	(95,780)	(319,788)
Changes in contract liabilities	(104,990)	150,320	145,951
Changes in warranty provision	16	140	(22,677)
Changes in other payables and provision	209,640	266	62,321
Cash flow (used in) operations	(536,353)	(651,111)	(1,035,778)
<i>Investing activities</i>			
Payments for intangible assets	(114,296)	(245,743)	(469,362)
Grants received	107,200	74,055	(4,449)
Payments for tangible assets	-	-	174,713
Cash flow (used in) investing activities	(7,096)	(171,688)	(299,098)
<i>Financing activities</i>			
Proceeds from issue of share capital	-	375,714	975,214
Costs associated with the issue of share capital	-	(37,571)	(97,521)
Proceeds from new long term loans	-	-	402,447
(Reduction) / proceeds from invoice discounting	-	40,380	(1,992)
(Decrease)/ increase restricted cash balances	-	-	-
Repayment of loans	-	-	(5,171)
Interest (paid)/received	(16,601)	(47,465)	(74,357)
Cash flow from financing activities	(16,601)	331,058	1,198,620
Net (decrease)/increase in cash and cash equivalents	(560,050)	(491,741)	(136,256)
Exchange differences	11,766	(3,109)	(407)
Cash and cash equivalents at the beginning of the period	626,361	763,024	763,024
Cash and cash equivalents at the end of the period	78,077	268,174	626,361

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2020	608,689	13,692,119	2,910,866	(18,630)	(16,338,796)	854,248
New shares issued	13,686	324,457	-	-	-	338,143
Share option and warrant costs	-	-	-	-	15,000	15,000
Transaction with owners	13,686	324,457	-	-	15,000	353,143
Comprehensive loss for the period	-	-	-	-	(1,013,480)	(1,013,480)
Other comprehensive loss	-	-	-	14,932	-	14,932
Total comprehensive income	-	-	-	14,932	(1,013,480)	(998,548)
At 30 June 2020	622,375	14,016,576	2,910,866	(3,698)	(17,337,276)	208,843
New shares issued	53,289	583,782	-	-	-	637,071
Costs associated with capital raise	-	(97,521)	-	-	-	(97,521)
Share option and warrant costs	-	-	-	-	12,020	12,020
Transaction with owners	53,289	486,261	-	-	12,020	551,570
Comprehensive loss for the period	-	-	-	-	(326,688)	(326,688)
Other comprehensive income	-	-	-	7,652	-	7,652
Total comprehensive income	-	-	-	7,652	(326,688)	(319,036)
At 31 December 2020	675,664	14,502,837	2,910,866	3,954	(17,651,944)	441,377
New shares issued	-	-	-	-	-	-
Share option and warrant costs	-	-	-	-	25,000	25,000
Transaction with owners	-	-	-	-	25,000	25,000
Comprehensive loss for the period	-	-	-	-	(861,490)	(861,490)
Other comprehensive Income	-	-	-	(11,759)	-	(11,759)
Total comprehensive income	-	-	-	(11,759)	(861,490)	(873,249)
At 30 June 2021	675,664	14,502,837	2,910,866	(7,805)	(18,488,434)	(406,872)

1. BASIS OF PREPARATION

The financial information for the six months ended 30 June 2021 and 30 June 2020 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 2021 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2020. The comparative financial information for the year ended 31 December 2020 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2020 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2020 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 2021	Six months ended 30 June 2020	Year ended 31 December 2020
	€	€	€
Loss for the period	(861,490)	(1,013,480)	(1,340,168)
Weighted average number of ordinary shares for the purpose of basic earnings per share	54,595,522	49,167,898	49,819,356
Basic loss and diluted, cents per share	(1.6)	(2.1)	(2.7)

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

3. Inventory

	As at 30 June 2021	As at 30 June 2020	As at 31 December 2020
	€	€	€
Raw materials	125,256	358,827	16,145
Work in progress	284,199	337,247	181,598
Finished goods	192,684	366,324	439,042
Inventory	602,139	1,062,398	636,785

4. Trade and other receivables

	As at 30 June 2021	As at 30 June 2020	As at 31 December 2020
	€	€	€
Trade receivables	908,507	672,039	1,301,858
Less: provision for impairment of trade receivables	(511,755)	(511,755)	(872,617)
Trade receivables – net	396,752	160,284	429,241
Total financial assets other than cash and cash equivalents classified at amortised costs	396,752	160,284	429,241
Tax receivables	353,993	67,303	253,030
Other receivables	157,914	101,863	220,047
Total other receivables	511,907	169,166	473,077
Total trade and other receivables	908,659	329,450	902,318
Classified as follows:			
Current Portion	908,659	329,450	902,318

5. Share capital

	Number of shares	€
Shares as 30 June 2020	49,751,078	622,375
Issue of shares for cash	4,844,446	53,289
Shares at 31 December 2020	54,595,524	675,664
Issue of shares for cash	-	-
Shares at 30 June 2021	54,595,524	675,664

At 30 June 2021, the share capital comprises 54,595,524 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 2021 €	Six months ended 30 June 2020 €	Year ended 31 December 2020 €
Growth Fund (including accrued interest)	1,719,825	1,285,457	1,736,802
Nordea Ejendomme	2,278	8,015	5,196
Total financial assets other than cash and cash equivalents classified as loans and receivables	1,722,103	1,293,472	1,741,998

The Growth Fund borrowing from the Danish public institution, Vækstfonden, initially bore interest at a fixed annual rate of 12 per cent with a full bullet repayment in June 2021. Terms for the borrowing were amended in June 2020, and November 2020, pursuant to which the interest rate was reduced to 7 percent p.a. and the loan is to be repaid in equal quarterly instalments over the period from 1 January 2022 until 1 January 2026. In November 2020 the Company has received an offer on an additional Covid loan of €400,000 at an annual interest rate of CIBOR + 5% to be repaid over a 5 year period starting from January 2022. The cash proceeds has been received post reporting period.

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 in November 2021 and carries a fixed interest rate of 6 per cent.

All loans are denominated in Danish Kroner.

7. Trade and other payables

	As at 30 June 2021 €	As at 30 June 2020 €	As at 31 December 2020 €
Invoice discounting	-	42,372	-
Trade payables	736,586	950,015	726,007
Other payables and accruals	503,776	188,906	274,202
Current portion of loans	188,844	129,041	22,173
Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost	1,429,206	1,310,334	1,022,382
Contract liabilities	110,915	220,274	215,905
Total trade and other payables	1,540,121	1,530,608	1,238,287
Classified as follows:			
Current Portion	1,540,121	1,530,608	1,238,287

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.