

**LIGHTWAVERF PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2020**

# LIGHTWAVERF PLC

## COMPANY INFORMATION

---

|                             |  |
|-----------------------------|--|
| <b>DIRECTORS</b>            | Barry Gamble (resigned 11 May 2020)<br>Kevin Edwards<br>Jason Elliott<br>Steve Harris<br>Mike Lord<br>John Shermer |
| <b>REGISTERED NUMBER</b>    | 06690180   |
| <b>REGISTERED OFFICE</b>    | Assay Office<br>1 Moreton Street<br>Birmingham<br>B1 3AX   |
| <b>INDEPENDENT AUDITORS</b> | Bishop Fleming LLP<br>Chartered Accountants & Statutory Auditors<br>1-3 College Yard<br>Worcester<br>WR1 2LB       |

CONTENTS

---

|  | Page    |
|--|---------|
| <b>Strategic Report</b>                  | 1 - 5   |
| <b>Directors' Report</b>                 | 6 - 8   |
| <b>Independent Auditors' Report</b>      | 9 - 11  |
| <b>Statement of Comprehensive Income</b> | 12      |
| <b>Statement of Financial Position</b>   | 13      |
| <b>Statement of Changes in Equity</b>    | 14      |
| <b>Statement of Cash Flows</b>           | 15      |
| <b>Analysis of Net Debt</b>              | 16      |
| <b>Notes to the Financial Statements</b> | 17 - 31 |

## **INTRODUCTION & BUSINESS REVIEW**

LightwaveRF plc is an investment company, our primary investment being LightwaveRF Technology Limited.

Whilst we continue to be optimistic about the future prospects of LightwaveRF Technology Limited, we have raised a provision against the outstanding loan based on the current valuation of LightwaveRF Technology Limited. In addition, we have worked hard over the past year to reduce the cost base of the parent company and subsidiary company to improve overall group solvency.

Our primary subsidiary, LightwaveRF Technology Limited, made a solid start to FY 2020 with good performance in the first quarter from 1 October 2019 to end December 2019. That being said, as a loss-making company, with no access to external debt finance and the extended timeframe of previous investment rounds, working capital was a major issue. This resulted in extremely limited stock availability in quarter 2 of the financial year. In order to mitigate this, a payment plan was agreed with our major international suppliers, enabling a return to reasonable trading levels.

In line with our experience of protracted funding rounds, the burden of administration, and inflated costs, Lightwave delisted from AIM in February 2020. To date this has proved to be the correct decision, enabling greater focus of the small senior management team on business development and growth.

In March 2020, the COVID-19 pandemic took hold. Lightwave were quick to react, enabling critical sales and other revenue generating staff to work remotely. Due to the nature of uncertainty, our sales levels dropped considerably for a time. A decision was taken to completely review the go to market strategy and a complete business restructure was undertaken.

The business restructure, including a complete review of the regular cost base, saw overheads reduce significantly in the full year, and staff levels reduce by 50%. This positioned Lightwave very well to survive the pandemic, and drive towards breakeven in the later part of the year and ultimately profitability upon the return of normal trading conditions expected in mid to late 2021.

In terms of go to market strategy, a decision was taken to exit premium retail which is extremely costly and limited the ability to flex market pricing. Instead, a focus on direct, high margin, cash generative business was implemented, a channel which remains strong into FY 2021. In addition to the direct focus, initiatives in the trade channel were enhanced with an increase in Lightwave PRO trained engineers and greater alignment with key wholesale distribution partners.

As a business, LightwaveRF Technology Limited design and develop a range of smart home products and software applications to control lighting heating power and security devices through one App with manufacturing outsourced to Asia and mainland Europe. During the pandemic lockdown, the engineering teams took the chance to develop a new product firmware that greatly enhances the Lightwave offering. This enhanced firmware is expected to launch in late 2021. In addition, a range of new hardware devices, and a new service enhancing support offering has also been developed, all of which are expected to launch in late 2021.

Alongside the existing integrations with partner ecosystems such as Apple HomeKit, Amazon Echo and Google Home, Lightwave now integrates with Control 4 and Crestron 'high end' home automation systems.

LightwaveRF Technology Limited has over 10 years of engineering know how providing an increasing amount of intellectual property. There are 2 patents filed and 7 patents pending to provide further protection to their technology.

## PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a variety of risks in the conduct of normal business operations. Whilst it is not possible to either completely record or to quantify every material risk, our aim is to continually improve the management of risks and reduce them to acceptable levels. The company continues to develop and maintain management systems to enable the identification, assessment and management of risks and make decisions based on a comprehensive view of the reward-to-risk balance.

The level of risk control is balanced by the continued encouragement of enterprise and innovation.

Those risks that the Directors believe are most significant to the company's business and could have a material impact on future performance, causing it to differ materially from expected or historic achieved results, are related to its 100% owned subsidiary, LightwaveRF Technology Limited:

### i) Customer concentration and relationships

As a growing company in a very fast evolving field the group understand that one of the key risks is awareness of Lightwave in the market over competitors. By increasing the number of distributors, the group seeks to mitigate this risk. The increase in direct consumer sales also reduces reliance on distributors. The Lightwave Pro training program further mitigates this risk.

### ii) Technological risk

The Directors recognise that the technology in the Internet of Things field is evolving rapidly which could pose competitive and other risks to the group. The Directors continue to evaluate competitors and changes in the industry to mitigate this risk where possible. The Directors also recognise that the group faces cyber threat-based risks. We actively monitor and assess these risks and undertake a continuous investment programme to seek to prevent adverse events and to mitigate any unforeseen events.

### iii) Brexit

Brexit presents additional risks for the group: the uncertain economic conditions impacting its ability to grow and the specific risks to tariffs, shipping delays and foreign currency fluctuations are all in consideration. The minimal amount of product purchased from Europe may result in additional tariffs but as this represents only a small amount of products purchased the effect is not expected to result in a major impact in this area. As further international trade agreements are established as a nation, our general risk diminishes.

### iv) COVID 19

As experienced by many businesses, the general uncertainty around the long term affects of COVID 19 on markets, trading and the general economy are unknown. We continue to maintain a well managed and efficient cost base, review our staffing levels and monitor our supplier performance.

### v) Global IC (Integrated Circuit – AKA Chip) Shortage

Due to the well publicised global shortage of integrated circuit components, Lightwave have been forced to review the design of our product and our sourcing methodologies for IC's. This presents a significant risk to trading through the lack of availability of finished saleable product. We are attempting to mitigate this by redesigning hardware product utilising those IC's that are more readily available.

## KEY PERFORMANCE INDICATORS

The company monitors the following key indicators to measure the performance of the business in terms of progress against key strategic objectives:

|                               | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|-------------------------------|-----------------------------|------------------------------|
| Loss for the financial period | <b>(201,401)</b>            | (9,470,255)                  |
| Cash available for investment | <b>762,279</b>              | 338,847                      |

## **STRATEGY AND BUSINESS MODEL**

Our business model is investing in companies that develop innovative technology so as to generate revenue from making and selling devices operating on the platform and with other systems, corporate partnerships and data management. In addition the implementation of new revenue generating service models will be implemented during 2021.

LightwaveRF Technology Limited has the very real prospect of achieving significant UK and future international scale, and becoming a leading smart home brand. It is at the heart of the market where we are continuing to educate the consumer about the benefits of smart home products, with a unique capability that provides consumers with not only a world class smart lighting, power and heating control solution, but also the ability to get the most from their other smart home purchases by integrating them with Lightwave products.

The plan of LightwaveRF Technology Limited now is to continue their drive into the smart home market and achieve profitability as quickly as possible. They will focus their resources on supporting the sales and marketing efforts and development of new range completing products and revenue generating service offerings. The key elements of this plan are as follows:

### **Technology**

- Further develop the customer focused product strategy, ensuring that developments and product releases are aligned with customer needs.

### **Marketing**

- Invest heavily in marketing and key campaign activity increasing investment to build our brand, utilising product and customer focused approaches;

### **Sales**

- Expand the direct sales function, focusing not only on inbound sales but outbound customer acquisition;
- Manage distribution partners better and ensure that the needs of the end customers are satisfied; and
- Build on our enhanced eCommerce platform ensuring a world class online customer experience.

### **Business processes**

- Improve business support systems to enable seamless and sustainable business growth.

## **OUTLOOK**

Supported by an appropriate level of investment, LightwaveRF plc is well positioned to support its subsidiaries in the execution of their respective business strategies. The general alignment of the subsidiary companies towards the professional channels of electrical installers, contractors and selected wholesalers through Lightwave PRO, will work seamlessly with the developed internal sales processes and e-commerce platforms. The ability for LightwaveRF plc group's general products to be professionally installed by qualified electricians is already proving appealing to both the end consumer, the electrical installer, and wholesale stockist partners alike.

## DIRECTORS' STATEMENT OF COMPLIANCE WITH SECTION 172(1)

S172(1) of the Companies Act sets out the duties of each Director of a company to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and in doing so, have regard to a number of broader matters. The directors' of LightwaveRF plc (Lightwave) make strategic decisions on behalf of the company and to manage the company on a day to day basis. In making these decisions the directors will consider their legal duty and also the priorities and requirements of the shareholders of LightwaveRF plc. The directors' meet monthly to discuss and prioritise actions to benefit the company and its stakeholders. These matters are set out below:

### **1. The likely consequences of any decision in the long term;**

The directors' make strategic decisions in areas such as structure of the business, current product ranges, research and development, supply chain, sustainability, IT infrastructure, IT tools and key internal processes. In taking these decisions the directors' take into account UK laws and regulations and customer and employee needs and the short term and long term interests of the company and its stakeholders.

The second half of the trading year for the company was dominated by the effects on the business of Covid-19. In making decisions in reaction to the pandemic, the directors had to consider the effect on our employees as a main priority but also on our suppliers. Our aim was to ensure long term stability of both our own staff and supply chain.

In making decisions during this period we wanted to be sure that we acted fairly and responsibly at all times. To that end we made a decision early in the pandemic to treat all staff evenly, those staff who were furloughed were paid at the same rate as those staff who weren't.

### **2. The interest of the company's employees;**

The directors' recognise that employee engagement and retention is one of the most important factors in the short term and long term success of the company.

Lightwave is growing and our employees are a fundamental part of the community that we are building.

The health and wellbeing of our employees is a priority and we promote personal growth where we can. We know that if we look after our team, our team will look after our community and each other.

We have many communication channels with our employees including a weekly whole company video meeting, where each team member takes a turn in hosting the company meeting. Nothing is off limits, and we've found that this really promotes awareness of progress and issues alike.

There are also regular quarterly team meetings which cover a summary of important topics including company results, employee updates and wellbeing.

### **3. The need to foster the company's business relationships with suppliers, customers and others;**

Interaction with our customers and trade community is mainly through our own website, various social media platforms and regular face to face or webinar events. These are monitored constantly gauging feedback regarding Lightwave and its products but also topics that are important to the Lightwave community.

The Lightwave operations teams work collaboratively with our suppliers to ensure that we only use approved suppliers who comply with guidelines such as those issued by the Fair Labour Association.

### **4. The impact of the company's operations on the community and environment;**

The company encourages support local and national charities and good causes.

We maintain appropriate standards in the procurement and use of our products to ensure sustainability and minimizing environmental impact.

### **5. The desirability of the company maintaining a reputation for high standards of business conduct;**

The values and the culture that the business want all to follow are very important for us to maintain our standards and reputation.

**DIRECTORS' STATEMENT OF COMPLIANCE WITH SECTION 172(1) (continued)**

We are transparent. We know where we're good, and we're honest where we're not. When the COVID-19 crisis began in March 2020 we made a point of communicating regularly with our staff. This included updates on the financial position of the company to allay any fears.

We promote accessibility of all staff to engender trust in our staff and customer communities. We strive to maintain our reputation for top quality reliable products and services.

We are inclusive. We celebrate anyone, and everyone, working to positively impact themselves, others or the world around them.

We care, we are proud of our products and achievements, we disrupt the market.

If employees have issues or concerns about non-compliance with any policies, laws or regulations these can be raised in confidence. the need to act fairly between members of the company.

The interests of all shareholders were considered as part of the Board's decisions throughout the year.

This report was approved by the board on

and signed on its behalf.

**Jason Elliott**  
Director

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

The Directors present their report and the financial statements for the period ended 31 December 2020.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PRINCIPAL ACTIVITY**

The principal activity of the company was that of a holding company, holding investments in subsidiaries.

**RESULTS AND DIVIDENDS**

The loss for the period, after taxation, amounted to £201,401 (2019: loss of £9,470,255).

**DIRECTORS**

The Directors who served during the period were:

Barry Gamble (resigned 11 May 2020)  
Kevin Edwards  
Jason Elliott  
Steve Harris  
Mike Lord  
John Shermer

## **LIGHTWAVERF PLC**

### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

#### **GOING CONCERN**

The Directors, having made suitable enquiries, analysis and judgements, consider that the company has adequate resources to continue in business for at least 12 months from the date of approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In making this assessment the Board has considered the group budgets, routinely updated forward forecasts for revenue, costs and cash flow and applied sensitivities thereto, which show that the group, through LightwaveRF plc will require additional funding. In addition, it has also considered the availability of, and access to, debt and equity finance. Committed Capital Limited, which holds 46.16% of the company's issued share capital directly through its Nominee entities, and controls 47.65% through the Committed Capital Concert Party, has also confirmed its continued willingness to invest the additional capital into the company that is required in-order to fulfil the group's strategy, although this support is not legally binding could invest a further 2.35% in the company. The Board have factored the raising of further required capital into its plan to continue operating as a going concern and to follow its current strategy.

Whilst, as stated above, The Board remains confident regarding the future trading and that the company and the wider LightwaveRF group will be successful in raising further funding to support its strategy, there is no legally binding commitment from the major shareholder. This, along with the inherent risk of significant disruption to supply chains caused by COVID-19, indicate that a material uncertainty exists which may cast significant doubt on the company and the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on a going concern basis and do not reflect the adjustments that would be necessary should the company be unable to continue as a going concern.

#### **FUTURE DEVELOPMENTS**

Future developments are discussed in the strategy and outlook sections of the Strategic Report.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

As outlined in the Strategic Report, the company's subsidiary makes significant investment in research and development.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **POST BALANCE SHEET EVENTS**

There have been no significant events affecting the company since the year end.

#### **AUDITORS**

BDO LLP resigned as auditors during the year and Bishop Fleming LLP were appointed in their place. Bishop Fleming LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

**LIGHTWAVERF PLC**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

This report was approved by the board and signed on its behalf.



**Kevin Edwards**  
Director

Date:

Assay Office  
1 Moreton Street  
Birmingham  
B1 3AX

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIGHTWAVERF PLC**

---

**OPINION**

We have audited the financial statements of LightwaveRF Plc (the 'company') for the period ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Analysis of Net Debt, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 2.3 in the financial statements, which indicates that the company and the group does not have confirmed funding commitments in place from the shareholders that they will provide further funding that is required in order to meet the company and its subsidiary's working capital requirements for a period of at least 12 months. The Directors have received a non-binding intention to support the company's future financial commitments from the company's major shareholder, Committed Capital Limited, as disclosed in note 2.3.

As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIGHTWAVERF PLC (CONTINUED)**

---

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**USE OF OUR REPORT**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ryan Southall FCCA (Senior Statutory Auditor)  
for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
1-3 College Yard  
Worcester  
WR1 2LB  
Date:

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

|  | Note | 15 months<br>ended<br>31<br>December<br>2020<br>£ | Year ended<br>30<br>September<br>2019<br>£ |
|--|------|---|--|
| Turnover                               | 4    | <b>548,986</b>                                    | 644,500                                    |
| <b>GROSS PROFIT</b>                    |      | <b>548,986</b>                                    | 644,500                                    |
| Administrative expenses                |      | <b>(628,922)</b>                                  | (666,751)                                  |
| Exceptional administrative expenses    | 12   | <b>(1,162,044)</b>                                | (10,105,109)                               |
| <b>OPERATING LOSS</b>                  | 5    | <b>(1,241,980)</b>                                | (10,127,360)                               |
| Interest receivable and similar income | 9    | <b>1,054,841</b>                                  | 669,302                                    |
| Interest payable and similar expenses  | 10   | <b>(14,262)</b>                                   | (12,197)                                   |
| <b>LOSS BEFORE TAX</b>                 |      | <b>(201,401)</b>                                  | (9,470,255)                                |
| Tax on loss                            | 11   | -   | -  |
| <b>LOSS FOR THE FINANCIAL PERIOD</b>   |      | <b>(201,401)</b>                                  | (9,470,255)                                |

There was no other comprehensive income for the period ended 31 December 2020 (Year ended 30 September 2019: £Nil).

The notes on pages 17 to 31 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|   | Note | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|---|------|-----------------------------|------------------------------|
| <b>FIXED ASSETS</b>                                     |      |                             |                              |
| Investments   |      | <b>100,620</b>              | 100,620                      |
| <b>CURRENT ASSETS</b>                                   |      |                             |                              |
| Debtors: Amounts falling due after more than one year   | 14   | <b>6,642,899</b>            | 5,870,214                    |
| Debtors: Amounts falling due within one year            | 14   | <b>2,754</b>                | 3,797                        |
| Cash at bank and in hand                                | 15   | <b>762,279</b>              | 338,847                      |
|   |      | <b>7,407,932</b>            | 6,212,858                    |
| <b>TOTAL ASSETS</b>                                     |      | <b>7,508,552</b>            | 6,313,478                    |
| <b>CAPITAL AND RESERVES</b>                             |      |                             |                              |
| Called up share capital                                 | 20   | <b>6,642,899</b>            | 6,040,941                    |
| Share premium account                                   | 21   | <b>9,689,284</b>            | 9,720,540                    |
| Other reserves  | 21   | <b>81,295</b>               | 81,295                       |
| Profit and loss account                                 | 21   | <b>(10,159,807)</b>         | (9,958,406)                  |
|   |      | <b>6,253,671</b>            | 5,884,370                    |
| <b>LIABILITIES</b>                                      |      |                             |                              |
| Creditors: Amounts falling due within one year          | 16   | <b>65,297</b>               | 17,091                       |
| Creditors: Amounts falling due after more than one year | 17   | <b>1,189,584</b>            | 412,017                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                     |      | <b>7,508,552</b>            | 6,313,478                    |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**Jason Elliott**  
 Director



**Kevin Edwards**  
 Director

Date:

The notes on pages 17 to 31 form part of these financial statements.

LIGHTWAVERF PLC

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2020

|  | Called up<br>share capital<br>£ | Share<br>premium<br>account<br>£ | Other<br>reserves<br>£ | Profit and<br>loss account<br>£ | Total equity<br>£ |
|--|---------------------------------|----------------------------------|------------------------|---------------------------------|-------------------|
| At 1 October 2018                                | 3,578,632                       | 8,726,774                        | 88,340                 | (488,151)                       | 11,905,595        |
| <b>COMPREHENSIVE INCOME FOR THE YEAR</b>         |                                 |                                  |                        |                                 |                   |
| Loss for the year                                | -                               | -                                | -                      | (9,470,255)                     | (9,470,255)       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>   | -                               | -                                | -                      | (9,470,255)                     | (9,470,255)       |
| Shares issued during the year                    | 2,462,309                       | 1,486,515                        | -                      | -                               | 3,948,824         |
| Transfer to/from profit and loss account         | -                               | -                                | (7,045)                | -                               | (7,045)           |
| Share issue costs                                | -                               | (492,749)                        | -                      | -                               | (492,749)         |
| <b>TOTAL TRANSACTIONS WITH OWNERS</b>            | 2,462,309                       | 993,766                          | (7,045)                | -                               | 3,449,030         |
| At 1 October 2019                                | 6,040,941                       | 9,720,540                        | 81,295                 | (9,958,406)                     | 5,884,370         |
| <b>COMPREHENSIVE INCOME FOR THE PERIOD</b>       |                                 |                                  |                        |                                 |                   |
| Loss for the period                              | -                               | -                                | -                      | (201,401)                       | (201,401)         |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> | -                               | -                                | -                      | (201,401)                       | (201,401)         |
| Shares issued during the period                  | 601,958                         | 55,297                           | -                      | -                               | 657,255           |
| Share issue costs                                | -                               | (86,553)                         | -                      | -                               | (86,553)          |
| <b>TOTAL TRANSACTIONS WITH OWNERS</b>            | 601,958                         | (31,256)                         | -                      | -                               | 570,702           |
| <b>AT 31 DECEMBER 2020</b>                       | <b>6,642,899</b>                | <b>9,689,284</b>                 | <b>81,295</b>          | <b>(10,159,807)</b>             | <b>6,253,671</b>  |

The notes on pages 17 to 31 form part of these financial statements.

**LIGHTWAVERF PLC**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

|   | <b>15 months<br/>ended 31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|---|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |   |  |
| Loss for the year   | <b>(201,401)</b>  | (9,470,255)                                |
| <b>ADJUSTMENTS FOR:</b>   |   |  |
| Interest paid   | <b>14,262</b>   | 12,275                                     |
| Interest received   | <b>(1,054,841)</b>  | (669,380)                                  |
| Share based payments  | -   | (7,045)                                    |
| Decrease in debtors   | <b>1</b>  | 1,195                                      |
| (Increase)/decrease in amounts owed by groups                   | <b>(771,643)</b>  | 6,032,027                                  |
| Increase in creditors   | <b>48,206</b>   | 2,966                                      |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>             | <b>(1,965,416)</b>  | (4,098,217)                                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |   |  |
| Interest received   | <b>1,054,841</b>  | 669,380                                    |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                       | <b>1,054,841</b>  | 669,380                                    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |   |  |
| Issue of ordinary shares  | <b>657,255</b>  | 3,948,824                                  |
| Costs associated with issue of new shares                       | <b>(86,553)</b>   | (492,749)                                  |
| Other new loans   | <b>800,000</b>  | -  |
| Repayment of other loans  | <b>(22,433)</b>   | (11,875)                                   |
| Interest paid   | <b>(14,262)</b>   | (12,275)                                   |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                    | <b>1,334,007</b>  | 3,431,925                                  |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>                    | <b>423,432</b>  | 3,088                                      |
| Cash and cash equivalents at beginning of period                | <b>338,847</b>  | 335,759                                    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>           | <b>762,279</b>  | 338,847                                    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE:</b> |   |  |
| Cash at bank and in hand  | <b>762,279</b>  | 338,847                                    |

The notes on pages 17 to 31 form part of these financial statements.

**LIGHTWAVERF PLC**

**ANALYSIS OF NET DEBT  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

|                          | <b>At 1<br/>October<br/>2019<br/>£</b> | <b>Cash flows<br/>£</b> | <b>At 31<br/>December<br/>2020<br/>£</b> |
|--------------------------|--|-------------------------|--|
| Cash at bank and in hand | <b>338,847</b>                         | <b>423,432</b>          | <b>762,279</b>                           |
| Debt due after 1 year    | <b>(412,017)</b>                       | <b>(777,567)</b>        | <b>(1,189,584)</b>                       |
|                          | <b>(73,170)</b>                        | <b>(354,135)</b>        | <b>(427,305)</b>                         |

The notes on pages 17 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

**1. GENERAL INFORMATION**

LightwaveRF plc (the “company”) was incorporated in the United Kingdom and is domiciled and incorporated in the United Kingdom. The company is a public limited company. Up until February 2020 was listed on the Alternative Investment Market of the London Stock Exchange (“AIM”). Its registered office is Assay Office, 1 Moreton Street, Birmingham, B1 3AX and its registered number is 06690180.

The principal activity of the company is that of holding investments. The main trading subsidiary of the company is LightwaveRF Technology Limited, whose principal activity is the design and development of devices and software to remotely control commercial and domestic lighting, heating, power and security.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

In the previous financial year the company prepared group financial statements. These financial statements therefore represent LightwaveRF plc as a single entity.

The following principal accounting policies have been applied:

**2.2 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS**

The company has taken advantage of the exemption available under section 399(2) of the Companies Act 2006 on the basis that the company, and the group headed by it, would qualify as a small were it not for the fact that the parent company is a public limited company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

**2. ACCOUNTING POLICIES (continued)**

**2.3 GOING CONCERN**

The Directors, having made suitable enquiries, analysis and judgements, consider that the company has adequate resources to continue in business for at least 12 months from the date of approval of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In making this assessment the Board has considered the group budgets, routinely updated forward forecasts for revenue, costs and cash flow and applied sensitivities thereto, which show that the group, through LightwaveRF plc will require additional funding. In addition, it has also considered the availability of, and access to, debt and equity finance. Committed Capital Limited, which holds 46.16% of the company's issued share capital directly through its Nominee entities, and controls 47.65% through the Committed Capital Concert Party, has also confirmed its continued willingness to invest the additional capital into the company that is required in-order to fulfil the group's strategy, although this support is not legally binding could invest a further 2.35% in the company. The Board have factored the raising of further required capital into its plan to continue operating as a going concern and to follow its current strategy.

Whilst, as stated above, The Board remains confident regarding the future trading and that the company and the wider LightwaveRF group will be successful in raising further funding to support its strategy, there is no legally binding commitment from the major shareholder. This, along with the inherent risk of significant disruption to supply chains caused by COVID-19, indicate that a material uncertainty exists which may cast significant doubt on the company and the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on a going concern basis and do not reflect the adjustments that would be necessary should the company be unable to continue as a going concern.

**2.4 FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

**2. ACCOUNTING POLICIES (continued)**

**2.5 REVENUE**

Revenue is measured at the fair value of the consideration received or receivable when performance obligations are satisfied and represents the amount receivable for goods supplied, net of returns, discounts, rebates and value added taxes. Revenue from the sale of goods is recognised when the customer has taken control of the goods and is able to benefit from or direct the use of the goods, which is usually when the goods have been accepted by the customer.

Revenue from Direct, Distribution and Trade sales are recognised when the goods are delivered to the customers.

Revenue from Direct and Trade can be returned within 30 days for a full refund under the returns policy.

Revenue from Distribution sales can be returned within a 90 day period in pristine condition. The credits resulting from the return policy reduce the revenue recognised.

A warranty is provided on all goods on a replacement basis for two years and does not effect revenue recognition.

**2.6 INTEREST INCOME**

Interest income is recognised in profit or loss using the effective interest method.

**2.7 FINANCE COSTS**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.8 BORROWING COSTS**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.9 SHARE BASED PAYMENTS**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest.

At each Statement of Financial Position date, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share based payment reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**2.10 EXCEPTIONAL ITEMS**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

**2. ACCOUNTING POLICIES (continued)**

**2.11 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.12 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.13 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

**2.14 CREDITORS**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

**2. ACCOUNTING POLICIES (continued)**

**2.15 FINANCIAL INSTRUMENTS**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing material adjustment to the Financial Statements are discussed below:

Amounts owed by group companies have been reviewed for impairment using the general approach which requires a judgement to be made over whether the loan is in stage 1, stage 2 or stage 3 for the purposes of calculating expected credit losses. Looking at the underlying value of the assets that have been created using these loans and the cash generation expected over the next 5 years, the Directors have used discounted cash flows that analyses different recovery scenarios by. The inputs into each of these cash flow recovery scenarios include a range of significant estimates which include discount rate range of 6% to 12% and estimates of other key inputs such as revenue growth rate, expected margin and forecast operating expenditure. The actual loss experienced could be different from this estimate. Refer to note 12 for additional disclosure made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

4. TURNOVER

An analysis of turnover by class of business is as follows:

|                               | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|-------------------------------|---|--|
| Management charges receivable | <b>548,986</b>  | 644,500                                    |

All turnover arose within the United Kingdom.

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

|                               | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|-------------------------------|---|--|
| Exchange differences          | <b>(36,754)</b>   | 21,598                                     |
| Other operating lease rentals | -   | 4,015                                      |

6. AUDITORS' REMUNERATION

|  | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|--|---|--|
| Fees payable to the company's auditor for the audit of the company's annual financial statements | <b>5,000</b>  | 7,500                                      |

**FEES PAYABLE TO THE COMPANY'S AUDITOR IN RESPECT OF:**

|                              |            |   |
|------------------------------|------------|---|
| Taxation compliance services | <b>500</b> | - |
|------------------------------|------------|---|

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

7. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

|                       | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|-----------------------|---|--|
| Wages and salaries    | <b>486,337</b>  | 498,733                                    |
| Social security costs | <b>62,011</b>   | 61,701                                     |
|                       | <b><u>548,348</u></b>   | <u>560,434</u>                             |

The average monthly number of employees, including the Directors, during the period was as follows:

|           | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>No.</b> | Year<br>ended<br>30<br>September<br>2019<br>No. |
|-----------|---|---|
| Directors | <b>5</b>  | 6   |

8. DIRECTORS' REMUNERATION

|                       | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|-----------------------|---|--|
| Directors' emoluments | <b>486,337</b>  | 498,733                                    |

The highest paid Director received remuneration of £179,569 (Year ended 30 September 2019: £167,200).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (Year ended 30 September 2019: £Nil).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

9. INTEREST RECEIVABLE

|  | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|--|---|--|
| Interest receivable from group companies | <b>1,054,841</b>  | 669,302                                    |

10. INTEREST PAYABLE AND SIMILAR EXPENSES

|                                   | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|-----------------------------------|---|--|
| Convertible loan interest payable | <b>14,262</b>   | 12,197                                     |

11. TAXATION

|  | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|--|---|--|
| Current tax on profits for the year              | -   | -  |
| <b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b> | <b>-</b>  | <b>-</b>                                   |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

**11. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE PERIOD/YEAR**

The tax assessed for the period/year is different to the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

|  | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|--|---|--|
| Loss on ordinary activities before tax   | <b>(201,401)</b>  | (9,470,255)                                |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019:19%) | <b>(38,266)</b>   | (1,799,348)                                |
| <b>EFFECTS OF:</b>   |   |  |
| Expenses not deductible for tax purposes   | <b>233,533</b>  | 1,919,971                                  |
| Utilisation of tax losses  | -   | (45,643)                                   |
| Group relief   | <b>(195,267)</b>  | (74,980)                                   |
| <b>TOTAL TAX CHARGE FOR THE PERIOD/YEAR</b>  | <b>-</b>  | -  |

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There are no factors that may affect future tax charges.

**12. EXCEPTIONAL ITEMS**

|                                 | <b>15 months<br/>ended<br/>31<br/>December<br/>2020<br/>£</b> | Year ended<br>30<br>September<br>2019<br>£ |
|---------------------------------|---|--|
| Intercompany bad debt provision | <b>1,162,044</b>  | 10,105,109                                 |

During the period the company provided £1,162,044 (Year ended 30 September 2019: £10,105,109) in respect of loss allowance provisions in respect of debts owed by its subsidiary undertaking, LightwaveRF Technology Limited.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

13. FIXED ASSET INVESTMENTS

|                          | Investments<br>in<br>subsidiary<br>companies<br>£ |
|--------------------------|---|
| <b>COST OR VALUATION</b> |   |
| At 1 October 2019        | 100,620   |
| At 31 December 2020      | <u>100,620</u>                                    |

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

| Name                             | Country of incorporation | Principal activity                                    | Class of shares | Holding |
|----------------------------------|--------------------------|---|-----------------|---------|
| LightwaveRF Technology Limited   | UK                       | Design and manufacture of control devices and systems | Ordinary        | 100%    |
| JSJS Designs (Hong Kong) Limited | Hong Kong                | Dormant   | Ordinary        | 100%    |
| Lightwave Plus Limited           | UK                       | Dormant   | Ordinary        | 100%    |
| Lightwave Pro Limited            | UK                       | Dormant   | Ordinary        | 100%    |

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

| Name                             | Aggregate<br>of share<br>capital and<br>reserves<br>£ | Profit/(Loss)<br>£ |
|----------------------------------|---|--------------------|
| LightwaveRF Technology Limited   | (16,619,050)  | (4,166,843)        |
| JSJS Designs (Hong Kong) Limited | -   | -                  |
| Lightwave Plus Limited           | -   | -                  |
| Lightwave Pro Limited            | -   | -                  |

14. DEBTORS

|                                     | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|-------------------------------------|-----------------------------|------------------------------|
| <b>DUE AFTER MORE THAN ONE YEAR</b> |                             |                              |
| Amounts owed by group undertakings  | <u>6,642,899</u>            | <u>5,870,214</u>             |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

14. DEBTORS (CONTINUED)

|                                    | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|------------------------------------|-----------------------------|------------------------------|
| <b>DUE WITHIN ONE YEAR</b>         |                             |                              |
| Amounts owed by group undertakings | -                           | 1,042                        |
| Prepayments and accrued income     | 2,754                       | 2,755                        |
|                                    | <u>2,754</u>                | <u>3,797</u>                 |

15. CASH AND CASH EQUIVALENTS

|                          | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|--------------------------|-----------------------------|------------------------------|
| Cash at bank and in hand | 762,279                     | 338,847                      |
|                          | <u>762,279</u>              | <u>338,847</u>               |

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|------------------------------------|-----------------------------|------------------------------|
| Trade creditors                    | 54,071                      | 11,155                       |
| Other taxation and social security | 5,290                       | -                            |
| Other creditors                    | 5,936                       | 5,936                        |
|                                    | <u>65,297</u>               | <u>17,091</u>                |

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|             | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|-------------|-----------------------------|------------------------------|
| Other loans | 1,189,584                   | 412,017                      |
|             | <u>1,189,584</u>            | <u>412,017</u>               |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

**18. LOANS**

Analysis of the maturity of other loans is given below:

|                               | <b>31<br/>December<br/>2020<br/>£</b> | 30<br>September<br>2019<br>£ |
|-------------------------------|---------------------------------------|------------------------------|
| Amounts falling due 1-2 years | <b>389,584</b>                        | 412,017                      |
| Amounts falling due 2-5 years | <b>800,000</b>                        | -                            |
|                               | <b><u>1,189,584</u></b>               | <u>412,017</u>               |

In October 2011, the company entered into a redeemable convertible loan note with a supplier, at a coupon interest rate of 3% which may be redeemed at any time. The loan note holder may opt to convert the outstanding balance on the convertible loan into ordinary shares of the company. At 31 December 2020, the supplier has confirmed that it has no intention to convert the loan note. During the period, the company repaid £Nil (Year ended 30 September 2019: £58,857). The agreement is denominated in US\$, the balance at 30 September 2020 has decreased due to an exchange profit of £36,754 (Year ended 30 September 2019: loss of £15,619). Interest of £14,262 (Year ended September 2019: £12,197) was charged on the loan.

On 22 December 2020 the company received £800,000 through the Future Fund. Interest is payable at 10% per annum and has a maturity period of 36 months in which the debt can be converted into equity. The loan is unsecured.

**19. FINANCIAL INSTRUMENTS**

|   | <b>31<br/>December<br/>2020<br/>£</b> | 30<br>September<br>2019<br>£ |
|---|---------------------------------------|------------------------------|
| <b>FINANCIAL ASSETS</b>   |                                       |                              |
| Financial assets measured at fair value through profit or loss        | <b>100,620</b>                        | 100,620                      |
| Financial assets that are debt instruments measured at amortised cost | <b>7,405,178</b>                      | 6,210,256                    |
|   | <b><u>7,505,798</u></b>               | <u>6,310,876</u>             |
| <b>FINANCIAL LIABILITIES</b>  |                                       |                              |
| Financial liabilities measured at amortised cost                      | <b><u>(1,254,881)</u></b>             | <u>(429,108)</u>             |

Financial assets measured at fair value through profit or loss comprise fixed asset investments.

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise other loans, trade creditors, other taxation and social security costs and other creditors.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020

20. SHARE CAPITAL

|  | 31<br>December<br>2020<br>£ | 30<br>September<br>2019<br>£ |
|--|-----------------------------|------------------------------|
| <b>ALLOTTED, CALLED UP AND FULLY PAID</b>                    |                             |                              |
| 132,857,977 (2019:120,818,820) Ordinary shares of £0.05 each | <b>6,642,899</b>            | 6,040,941                    |

All issued shares rank pari passu for the purposes of dividends, voting, and any return of capital. All issued shares are fully paid up.

The company has granted options over 4,716,000 (Year ended 30 September 2019: 5,494,000) new Ordinary shares. The options carry neither rights to dividends nor voting rights. Further details of these share options can be seen at note 22.

During the year the company issued shares and raised funds (net of expenses) through subscriptions and placings as follows.

|               | Shares<br>issued<br>£ | Issue price<br>£ | Amount<br>raised<br>£ |
|---------------|-----------------------|------------------|-----------------------|
| October 2019  | 1,819,951             | 0.07             | 127,397               |
| December 2019 | 944,680               | 0.07             | 66,128                |
| March 2020    | 3,383,372             | 0.05             | 169,169               |
| July 2020     | 2,235,402             | 0.05             | 111,770               |
| October 2020  | 3,655,752             | 0.05             | 182,786               |
|               | <b>12,039,157</b>     |                  | <b>657,250</b>        |

Expenses of £86,553 were incurred in relation to these fundraising activities which have been capitalised against Share Premium.

21. RESERVES

**Share premium account**

Amount subscribed for share capital in excess of nominal value, less any transaction costs.

**Other reserves**

Amounts reflecting the cost reserved for share options issued.

**Profit and loss account**

Cumulative gains and losses through the Statement of Comprehensive Income, other than amounts transferred directly from other reserves where required or permitted.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

**22. SHARE BASED PAYMENTS**

The company operates a United Kingdom tax authority approved equity-settled share based remuneration scheme for Directors and employees. Under this scheme no (2019: 360,000) options are exercisable three years from grant without conditions. 600,000 (2019: 600,000) options are exercisable three years from grant if the market price of the shares meets or exceeds 80 pence per share. 1,096,000 (2019: 1,374,000) are exercisable three years from grant if the market price of the shares meets or exceeds 40 pence per share. 1,200,000 (2019: 1,200,000) are exercisable if the revenue achieved in financial year 2018 and 2019 reaches defined targets. 1,820,000 (2019: 1,960,000) are exercisable if the revenue achieved in financial year 2019 and 2020 reaches defined targets.

|   | <b>31<br/>December<br/>Weighted<br/>average<br/>exercise<br/>price<br/>(pence)<br/>2020</b> | <b>31<br/>December<br/>Number<br/>2020</b> | 30<br>September<br>Weighted<br>average<br>exercise<br>price<br>(pence)<br>2019 | 30<br>September<br>Number<br>2019 |
|---|---|--|--|-----------------------------------|
| Outstanding at the beginning of the period  | 14.0  | 5,494,000                                  | 16.9   | 3,954,000                         |
| Granted during the period                   | -   | -  | 8.5  | 2,100,000                         |
| Retracted during the period*                | (13.0)  | (778,000)                                  | (13.8)   | (560,000)                         |
| <b>OUTSTANDING AT THE END OF THE PERIOD</b> | <b>14.2</b>   | <b>4,716,000</b>                           | <b>14.0</b>  | <b>5,494,000</b>                  |

\* 140,000 issued and retracted during 2019.

The binomial option pricing model is used to determine the fair value of the share options at the grant date. The assumptions used to determine the fair value of share options at the grant dates were as follows:

The volatility assumption has historically been based on a statistical analysis using the standard deviation of daily share prices over a three year period from when the company was listed on AIM.

The average expected term to exercise used in the models is based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural conditions, forfeiture and historical experience.

The risk free rate has been determined from market yields for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant.

No share based payments charge/(credit) has been included for the period to 31 December 2020 (2019: credit of £7,046) on the basis that the directors consider that this would be immaterial.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

**23. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £Nil (Year ended 30 September 2019: £Nil).

**24. RELATED PARTY TRANSACTIONS**

The company does not have a controlling party. The following transactions were carried out with related parties:

Committed Capital provides financial services to LightwaveRF plc during the year fees were charged of £75,523 (Year ended 30 September 2019: £202,721)

The company has taken advantage of the exemption available within FRS 102 Section 33 from disclosing transactions with wholly owned members of the LightwaveRF plc group.

**25. CONTROLLING PARTY**

There is no ultimate controlling party.

**26. FIRST TIME ADOPTION OF FRS 102**

The financial statements for the period ended 31 December 2020 are the company's first financial statements that comply with FRS 102. Prior to the financial statements for the period ended 31 December 2020 the company prepared its financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB), as adopted by the European Union ("adopted IFRSs"). The company delisted from AIM during the period and therefore the Directors consider this to be a relevant change of circumstance in line with section 395 of the Companies Act.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.