

21 November 2016

LightwaveRF Plc
(AIM: LWRF)

Conditional Subscription and Open Offer

LightwaveRF plc (“LightwaveRF” or the “Company”), the proprietary IOT and connected devices specialist enabling the remote control and monitoring of light, heat, power and security through just one app is pleased to announce details of a conditional subscription and open offer to raise in aggregate up to £1.12 million before expenses.

Key Points:

- a conditional subscription of 384,615 new ordinary shares of 5 pence each (“Ordinary Shares”) at 13 pence per share (“Issue Price”) to raise £50,000 (“Subscription Shares”); and
- a further issue of up to 8,229,903 new Ordinary Shares at 13 pence per share to qualifying shareholders pursuant to an open offer (“Open Offer”) to raise up to £1.07 million (before expenses) (“Open Offer Shares”)

The Subscription Shares and Open Offer Shares will be issued at a price of 13 pence each, which represents a discount of 21.2 per cent. against the mid-market price of 16.5 pence per share at which the Ordinary Shares were quoted on AIM as at close of trading on 18 November 2016, the last trading day prior to announcement of the Conditional Subscription and the Open Offer.

The Conditional Subscription and the Open Offer (together, the “Fundraising”) are conditional, amongst other matters, on the passing of certain Resolutions at the General Meeting, and are expected to complete at 8.00 a.m. on 20 December 2016, being the expected date of Admission.

A circular will be sent to shareholders on or around 23 November (“Circular”). The Circular will set out detailed terms of the Open Offer and contain a notice convening a general meeting seeking shareholders’ approval for the Fundraising. The Circular will be available on the Company’s website: www.lightwaveRF.com on or around 23 November 2016.

Background to and reasons for the Fundraising

The Company announced on 16 November a firm Subscription of 7,692,307 new Ordinary Shares with new investors to raise approximately £1 million (before expenses) (“Firm Subscription”). The Firm Subscription utilised almost all of the Company’s existing cash placing authority. The Company also indicated at that time its intention to raise a further £1 million through a Conditional Subscription and Open Offer. Today, the Company is pleased to confirm the details of the Conditional Subscription and Open Offer. The Company intends to raise a total of up to £1.12 million (before expenses) pursuant to the Fundraising.

While the proceeds of the Firm Subscription substantially satisfy the Company’s funding requirements to support the anticipated growth and investment plans, some additional headroom would be desirable. Therefore the Directors have decided to seek additional fundraising from existing shareholders by way of the Open Offer which is on the same terms as the Firm Subscription.

The purpose of the Conditional Subscription is to allow Directors Kevin Edwards and Tom Sykes, who do not currently own shares and therefore will not be able to participate in the Open Offer, to subscribe for shares at the same price as the new investors.

Use of the proceeds of the Fundraising

The net proceeds of the Fundraising, assuming full subscription under the Open Offer, are expected to be approximately £1.05 million. This, combined with the proceeds of the Firm Subscription, provide total additional net funding of approximately £2.01 million to the Company.

These proceeds will provide resources to support the future sales growth and to develop further the sales and marketing activities of the business as well as accelerate new product development.

Details of the Conditional Subscription and the Open Offer

LightwaveRF is proposing to raise £0.05 million (before expenses) pursuant to the Conditional Subscription and up to a further £1.07 million (before expenses) pursuant to the Open Offer. The issue price of 13 pence per new Ordinary Share represents a discount of 21.2 per cent. to the closing price of 16.5 pence on 18 November 2016, the latest business day prior to the release of this announcement.

The Conditional Subscription has conditionally raised a total of £0.05 million through the subscription of 384,615 Subscription Shares. Kevin Edwards and Tom Sykes, both of whom are Directors of the Company have subscribed for 153,846 and 230,769 Subscription Shares respectively. Their subscriptions in the Conditional Subscription constitute a related party transaction under the AIM Rules. The independent Directors, being the Directors other than Kevin Edwards and Tom Sykes, consider, having consulted with WH Ireland, the Company's nominated adviser, that the terms of Conditional Subscription are fair and reasonable insofar as the Shareholders are concerned.

The Conditional Subscription is conditional upon Resolution 1 being passed and Admission occurring no later than 8.00 a.m. on 20 December 2016 (or such later date as the Company and WH Ireland shall agree, being no later than 30 December 2016).

The Open Offer is being made on a pre-emptive basis, allowing all Shareholders on the register as at 6.00 p.m. on 17 November 2016, ("Qualifying Shareholders") the opportunity to participate.

The Open Offer provides Qualifying Shareholders with the opportunity to apply to acquire Open Offer Shares at the Issue Price pro rata to their holdings of Ordinary Shares ("Qualifying Shares") as at the Record Date on the following basis:

2 Open Offer Shares for every 5 Qualifying Shares

and so on in proportion to any other number of Qualifying Shares then held.

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded ("Basic Entitlement").

Shareholders who do not take up their Basic Entitlement will experience a dilution to their interests of approximately 23.2 per cent. following the Fundraising (assuming full subscription under the Open Offer). Shareholders who take up their Basic Entitlements in full will obtain an increase to their interests of approximately 7.6 per cent. on the same basis.

Qualifying Shareholders should note that the Open Offer Shares have not been underwritten.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 20 December 2016 (or such later date, being not later than 8.00 a.m. on 30 December 2016, as the Company and WH Ireland may decide):

- the passing of Resolution 2 at the General Meeting (or any adjournment thereof); and
- Admission becoming effective by 8.00 a.m. on 20 December 2016 (or such later time or date not being later than 8.00 a.m. on 30 December 2016 as the Company and WH Ireland may decide).

The new Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

Current trading and prospects

In its interim results for the six months ended 31 March 2016 announced on 26 May 2016, LightwaveRF posted a loss after tax of £384,000 on revenue of £804,000. It also announced an order book of £750,000.

On 14 October 2016 the Company announced that the order book was £800,000 and that the out-turn for the second half of the year ending 30 September 2016 was expected to be in line with first half results. This is still expected to be the case and results for the year ended 30 September 2016 are expected to be announced in mid-January 2017.

On 7 November 2016 the Company announced that its order book was over £1 million following an additional order from its UK electrical wholesale partner, Megaman.

Also in November 2016 the Company announced the launch of Amazon Alexa voice control for the LightwaveRF product range. This marked another milestone following the considerable investment in its cloud platform which allows the integration with other systems including IFTTT, Google Nest and now Amazon Alexa. Through just one app, LightwaveRF can either directly operate its comprehensive range of devices or be enhanced by powerfully linking to other platforms.

Intentions of the Directors and Committed Capital in relation to the Fundraising

Kevin Edwards (Chief Financial Officer) and Tom Sykes (Commercial Director) have subscribed (conditionally upon Admission) for 153,846 and 230,769 Subscription Shares respectively. Barry Gamble (Chairman) has indicated his intention to subscribe for his Basic Entitlement in full, being 208,333 Open Offer Shares.

Committed Capital has indicated its intention to subscribe for at least its Basic Entitlement.

General Meeting

The Circular will contain a notice convening a general meeting to be held at the offices of LightwaveRF, The Birmingham Science Park Aston, Faraday Wharf, Holt Street, Birmingham B7 4BB, UK at 11.00 a.m. on 19 December 2016 at which resolutions will be proposed to, *inter alia*, grant sufficient share capital authorities to the Directors, to enable the Fundraising to be effected. The Circular is expected to be despatched to shareholders on or around 23 November 2016.

Open Offer statistics

Closing price per Existing Ordinary Share on 18 November 2016	16.5 pence
Number of Qualifying Shares in issue	20,574,759
Number of Firm Subscription Shares ¹	7,980,769
Number of Existing Ordinary Shares	28,555,528
Basic Entitlement under the Open Offer	2 Open Offer Shares for every 5 Qualifying Shares
ISIN of the Basic Entitlements	GB00BDR6ZC88
ISIN of the Excess Open Offer Entitlements	GB00BDR6ZD95
Issue Price of each new Ordinary Share	13 pence
Discount to the market price of 16.5 pence per Existing Ordinary Share ²	21.2 per cent.
Number of Open Offer Shares to be offered for subscription by Qualifying Shareholders	8,229,903
Number of Subscription Shares to be issued pursuant to the Conditional Subscription	384,615
Expected proceeds of the Open Offer (before expenses) ³	£1.07 million
Expected proceeds of the Conditional Subscription (before expenses)	£0.05 million
Expected proceeds of the Fundraising (before expenses) ³	£1.12 million
Enlarged Share Capital following Admission ³	37,170,046
Percentage of Enlarged Share Capital represented by the Open Offer Shares ³	22.1 per cent.
Percentage of Enlarged Share Capital represented by the Subscription Shares ³	1.0 per cent.
Estimated net proceeds of the Fundraising ³	£1.05 million

Notes:

- 1. Comprises 7,692,307 Ordinary Shares issued pursuant to the Firm Subscription and 288,462 Ordinary Shares issued in lieu of fees*
- 2. Based on the closing price on 18 November 2016 being the last practicable date prior to this announcement*
- 3. Assuming full subscription under the Open Offer*

Expected timetable of principal events

2016

Record Date for the Open Offer	6.00 p.m. on 17 November
Announcement of the Conditional Subscription and Open Offer	21 November
Existing Ordinary Shares marked "ex" by the London Stock Exchange	21 November
Basic Entitlements credited to stock accounts in CREST of Qualifying CREST Holders	22 November
Recommended latest time for requesting withdrawal of Basic Entitlements from CREST	4.30 p.m. on 9 December
Latest time for depositing Basic Entitlements and/or Excess Entitlements into CREST	3.00 p.m. on 12 December
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 13 December
Latest time and date for the receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 15 December
Latest time and date for receipt of Forms of Proxy	1.30 p.m. on 21 December
General Meeting	11.00 a.m. on 19 December
Admission and commencement of dealings of the New Ordinary Shares	8.00 a.m. on 20 December
New Ordinary Shares credited to CREST stock accounts	20 December
Despatch of definitive share certificates for New Ordinary Shares	w/c 2 January 2017

For further information, please contact:

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