

**16 November 2020**

*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 2020.

Jørgen Korsgaard Jensen, CEO of Windar, commented:

“Firstly, I would like to personally apologize for the delays to the publication of our Annual Report & Accounts for 2019 and the release of our interims accounts for the six months to 30 June 2020.

This year has been an extraordinary and challenging year for our Company. After having enjoyed a very positive start to the year with the first ever larger scale orders from the OEM market segment, the subsequent period has been impacted by delays, postponement and other restrictions due to Covid-19 pandemic.

However, despite these challenges and the consequent reduction in revenue during the first half compared to last year, I am very pleased that the Company has, against that backdrop, managed to reduce the EBITDA loss and substantially improve on operating cash flow performance.

More importantly, our order intake in 2020 has now reached our net revenue break-even level of c.€3 million. Whilst we expect to be able to only execute approximately 40% of these orders in 2020 due to the ongoing Covid pandemic, the Board still expects to see an improvement in our overall financial results for 2020 compared to last year.”

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*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 year 2020 started very positively for the Company, achieving the first large volume orders from the OEM market. Moreover, we received the first orders under our Vestas distribution agreement and, in total, the Company received orders with a total value of €1.9 million of which €1.2 million were planned for delivery in the first half of 2020.

However, the Covid-19 pandemic has had a severe and negative impact on the timing of execution and delivery of these orders and consequently we were only able to realise revenue of €0.3 million, a decrease of 62% compared to the first six months of 2019 (H1 2019: €0.7 million).

The Company implemented various cost cutting initiatives in response to the pandemic and, despite the revenue decrease, this resulted in the EBITDA loss reducing slightly to €0.85 million compared to the same period last year (H1 2019: €0.94 million). Despite the gradual uptick in activity levels in the second half of 2020 due to the progressive lifting of the pandemic restrictions, the cost cutting initiatives have been further intensified in the second half of 2020.

However, it has been very encouraging that, after many years of focus on the OEM wind turbine market, we have now started to generate larger volume orders from OEM customers and have an expanded pipeline of additional OEMs who are undertaking turbine integration tests. Similarly, the Company is very pleased that, after significant delays, it has managed to deliver the first test installations to Vestas customers in Asia and North America. In North America, there is particular focus on V82 and MN82 wind turbines where initial test results are showing very encouraging results.

Despite the various challenges the Company is facing, our R&D activities remain an important part of our business and the next generation of both the WindVision™ and WindEye™ products are expected to be released at the end of 2020. In addition to many new advanced functionalities, an important feature of the new models is the reduction in unit costs by approximately 25% compared to current systems.

Regarding the Covid-19 pandemic in general, one of our initial reactions was to maintain our assembly line throughout the period given the positive order situation. Seen retrospectively, and given the prolonged effects of the pandemic, this decision has proven to further challenge the cash flow constraints the Company has experienced. As mentioned, the Company has seen an uptick in activity levels in the second half of 2020 with revenue in the third quarter surpassing the total revenue earned in the first half of 2020, but it is of course reliant on punctual payments from customers and other parties. Until now the Company has received only limited financial help from the various Government Covid support schemes. However, as stated in the recently released annual accounts, the Company has received a long-term Covid-loan of €0.4 million from Vaekstfonden, the Danish Business Growth fund, and an extension to repayment of instalments (totalling €0.15 million) due in 2021 on the existing Vaekstfonden loan.

### **Financial Overview**

Overall, the Group realised revenues of €0.3 million (H1 2019: €0.7 million) and a net loss of €1.0 million for the period (H1 2019: loss of €1.0 million) after depreciation, amortisation and warrant costs of €0.18 million (H1 2019: €0.14 million).

Cash flow from operations produced a net outflow of €0.7 million for the period compared to a net outflow of €1.7 million in H1 2019. The Company's current cash position, which has been assisted by the receipt of the new long-term Covid loan from Vaekstfonden and the receipt of certain outstanding customers payments, was €0.43 million as at 13 November 2020.

### **Outlook**

As at the date of this announcement, the total order inflow in 2020 has been encouraging, standing at €3.0 million contractually to be delivered in 2020. However, due to the ongoing Covid-

19 pandemic and the impact on timing of execution and delivery of these orders, the Board expects to convert only approximately €1.3 million of these orders into realised revenue in 2020 with the remaining €1.7 million of the order back-log to be carried into 2021. Despite the only marginally higher revenue expectation compared to 2019 and the general Covid implications in 2020, the Board expects the financial performance in 2020 to be substantially improved compared to 2019.

Moving into 2021 the level of uncertainty is, of course, high due to the Covid-19 pandemic. However, in view of the recently-announced new distribution agreements in Asia, the launch of our Lidar as a Service (LaaS) concept, which has already attracted very positive feedback from the market, and our Vestas distribution agreement, the Board believes the Group is well-positioned to pursue additional revenue streams in 2021. Further, the cost reductions implemented during the current year, which have been focussed on both operational expenses and manufacturing costs, have reduced the estimated revenue break-even level in the Company to approximately €3 million.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<b>Six months ended 30 June 2020 (unaudited) €</b>	Six months ended 30 June 2019 (unaudited) €	Year ended 31 December 2019 (audited) €
<b>Note</b>			
<b>Revenue</b>	<b>274,752</b>	730,597	1,177,897
Cost of goods sold	<b>(151,445)</b>	(371,218)	(629,560)
<b>Gross profit</b>	<b>123,307</b>	359,379	548,337
Administrative expenses	<b>(1,172,592)</b>	(1,451,745)	(3,680,990)
Other operating income	<b>16,076</b>	16,075	32,145
<b>Loss from operations</b>	<b>(1,033,209)</b>	(1,076,291)	(3,100,508)
Finance expenses	<b>(47,465)</b>	(53,081)	(190,889)
<b>Loss before taxation</b>	<b>(1,080,674)</b>	(1,129,372)	(3,291,397)
Taxation	<b>67,194</b>	90,437	212,488
<b>Loss for the period</b>	<b>(1,013,480)</b>	(1,038,935)	(3,078,909)
<b>Other comprehensive income</b>			
Items that will or maybe reclassified to profit or loss:			
Exchange losses arising on translation of foreign operations	<b>14,932</b>	5,094	3,085
<b>Total comprehensive loss for the period</b>	<b>(998,548)</b>	(1,033,841)	(3,075,824)
<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>	<b>2 (2.1)</b>	(2.3)	(6.7)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		As at 30 June 2020 (unaudited) €	As at 30 June 2019 (unaudited) €	As at 31 December 2019 (audited) €
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		1,223,825	976,133	1,192,607
Property, plant & equipment		41,236	89,692	61,800
Deposits		24,957	43,796	24,980
<b>Total non-current assets</b>		<b>1,290,018</b>	<b>1,109,621</b>	<b>1,279,387</b>
<b>Current assets</b>				
Inventory	3	1,062,398	1,088,878	1,019,564
Trade receivables	4	160,284	787,696	111,703
Other receivables	4	101,863	167,339	84,305
Tax credit receivables	4	67,303	210,723	212,428
Prepayments		15,152	65,412	44,857
Restricted cash and cash equivalents		-	368,000	-
Cash and cash equivalents		268,174	268,581	763,024
<b>Total current assets</b>		<b>1,675,174</b>	<b>2,956,629</b>	<b>2,235,881</b>
<b>Total assets</b>		<b>2,965,192</b>	<b>4,066,250</b>	<b>3,515,268</b>
<b>Equity</b>				
Share capital	5	622,375	560,859	608,689
Share premium		14,016,576	12,558,434	13,692,119
Merger reserve		2,910,866	2,910,866	2,910,866
Foreign currency reserve		(3,698)	(16,621)	(18,630)
Accumulated loss		(17,352,276)	(14,296,692)	(16,338,796)
<b>Total equity</b>		<b>208,843</b>	<b>1,716,846</b>	<b>854,248</b>
<b>Non-current liabilities</b>				
Warranty provisions		61,310	78,461	61,170
Loans	6	1,164,431	1,193,867	5,174
<b>Total non-current liabilities</b>		<b>1,225,741</b>	<b>1,272,328</b>	<b>66,344</b>
<b>Current liabilities</b>				
Trade payables	7	950,015	523,745	1,045,792
Other payables and accruals	7	188,906	376,930	211,879
Invoice discounting	7	42,372	143,532	1,992
Contract liabilities	7	220,274	27,473	69,954
Loans	7	129,041	5,396	1,265,059
<b>Total current liabilities</b>		<b>1,530,608</b>	<b>1,077,076</b>	<b>2,594,676</b>
<b>Total liabilities</b>		<b>2,756,349</b>	<b>2,349,404</b>	<b>2,661,020</b>
<b>Total equity and liabilities</b>		<b>2,965,192</b>	<b>4,066,250</b>	<b>3,515,268</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June 2020 (unaudited) €	Six months ended 30 June 2019 (unaudited) €	Year ended 31 December 2019 (audited) €
Loss for the period before tax	(1,080,674)	(1,129,372)	(3,291,397)
Adjustments for:			
Finance expenses	47,465	53,081	190,889
Amortisation	143,254	89,417	267,317
Depreciation	20,640	21,164	52,411
Received tax credit	212,570	-	120,186
Foreign exchange difference	14,932	5,094	3,085
Warrants expense	15,000	30,000	27,868
	<b>(626,813)</b>	<b>(930,616)</b>	<b>(2,629,641)</b>
<i>Movements in working capital</i>			
Changes in inventory	(42,834)	(361,880)	(292,565)
Changes in receivables	(66,139)	(150,633)	144,164
Changes in prepayments	29,706	-	38,905
Changes in deposits	23	-	21,305
Changes in trade payables	(95,780)	30,376	552,426
Changes in contract liabilities	150,320	(55,696)	(13,214)
Changes in warranty provision	140	39	(17,252)
Changes in other payables and provision	266	(190,529)	447,972
<b>Cash flow (used in) operations</b>	<b>(651,111)</b>	<b>(1,658,939)</b>	<b>(1,747,900)</b>
<i>Investing activities</i>			
Payments for intangible assets	(245,743)	(79,497)	(528,278)
Grants received	74,055	-	50,824
Payments for tangible assets	-	-	(3,427)
<b>Cash flow (used in) investing activities</b>	<b>(171,688)</b>	<b>(79,497)</b>	<b>(480,881)</b>
<i>Financing activities</i>			
Proceeds from issue of share capital	375,714	-	1,315,342
Costs associated with the issue of share capital	(37,571)	-	(133,827)
(Reduction) / proceeds from invoice discounting	40,380	(2,158)	(8,743)
(Decrease)/ increase restricted cash balances	-	282,935	158,138
Repayment of loans	-	(2,732)	(5,240)
Interest (paid)/received	(47,465)	7,200	(55,878)
<b>Cash flow from financing activities</b>	<b>331,058</b>	<b>285,245</b>	<b>1,269,792</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(491,741)</b>	<b>(1,453,191)</b>	<b>(958,989)</b>
Exchange differences	(3,109)	(31)	210
Cash and cash equivalents at the beginning of the period	763,024	1,721,803	1,721,803
<b>Cash and cash equivalents at the end of the period</b>	<b>268,174</b>	<b>268,581</b>	<b>763,024</b>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Share Capital	Share Premium	Merger reserve	Foreign currency reserve	Accumulated Losses	Total
	€	€	€	€	€	€
<b>At 1 January 2019</b>	<b>560,859</b>	<b>12,558,434</b>	<b>2,910,866</b>	<b>(21,715)</b>	<b>(13,287,757)</b>	<b>2,720,687</b>
Share option and warrant costs	-	-	-	-	30,000	30,000
<b>Transaction with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>30,000</b>
Comprehensive loss for the period	-	-	-	-	(1,038,935)	(1,038,935)
Other comprehensive loss	-	-	-	5,094	-	5,094
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,094</b>	<b>(1,038,935)</b>	<b>(1,033,841)</b>
<b>At 30 June 2019</b>	<b>560,859</b>	<b>12,558,434</b>	<b>2,910,866</b>	<b>(16,621)</b>	<b>(14,296,692)</b>	<b>1,716,846</b>
New shares issued	47,830	1,267,512	-	-	-	1,315,342
Costs associated with capital raise	-	(133,827)	-	-	-	(133,827)
Share option and warrant costs	-	-	-	-	(2,130)	(2,130)
<b>Transaction with owners</b>	<b>47,830</b>	<b>1,133,685</b>	<b>-</b>	<b>-</b>	<b>(2,130)</b>	<b>1,179,385</b>
Comprehensive loss for the period	-	-	-	-	(2,039,974)	(2,039,974)
Other comprehensive income	-	-	-	(2,009)	-	(2,009)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,009)</b>	<b>(2,039,974)</b>	<b>(2,041,983)</b>
<b>At 31 December 2019</b>	<b>608,689</b>	<b>13,692,119</b>	<b>2,910,866</b>	<b>(18,630)</b>	<b>(16,338,796)</b>	<b>854,248</b>
New shares issued	13,686	324,457	-	-	-	338,143
Share option and warrant costs	-	-	-	-	15,000	15,000
<b>Transaction with owners</b>	<b>13,686</b>	<b>324,457</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>353,143</b>
Comprehensive loss for the period	-	-	-	-	(1,013,480)	(1,013,480)
Other comprehensive Income	-	-	-	14,932	-	14,932
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,932</b>	<b>(1,013,480)</b>	<b>(998,548)</b>
<b>At 30 June 2020</b>	<b>622,375</b>	<b>14,016,576</b>	<b>2,910,866</b>	<b>(3,698)</b>	<b>(17,352,276)</b>	<b>208,843</b>

**1. BASIS OF PREPARATION**

The financial information for the six months ended 30 June 2020 and 30 June 2019 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 2020 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2019. The comparative financial information for the year ended 31 December 2019 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2019 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2019 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:

	<b>Six months ended 30 June 2020</b>	Six months ended 30 June 2019	Year ended 31 December 2019
	€	€	€
<b>Loss for the period</b>	<b>(1,013,480)</b>	(1,038,935)	(3,078,909)
<b>Weighted average number of ordinary shares for the purpose of basic earnings per share</b>	<b>49,167,898</b>	44,508,369	45,639,729
<b>Basic loss and diluted, cents per share</b>	<b>(2.1)</b>	(2.3)	(6.7)

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

### 3. Inventory

	<b>As at 30 June 2020</b>	As at 30 June 2019	As at 31 December 2019
	€	€	€
Raw materials	<b>358,827</b>	544,439	417,481
Work in progress	<b>337,247</b>	446,440	392,374
Finished goods	<b>366,324</b>	97,999	209,709
<b>Inventory</b>	<b>1,062,398</b>	1,088,878	1,019,564

### 4. Trade and other receivables

	<b>As at 30 June 2020</b>	As at 30 June 2019	As at 31 December 2019
	€	€	€
Trade receivables	<b>672,039</b>	835,2606	623,458
Less: provision for impairment of trade receivables	<b>(511,755)</b>	(47,564)	(511,755)
Trade receivables – net	<b>160,284</b>	787,696	111,703
Total financial assets other than cash and cash equivalents classified at amortised costs	160,284	787,696	111,703
Tax receivables	<b>67,303</b>	210,723	212,428
Other receivables	<b>101,863</b>	167,339	84,305
Total other receivables	<b>169,166</b>	378,062	296,733
<b>Total trade and other receivables</b>	<b>329,450</b>	1,165,758	408,436
<b>Classified as follows:</b>			
<b>Current Portion</b>	<b>329,450</b>	1,165,758	408,436

### 5. Share capital

	Number of shares	€
Shares as 30 June 2019	<b>44,508,369</b>	<b>560,859</b>
Issue of shares for cash	4,076,348	47,830
Shares at 31 December 2019	48,584,717	608,689
Issue of shares for cash	1,166,361	13,686
<b>Shares at 30 June 2020</b>	<b>49,751,078</b>	<b>622,375</b>

At 30 June 2020, the share capital comprises 49,751,078 shares of 1 pence each.

## 6. Borrowings

The carrying value and fair value of Group's borrowings are as follows:

	<b>Six months ended 30 June 2020</b>	Six months ended 30 June 2019	Year ended 31 December 2019
	€	€	€
Growth Fund (including accrued interest)	<b>1,285,457</b>	1,185,764	1,259,499
Nordea Ejendomme	<b>8,015</b>	8,103	10,734
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>1,293,472</b>	1,193,867	1,270,233

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. 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.

Both loans are denominated in Danish Kroner.

## 7. Trade and other payables

	As at 30 June 2020	As at 30 June 2019	As at 31 December 2019
	€	€	€
Invoice discounting	<b>42,372</b>	143,532	1,992
Trade payables	<b>950,015</b>	523,746	1,045,792
Other payables and accruals	<b>188,906</b>	376,930	211,879
Current portion of loans	<b>129,041</b>	5,396	1,265,059
<b>Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost</b>	<b>1,310,334</b>	1,049,604	2,524,722
<b>Contract liabilities</b>	<b>220,274</b>	27,473	69,954
<b>Total trade and other payables</b>	<b>1,530,608</b>	1,077,076	2,594,676
<b>Classified as follows:</b>			
<b>Current Portion</b>	<b>1,530,608</b>	1,077,076	2,594,676

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).