

4 November 2019

LightwaveRF plc (AIM: LWRF)

Trading Update

LightwaveRF plc ("LightwaveRF", "Lightwave" or the "Company"), the leading smart home solutions provider, announces the following trading update for the year ended 30 September 2019. The financial information set out below is subject to audit.

Revenue is expected to have increased by approximately 50% over last year's (2018: £2.80 million) with overall underlying margins having been broadly maintained. The substantial progress made in annual revenue growth has nonetheless been held back by a number of one-off issues in the last quarter of the financial year.

At the time of its trading update released on 15 July 2019 in respect of the first three quarters of the Company's financial year to 30 June 2019, the Board anticipated that full year revenue would more than double last year's, which was based on revenue in the first three quarters of £3.77 million, a 98% increase on the corresponding period last year, the signing of the distribution agreement with Tech Data, joint marketing with Google and on its expectations for the final quarter, which included a significant revenue contribution in September.

In order to meet the working capital, marketing and development needs arising from the revenue growth in the first three quarters referred to above, the Company had hoped that it would have raised funds by the issue of further equity under the then existing authorities, granted at the Company's last annual general meeting, and signed the inventory finance facility with ESCS earlier than was the case. These events occurred later than expected, on 16 August and 4 September, respectively, but with the former requiring a waiver of Rule 9 of the Takeover Code and publication of a circular to shareholders. These delays impacted cash availability and limited the Company's ability to invest in key areas, including digital marketing, and consequently revenue in Q4.

As a result of the last quarter's revenue being so significantly below the Board's expectations, the Company anticipates losses for the year ended 30 September 2019 being materially below market expectations and no less than those of last year (2018: loss of £2.54 million). Cash at 30 September 2019 and before the further release of funds following the Company's general meeting of 7 October was £0.50 million (2018: £0.47 million).

Jason Elliott, Chief Executive of Lightwave, commented:

"Following the excellent progress made during the first three quarters of the financial year, the last quarter presented us with a number of challenges. Whilst revenue is significantly higher than last year, the expected full year results are still frustrating following the substantial progress made. Our short-term focus has been on cash conservation and maximising revenue in the most cost-effective way. As well as continuing progress with

direct to consumer and direct to trade sales, supported by our LightwavePRO training scheme, we anticipate early further progress with some major customer initiatives and revenue soon returning to run rates seen prior to Q4. The Lightwave offering and our strong customer support continues to be well received in our markets.”

The Company anticipates that its audited final results for the year ended 30 September 2019 will be released no later than mid-January 2020.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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About LightwaveRF

LightwaveRF plc ("Lightwave") is the UK's only fully integrated home automation company.

New customers typically buy a starter pack of Link Plus hub and smart dimmer which has Apple HomeKit compatibility, 2-way communication and built-in energy monitoring. Later adding other easy to install devices from the Lightwave range enables further in-home control, monitoring and automation of lighting, heating and power.

Devices may be operated manually, by smartphone or tablet-based apps and also through Google Assistant and Amazon Alexa voice control.

Leading tech industry publication 9to5 Mac describes Lightwave as "the best UK HomeKit solution for smart lighting".

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