25 September 2018

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 2018

Windar Photonics plc (AIM:WPHO), the technology group that has developed a cost efficient and innovative LiDAR wind sensor which enhances the productivity of electricity generating wind turbines, is pleased to announce its unaudited interim results for the six months ended 30 June 2018.

Highlights for the first six months of 2018:

- 33% increase in revenue to €1.67 million (H1 2017: €1.25 million) notwithstanding €0.2 million of deferred revenue in H1 2017 (H1 2018 actual dispatched product value increased by 47% vs H1 2017)
- 44% increase in gross profit to €0.82 million (H1 2017: €0.57 million)
- 6% reduction in operating costs to €0.93 million (excluding depreciation, amortisation and warrant costs) (H1 2017: €0.99 million)
- 86% reduction in EBITDA loss to €0.07 million (H1 2017: €0.41 million)
- Significantly enhanced future sales potential having entered into a global distribution agreement with Vestas Wind Systems A/S ("Vestas"), the world's largest maintenance provider in the wind industry with representation across 63 countries worldwide
- Continued progress in OEM market with turbine integration projects with the majority of the top 20 wind turbine OEMs ongoing and some projects now in the final turbine type certification stages
- Strengthened balance sheet and cash holdings post period with a £2.2 million fundraise
- Further investment in sales and service organisation in Shanghai, China from 3 to 8 employees during the period
- Board confident of continued growth in H2 2018 with expected full year revenues of €4.0 - 4.5 million and EBITDA broadly in line with market forecasts

Jørgen Korsgaard Jensen, Chief Executive Officer of the Company, commented: "Our revenues and gross profit have both increased substantially during the period, reflecting the market's increased recognition of the superior quality of our LiDAR based sensors for turbine optimisation in terms of cost, weight and output.

"This growth was achieved even before securing Vestas as a distribution partner post period end and this, together with the progress we continue to make in terms of securing an OEM contract, which could be transformational to our business, underpins our confidence that Windar is well positioned to show continued growth in the second half of 2018. Overall in 2019 we expect sales to the OEM market segment at least to match sales to the retrofit market segment and we therefore look forward to providing updates regarding our business during this exciting moment in our development."

Chairman's Statement

I am pleased to report that we have started 2018 with many positive developments. In particular I am very pleased with the Group's new global distribution agreement with Vestas, who, with more than 78 GW under service, is the world's largest maintenance provider in the wind industry. Vestas' service network consists of more than 10,000 people across 63 countries worldwide. This agreement, combined with our existing distribution agreements in China and India, means we have now reached our objective to establish a strong external distribution network servicing the Independent Power Producers (IPP) markets whilst the Group continues to service the OEM market segment directly.

We are also pleased to report strong continued revenue growth during the period of 33% compared to the same period in 2017. The actual order intake and order back-log was considerably higher, although delivery was constrained by a shortage of certain key long lead time components. Our post period end fundraise enables us to increase stock levels, particularly focusing on the longer lead-time components, and therefore execution on both our current order back-log and new orders is a key focus for the second half of 2018. Additionally, we were able to increase gross profit margins to 49.1% (H1 2017: 45.5%), despite the constraints mentioned above, and total gross profit increased by 44% compared to the same period in 2017.

During the period we further lowered our operational costs (excluding depreciation, amortisation and warrant costs) by 6% compared to the same period in 2017. Notably, over the last two years, the overall the operational cost level in the Group has been reduced by more than 50%.

Overall, the Group significantly reduced its net loss to €0.29 million for the period (H1 2017: €0.85 million loss) after depreciation, amortisation and warrant costs of €0.17 million (2016: €0.38 million).

The realised EBITDA loss in the first six months of 2018 was realised at a near break-even point of €0.07 million compared to EBITDA losses of €0.41 million and €1.4 million in the first six months of 2017 and 2016 respectively.

Cash flow from operations showed a net outflow of €0.76 million for the period compared to a net outflow of €0.05 million in the first half of 2017. The increased outflow during the period was primarily driven by an increase in net receivables of €0.62 million due primarily to the increased revenue realised and two previous large overdue deliveries only being settled after the period under review in August 2018. Excluding restricted cash holdings of €0.31 million, the net cash holding at the end of the period amounted to €0.26 million (2017: €0.39 million), since which time the Company announced a £2.2 million fundraise (€2.4 million) before expenses, further strengthening its balance sheet and cash holdings.

The majority of Windar's revenue is still primarily generated from the IPP retrofit market and we expect to show accelerated growth in the coming periods following the further strengthened distribution network. The next strategic milestone for Windar is to start volume deliveries to the OEM market segment for new turbine sales. We are working with the majority of the top 20 wind turbine OEMs on various integration projects for new wind turbine designs although it is not always possible to establish firm time lines for these projects and subsequent revenue generation due to the complexity of such turbine designs. However, we are pleased that we are now in a position where some of these OEM projects have moved from the development stages into the final turbine certification stages, and we expect sales to the OEM market segment to contribute to a significant growth in revenue in 2019 and the following years. Overall in 2019 we expect sales to the OEM market segment at least to match sales to the retrofit market segment coming from a very low percentages of our sales in both 2017 and 2018.

Despite the overall reduction in general operational expenditure, we have again been able to increase expenditure in R&D, particularly within the Wind Analytics and Turbine Optimisation team. Our programme to develop new turbine control strategies based on our wake and turbulence measurements has showed good progress in the period and in line for field tests early next year.

Outlook

Based upon current traction with our customers and our increased product offering, the Directors believe the Group is well positioned to show continued growth in the second half of 2018 and expects to generate full year revenues of between €4.0 - 4.5 million. The Board expects to report full year profitability broadly in line with market expectations.

Johan Blach Petersen
Chairman

For further information:

Windar Photonics plc	Jørgen Korsgaard Jensen, CEO	+45-24234930
Cantor Fitzgerald Europe *Nominated Adviser and Broker*	David Foreman Richard Salmond	+44 (0)20 7894 7000
Newgate Communications *Financial PR*	Elisabeth Cowell Adam Lloyd Tom Carnegie	+44 (0)20 7680 6550

About Windar:

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	**Six months ended 30 June 2018**	Six months ended 30 June 2017	Year ended 31 December 2017
		(unaudited)	(unaudited)	(audited)
	Note	**€**	€	€
Revenue		**1,671,587**	1,254,058	2,213,664
Cost of goods sold		**(850,433)**	(683,530)	(1,301,047)
Gross profit		**821,155**	570,528	912,617
Administrative expenses		**(1,102,849)**	(1,366,398)	(2,996,457)
Other operating income		**34,326**	5,021	78,067
Loss from operations		**(247,367)**	(790,849)	(2,005,773)
Finance expenses		**(59,894)**	(79,150)	(286,348)
Loss before taxation		**(307,261)**	(869,999)	(2,292,121)
Taxation		**12,763**	24,093	66,246
Loss for the period		**(294,498)**	(845,906)	(2,225,875)
Other comprehensive income				
Items that will or maybe reclassified to profit or loss:				
Exchange losses arising on translation of foreign operations		**(6,207)**	3,836	13,038
Total comprehensive loss for the period		**(300,705)**	(842,070)	(2,212,837)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc				
Basic and diluted, cents per share	2	**(0.70)**	(2.10)	(5.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	**As at 30 June 2018 (unaudited) €**	As at 30 June 2017 (unaudited) €	As at 31 December 2017 (audited) €
Assets				
Non-current assets				
Intangible assets		**847,300**	1,043,610	868,594
Property, plant & equipment		**99,491**	98,303	107,084
Deposits		**47,448**	50,519	38,505
Total non-current assets		***994,238***	*1,192,432*	*1,014,183*
Current assets				
Inventory	3	**654,500**	616,282	739,610
Trade receivables	4	**951,793**	400,221	381,295
Other receivables	4	**275,366**	317,655	216,710
Prepayments		**55,971**	109,509	78,379
Restricted cash and cash equivalents		**312,864**	71,878	234,692
Cash and cash equivalents		**260,606**	390,876	1,116,503
Total current assets		***2,511,100***	*1,906,421*	*2,767,189*
Total assets		***3,505,338***	*3,098,852*	*3,781,372*
Equity				
Share capital	5	**530,543**	513,327	530,543
Share premium		**10,281,073**	8,964,224	10,281,073
Merger reserve		**2,910,866**	2,910,866	2,910,866
Foreign currency reserve		**(25,797)**	(28,792)	(19,590)
Accumulated loss		**(12,765,726)**	(11,241,162)	(12,521,228)
Total equity		***930,959***	*1,118,463*	*1,181,664*
Non-current liabilities				
Warranty provisions		**74,659**	51,441	72,205
Loans	6	**1,080,485**	973,209	1,023,809
Total non-current liabilities		***1,155,144***	*1,024,650*	*1,096,014*
Current liabilities				
Trade and other payables	7	**815,532**	629,520	1,045,516
Other liabilities		**386,477**	211,005	325,674
Invoice discounting		**205,717**	100,580	121,209
Deferred revenue		**6,709**	10,007	6,716
Loans		**4,800**	4,626	4,579
Total current liabilities		***1,419,235***	*955,739*	*1,503,694*
Total liabilities		***2,574,379***	*1,980,389*	*2,599,708*
Total equity and liabilities		***3,505,338***	*3,098,852*	*3,781,372*

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	(unaudited)	(unaudited)	(audited)
	€	€	€
Loss for the period before tax	**(307,261)**	(869,999)	(2,292,121)
Adjustments for:			
Finance expenses	**59,894**	79,150	286,349
Amortisation	**104,061**	245,275	494,709
Depreciation	**20,141**	24,643	56,409
Received tax credit	**-**	-	149,603
Foreign exchange difference	**(6,207)**	3,836	13,037
Warrants expense	**50,000**	135,513	235,416
	(79,372)	(381,582)	(1,056,598)
Movements in working capital			
Changes in inventory	**85,110**	377,375	254,047
Changes in receivables	**(616,459)**	98,076	152,687
Changes in trade payables	**(229,984)**	25,570	441,566
Changes in deferred revenue	**(7)**	(216,935)	(220,226)
Changes in warranty provision	**(74)**	11,798	32,562
Changes in other payables and provision	**77,017**	10,007	124,628
Cash flow (used in) operations	**(763,769)**	(75,691)	(271,334)
Investing activities			
Payments for intangible assets	**(170,084)**	(163,856)	(333,480)
Grants received	**78,172**	58,292	152,447
Payments for tangible assets	**-**	(3,704)	(44,312)
Cash flow (used in) investing activities	**(91,912)**	(109,268)	(225,345)
Financing activities			
Proceeds from issue of share capital	**-**	-	1,443,605
Costs associated with the issue of share capital	**-**	-	(109,540)
(Reduction) / proceeds from invoice discounting	**84,508**	(138,948)	(118,319)
Increase restricted cash balances	**(78,172)**	(41,269)	(204,083)
Repayment of loans	**(3,727)**	(2,573)	(4,580)
Foreign exchange rate gains/(losses)	**22,886**	(1,443)	(142,331)
Interest paid	**(22,377)**	(23,676)	(36,080)
Cash flow from financing activities	**3,118**	(207,909)	828,672
Net (decrease)/increase in cash and cash equivalents	**(852,563)**	(392,868)	331,993
Exchange differences	**(3,334)**	577	1,344
Cash and cash equivalents at the beginning of the period	**1,116,503**	783,166	783,166
Cash and cash equivalents at the end of the period	**260,606**	390,876	1,116,503

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2017	**513,327**	**8,964,224**	**2,910,866**	**(32,628)**	**(10,530,769)**	**1,825,020**
Share option and warrant costs	-	-	-	-	135,513	135,513
Transaction with owners	**-**	**-**	**-**	**-**	**135,513**	**135,513**
Comprehensive loss for the period	-	-	-	-	(845,906)	(845,906)
Other comprehensive Income	-	-	-	3,836	-	3,836
Total comprehensive income	**-**	**-**	**-**	**3,836**	**(710,394)**	**(842,070)**
At 30 June 2017	**513,327**	**8,964,224**	**2,910,866**	**(28,792)**	**(11,241,162)**	**1,118,463**
New shares issued	17,216	1,426,389	-	-	-	1,443,605
Costs associated with capital raise	-	(109,540)	-	-	-	(109,540)
Share option and warrant costs	-	-	-	-	99,903	99,903
Transaction with owners	**17,216**	**1,316,849**	**-**	**-**	**99,903**	**1,433,968**
Comprehensive loss for the period	-	-	-	-	(1,379,969)	(1,379,969)
Other comprehensive loss	-	-	-	9,202	-	9,202
Total comprehensive income	**-**	**-**	**-**	**9,202**	**(1,379,969)**	**(1,370,767)**
At 31 December 2017	**530,543**	**10,281,073**	**2,910,866**	**(19,590)**	**(12,521,228)**	**1,181,664**
Share option and warrant costs	-	-	-	-	50,000	50,000
Transaction with owners	**-**	**-**	**-**	**-**	**50,000**	**50,000**
Comprehensive loss for the period	-	-	-	-	(294,498)	(294,498)
Other comprehensive Income	-	-	-	(6,207)	-	(6,207)
Total comprehensive income	**-**	**-**	**-**	**(6,207)**	**(294,498)**	**(300,705)**
At 30 June 2018	**513,327**	**10,281,073**	**2,910,866**	**(25,797)**	**(12,765,726)**	**930,959**

1. BASIS OF PREPARATION

The financial information for the six months ended 30 June 2018 and 30 June 2017 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 2018 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2017.

The comparative financial information for the year ended 31 December 2017 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2017 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2017 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:

	Six months ended 30 June 2018 €	Six months ended 30 June 2017 €	Year ended 31 December 2017 €
Loss for the period	**(294,498)**	(845,906)	(2,225,875)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**41,808,369**	40,283,979	41,050,362
Basic loss and diluted, cents per share	**(0.70)**	(2,10)	(5,40)

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

3. Inventory

	As at 30 June 2018 €	As at 30 June 2017 €	As at 31 December 2017 €
Raw materials	**297,347**	309,046	335,653
Goods in progress	**333,004**	219,539	340,535
Finished goods	**24,149**	87,697	63,421
Inventory	**654,500**	616,282	739,609

4. Trade and other receivables

	As at 30 June 2018 €	As at 30 June 2017 €	As at 31 December 2017 €
Trade receivables	**951,793**	400,221	381,295
Tax receivables	**78,932**	174,572	66,169
Other receivables	**196,502**	143,083	150,541
Total other receivables	**275,434**	317,655	216,710
Total trade and other receivables	**1,227,227**	717,876	598,005

5. Share capital

	Number of shares	€
Shares as 30 June 2017	40,283,979	513,327
Issue of shares for cash	1,524,390	17,216
Shares at 31 December 2016 and 31 December 2017	41,808,369	530,543
Shares at 30 June 2017	41,808,369	530,543

At 30 June 2018, the share capital comprises 41,808,369 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 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	€	€	€
Growth Fund (including accrued interest)	**1,066,765**	954,507	1,007,410
Nordea Ejendomme	**13,720**	18,702	16,399
Total financial assets other than cash and cash equivalents classified as loans and receivables	**1,080,485**	973,209	1,023,809

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 I 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 2018	As at 30 June 2017	As at 31 December 2017
	€	€	€
Invoice discounting	**205,717**	100,580	121,209
Trade payables	**815,532**	680,919	1,045,516
Other payables	**386,477**	211,005	325,675
Current portion of Nordea loan	**4,800**	4,626	4,579
Total financial liabilities classified as financial liabilities measured at amortised cost	**1,412,526**	996,730	1,496,979

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 websitewww.investor.windarphotonics.com.