

30 September 2019

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 2019

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 unaudited interim results for the six months ended 30 June 2019.

Highlights for the first six months of 2019:

- Revenue of €0.7 million (H1 2018: €1.7 million) due to the rescheduling of customer orders from H1 to H2 and decision to terminate the Company’s relationship with a Chinese distributor, better positioning Windar for future OEM contracts
- OEM discussions are progressing positively and Windar anticipates receiving first orders for LiDAR roll-out within the strategically important OEM market in the near future
- Gross profit of €0.4 million (H1 2018: €0.8 million)
- Gross margin for the period was consistent with prior period at 49.2% (H1 2018: 49.1%)
- Operating costs increased to €1.5 million including depreciation, amortisation and warrant costs (H1 2018: €1.1 million)
- Net loss of €1.0 million (H1 2018: €0.3 million)
- Cash held at the end of the period amounted to €0.3 million (H1 2018: 0.3 million). In addition, the Company had restricted cash of €0.4 million (H1 2018: €0.3 million)

Jørgen Korsgaard Jensen, Chief Executive Officer of the Company, commented: “Although our results for the period have been affected by some customer rescheduling and a decision to position ourselves more strongly for OEM contracts currently under negotiation, we currently expect to achieve a revenue for the full year 2019 equal to or better than 2018. The traction we are experiencing with customers is pleasing and we look forward to updating the market regarding progress being made in relation to our OEM and IPP strategies in the coming months.”

For further information:

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The person responsible for arranging the release of this announcement on behalf of Windar is Jørgen Korsgaard Jensen.

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>

CHAIRMAN'S STATEMENT

The results for the first six months of 2019 were impacted by two factors. Firstly, in relation to our retro-fit product, WindEYE, we saw a number of contracted orders in Asia re-scheduled for delivery in the second half of the financial year instead of the first half of 2019. Secondly, the Company decided to terminate one of its distributor relationships in China in order to better position itself strategically in this world leading OEM market. Certain provisions in the agreement with that distributor had the potential to compromise major OEM agreements that the Group is currently advancing.

While the results for the first half of 2019 appear disappointing, these do not reflect the progress Windar is making in terms of securing volume sales in the OEM market. Pleasingly, the Company has expanded the number of OEM test projects underway and has achieved final approvals from some major OEMs. We expect to reach the important milestone of receiving first orders for LiDAR roll-out within the strategically important OEM market in the near future.

R&D remains an important part of our business and in the first half of 2019 two major projects were completed. New technology has been installed into our product offerings, enhancing our value proposition for customers. Accordingly, both our future OEM and retro-fit customers can now benefit from our wake technology, which both detects wake scenarios and demonstrates strategies for turbine optimisation in these scenarios. We have also expanded our WindTimizer retro-fit plug'n'play solution for yaw optimisation so that it handles analogue sensor interfaces. This will significantly expand the market opportunities for our retro-fit product in Asia and beyond.

Importantly, and whilst it has taken longer than the Board originally envisaged, we also expect to see deliveries through our distribution agreement with Vestas in H2 2019. These deliveries will strengthen the Group's revenue from the IPP retrofit market.

Financial Overview

Overall, the Group realised a net loss of €1.0 million for the period (H1 2018: €0.3 million loss) after depreciation, amortisation and warrant costs of €0.14 million (H1 2018: €0.17 million).

Cash flow from operations produced a net outflow of €1.7 million for the period compared to a net outflow of €0.8 million in H1 2018. The increased outflow during the period was primarily driven by the operational results combined with an increase in inventory of €0.4 million during the period, in anticipation of an increase in orders for our retro-fit WindEYE product.

Trade receivables (net of impairment provision) increased to €788k during the period, principally due to the timing of several deliveries in the second quarter.

Outlook

Based upon current traction with our customers and our increased product offering, the Directors believe the Group is well positioned for substantial growth in the future. With our knowledge at present, we expect to recoup the ground lost in the first half and generate revenue for the full year 2019 equal to or better than 2018. Consequently, the net result in the second half of 2019 is expected to show a substantial improvement to our H1 performance and combined with an anticipated reduction of the inventory as at 30 June 2019, the Board are expect the Group will generate positive operating cash flows in the second half of 2019 and an increase in net cash available at the full financial year end.

Johan Blach Petersen
Chairman

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	(unaudited)	(unaudited)	(audited)
Note	€	€	€
Revenue	730,597	1,671,587	3,499,867
Cost of goods sold	(371,218)	(850,433)	(1,744,571)
Gross profit	359,379	821,155	1,755,296
Administrative expenses	(1,451,745)	(1,102,849)	(2,391,798)
Impairment loss	-	-	(39,182)
Other operating income	16,075	34,326	32,201
Loss from operations	(1,076,291)	(247,367)	(643,483)
Finance expenses	(53,081)	(59,894)	(269,925)
Loss before taxation	(1,129,372)	(307,261)	(913,408)
Taxation	90,437	12,763	120,436
Loss for the period	(1,038,935)	(294,498)	(792,972)
Other comprehensive income			
Items that will or maybe reclassified to profit or loss:			
Exchange losses arising on translation of foreign operations	5,094	(6,207)	(2,125)
Total comprehensive loss for the period	(1,033,841)	(300,705)	(795,097)
Loss per share for loss attributable to the ordinary equity holders of Windar Photonics plc			
Basic and diluted, cents per share	2 (2.3)	(0.70)	(1.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 (unaudited) €	As at 30 June 2018 (unaudited) €	As at 31 December 2018 (audited) €
Assets				
Non-current assets				
Intangible assets		976,133	847,300	982,888
Property, plant & equipment		89,692	99,491	110,788
Deposits		43,796	47,448	46,285
Total non-current assets		1,109,621	994,238	1,139,961
Current assets				
Inventory	3	1,088,878	654,500	726,999
Trade receivables	4	787,696	951,793	638,138
Other receivables	4	378,062	275,366	286,473
Prepayments		65,412	55,971	83,763
Restricted cash and cash equivalents		368,000	312,864	518,138
Cash and cash equivalents		268,581	260,606	1,721,803
Total current assets		2,956,629	2,511,100	3,975,314
Total assets		4,066,250	3,505,338	5,115,275
Equity				
Share capital	5	560,859	530,543	560,859
Share premium		12,558,434	10,281,073	12,558,434
Merger reserve		2,910,866	2,910,866	2,910,866
Foreign currency reserve		(15,319)	(25,797)	(21,715)
Accumulated loss		(14,297,994)	(12,765,726)	(13,287,757)
Total equity		1,716,846	930,959	2,720,687
Non-current liabilities				
Warranty provisions		78,461	74,659	78,422
Loans	6	1,193,867	1,080,485	1,135,744
Total non-current liabilities		1,272,328	1,155,144	1,214,166
Current liabilities				
Trade and other payables	7	523,745	815,532	492,822
Other liabilities	7	376,930	386,477	588,456
Invoice discounting	7	143,532	205,717	10,735
Deferred revenue	7	27,473	6,709	83,169
Loans	7	5,396	4,800	5,240
Total current liabilities		1,077,076	1,419,235	1,180,422
Total liabilities		2,349,404	2,574,379	2,394,588
Total equity and liabilities		4,066,250	3,505,338	5,115,275

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	(unaudited) €	(unaudited) €	(audited) €
Loss for the period before tax	(1,129,372)	(307,261)	(913,408)
Adjustments for:			
Finance expenses	53,081	59,894	269,925
Amortisation	89,417	104,061	189,557
Depreciation	21,164	20,141	64,078
Received tax credit	-	-	66,095
Foreign exchange difference	5,094	(6,207)	(84,759)
Warrants expense	30,000	50,000	26,443
	(930,616)	(79,372)	(382,069)
<i>Movements in working capital</i>			
Changes in inventory	(361,880)	85,110	12,611
Changes in receivables	(150,633)	(616,459)	(285,731)
Changes in trade payables	30,376	(229,984)	(552,147)
Changes in deferred revenue	(55,696)	(7)	76,453
Changes in warranty provision	39	(74)	6,218
Changes in other payables and provision	(190,529)	77,017	263,442
Cash flow (used in) operations	(1,658,939)	(763,769)	(861,223)
<i>Investing activities</i>			
Payments for intangible assets	(79,497)	(170,084)	(415,456)
Grants received	-	78,172	108,779
Payments for tangible assets	-	-	(68,125)
Cash flow (used in) investing activities	(79,497)	(91,912)	(374,802)
<i>Financing activities</i>			
Proceeds from issue of share capital	-	-	2,500,877
Costs associated with the issue of share capital	-	-	(193,199)
(Reduction) / proceeds from invoice discounting	(2,158)	84,508	(110,474)
(Decrease)/ increase restricted cash balances	282,935	(78,172)	(283,446)
Repayment of loans	(2,732)	(3,727)	(4,579)
Foreign exchange rate gains/(losses)	-	22,886	-
Interest (paid)	7,200	(22,377)	(66,537)
Cash flow from financing activities	285,245	3,118	1,842,642
Net (decrease)/increase in cash and cash equivalents	(1,453,191)	(852,563)	606,617
Exchange differences	(31)	(3,334)	(1,317)
Cash and cash equivalents at the beginning of the period	1,721,803	1,116,503	1,116,503
Cash and cash equivalents at the end of the period	268,581	260,606	1,721,803

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
At 1 January 2018	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 loss	-	-	-	(6,207)	-	(6,207)
Total comprehensive income	-	-	-	(6,207)	(294,498)	(300,705)
At 30 June 2018	530,543	10,281,073	2,910,866	(25,797)	(12,765,726)	930,959
New shares issued	30,316	2,470,560	-	-	-	2,500,876
Costs associated with capital raise	-	(193,199)	-	-	-	(193,199)
Share option and warrant costs	-	-	-	-	26,443	26,443
Transaction with owners	30,316	2,277,361	-	-	26,443	2,334,120
Comprehensive loss for the period	-	-	-	-	(548,474)	(548,474)
Other comprehensive income	-	-	-	4,082	-	4,082
Total comprehensive income	-	-	-	4,082	(548,474)	(544,392)
At 31 December 2018	560,859	12,558,434	2,910,866	(21,715)	(13,287,757)	2,720,687
Share option and warrant costs	-	-	-	-	30,000	30,000
Transaction with owners	-	-	-	-	30,000	30,000
Comprehensive loss for the period	-	-	-	-	(1,038,935)	(1,038,935)
Other comprehensive Income	-	-	-	5,094	-	5,094
Total comprehensive income	-	-	-	5,094	(1,038,935)	(1,033,841)
At 30 June 2019	560,859	12,558,434	2,910,866	(16,621)	(14,296,692)	1,716,846

1. BASIS OF PREPARATION

The financial information for the six months ended 30 June 2019 and 30 June 2018 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 2019 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2018, except for the adoption of IFRS 16. The comparative financial information for the year ended 31 December 2018 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2018 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2018 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 2019 €	Six months ended 30 June 2018 €	Year ended 31 December 2018 €
Loss for the period	(1,038,935)	(294,498)	(792,972)
Weighted average number of ordinary shares for the purpose of basic earnings per share	44,508,369	41,808,369	43,002,600
Basic loss and diluted, cents per share	(2.3)	(0.70)	(1.8)

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

3. Inventory

	As at 30 June 2019 €	As at 30 June 2018 €	As at 31 December 2018 €
Raw materials	544,439	297,347	364,090
Work in progress	446,440	333,004	311,420
Finished goods	97,999	24,149	51,489
Inventory	1,088,878	654,500	726,999

4. Trade and other receivables

	As at 30 June 2019 €	As at 30 June 2018 €	As at 31 December 2018 €
Trade receivables	835,2606	(999,428)3	685,679
Less; provision for impairment of trade receivables	(47,564)	(47,635)	(47,541)
Trade receivables – net	787,696	951,793	638,138
Total financial assets other than cash and cash equivalents classified at amortised costs	787,696	951,793	638,138
Tax receivables	210,723	78,932	120,209
Other receivables	167,339	196,502	166,264
Total other receivables	378,062	275,434	286,473
Total trade and other receivables	1,165,758	1,227,227	924,611
Classified as follows:			
Current Portion	1,165,758	1,227,227	924,611

5. Share capital

	Number of shares	€
Shares as 30 June 2018	41,808,369	530,543
Issue of shares for cash	2,700,000	30,316
Shares at 31 December 2017 and 31 December 2018	44,508,369	560,859
Shares at 30 June 2019	44,508,369	560,859

At 30 June 2019, the share capital comprises 44,508,369 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 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	€	€	€
Growth Fund (including accrued interest)	1,185,764	1,066,765	1,124,914
Nordea Ejendomme	8,103	13,720	10,830
Total financial assets other than cash and cash equivalents classified as loans and receivables	1,193,867	1,080,485	1,135,744

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 2019	As at 30 June 2018	As at 31 December 2018
	€	€	€
Invoice discounting	143,532	205,717	10,735
Trade payables	523,746	815,532	492,822
Other payables and accruals	376,930	386,477	588,456
Current portion of Nordea Ejendomme loan	5,396	4,800	5,240
Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost	1,049,604	1,412,526	1,097,253
Deferred revenue	27,473	6,709	83,169
Total trade and other payables	1,077,076	1,419,235	1,182,422
Classified as follows:			
Current Portion	1,077,076	1,419,235	1,182,422

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.