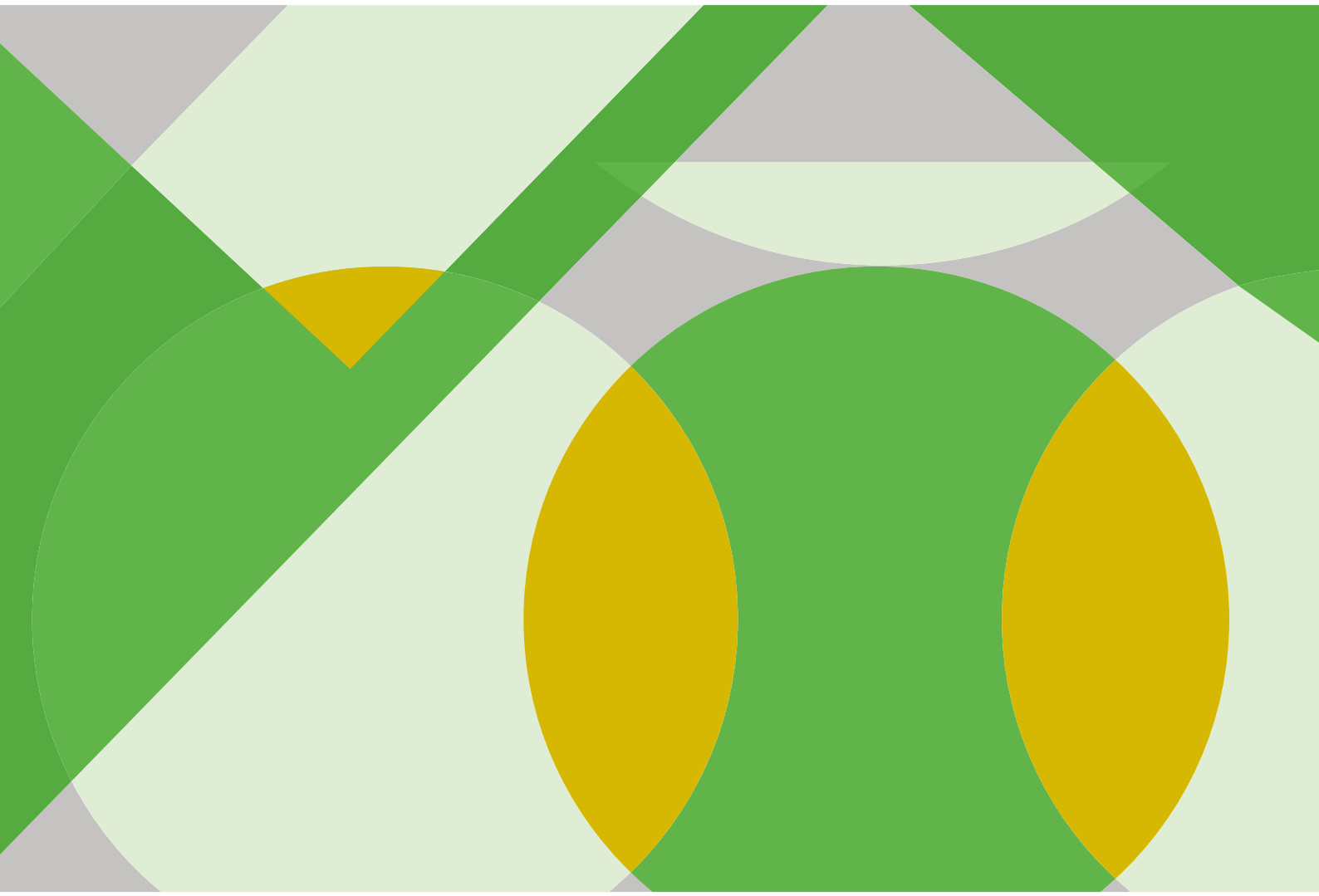
Light Science
Technologies Holdings

Annual Report



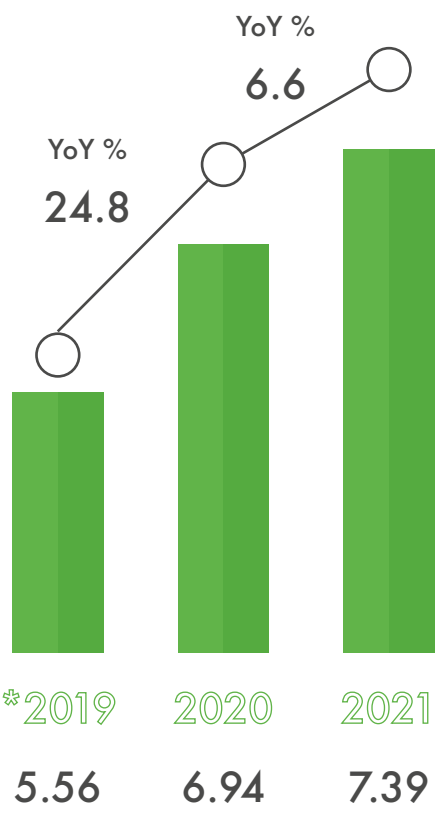
For the year ended 30 November 2021

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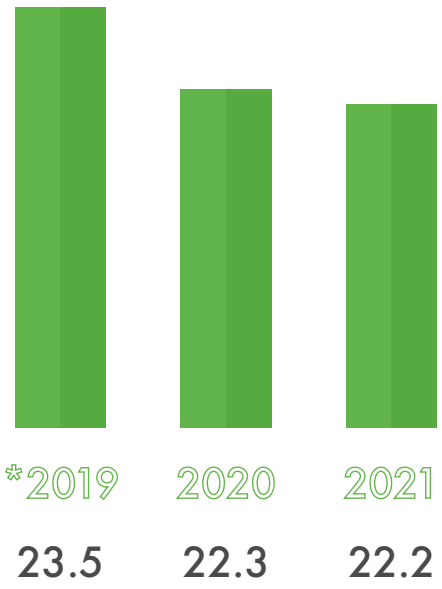
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Highlights



Revenue (£m)



Gross Profit Margin %

- Sales growth of 6.1% for UK Circuits
- Group Gross Profit Margin 22.2%
- nurturGROW luminaire recognised for global sustainability award
- Awarded UKRI grant for new patentable controlled environment product
- Commencement of Zenith contract potentially worth up to £13.84 million**

* 2019 is based on the unaudited (for statutory purposes) Combined Statement of Comprehensive Income as laid out in the Company's Admission Document

** subject, inter alia, to certain milestones and conditions as more fully described in the Company's announcement on 15 October 2021

Revenue is based on total group Revenue as set out in the Consolidated Statement of Comprehensive Income on page 48 and Gross Profit Margin is calculated as the Gross Profit divided by Revenue

How Light Science Technologies Holdings Plc operates

Group

The Company was incorporated in England and Wales on 13 January 2020 and is the holding company of the Group's contract electronics manufacturing ("CEM") division, UK Circuits and Electronics Solutions Limited ("UK Circuits"), and its controlled environment agriculture ("CEA") division, Light Science Technologies Ltd ("Light Science Technologies").

CEM DIVISION – UK CIRCUITS

UK Circuits was founded in 1997 and is a contract electronics manufacturer with strong revenue and profit generation. The Group's UK manufacturing facilities in Manchester, enable the Group to design, manufacture and test high-quality CEM products used in a broad range of sectors and counts Rentokil's pest division as one of its key customers.

The CEM focused division of the Group, UK Circuits, designs, procures and manufactures high-quality CEM products, specialising in PCBs, for over 70 recurring customers, which are used in a range of sectors, including, audio, automotive, electronics, gas detection, lighting, pest control, and more recently moving into the CEA market. The UK Circuits design team works alongside customers with new and existing product designs to provide design and engineering support, including simulation, 3D modelling, and prototyping.

UK Circuits' procurement offerings range from assembly of free issue components to full turnkey solutions, leveraging its 25 years' experience, its dedicated supply chain team and relationships with reputable suppliers.

CEA DIVISION - LIGHT SCIENCE TECHNOLOGIES

Light Science Technologies was founded in September 2019 and facilitates the Company's CEA operations. The Group's UK state-of-the-art laboratory facilities in Derby enables the Group to design, develop, test and supply innovative CEA products and services.

The Group's CEA division offers integrated, cost-saving, and sustainable CEA AgTech solutions to horticulture, medicinal plants and floriculture growers, with a focus on glasshouses, polytunnels, and vertical farms, and is expected to be the major growth area for the Group going forwards.

Light Science Technologies' all in-one CEA technology solution includes the analysis of customers' crop growing requirements, to provide bespoke, low-energy products, which subsequently monitor the nine cardinals of plant life (namely air speed, carbon dioxide levels, humidity, light, oxygen, plant disease, soil, temperature and water pH levels) in order to maintain optimal growing conditions, maximise crop yields and minimise resource usage.

The core components of the Group's CEA solutions make year-round growing a reality for growers by creating the right recipe for their environment. This is achieved by providing services across lighting, science and technology.

1. Lighting:
the Group's nurturGROW modular luminaires and High Pressure Sodium replacement product range offers energy saving, sustainable and high-quality lighting solutions for horticulture, medicinal plants, and floriculture purposes. The innovative, patent pending, modular design enables upgrades and replacements to be made easily, whilst minimising cost and environmental waste.

2. Science:
the Group's in-house laboratory and light testing services determine the optimal growing recipe of, inter alia, lighting, nutrient, seed and water to maximise customers' crop growing capability and productivity. Light Science Technologies leads with a scientific approach to drive customer value and ensure high quality performance.

3. Technology:
the Group's flagship patent pending technological development, the all-in-one prototype stage growing nurturGROW Sensor, is expected to enable farmers to monitor the following key growing factors (which are known as the nine cardinals of plant life) in real-time: air speed, carbon dioxide levels, humidity, light, oxygen, plant disease, soil, temperature and water pH levels. The data gathered by the SensorGROW Sensor will be relayed to Light Science Technologies' software application (currently in development), where the grower can observe, in detail, the environment in which their crops grow and make adjustments as required.

Light Science Technologies' research-proven plant monitoring technology and software, both currently under development, will enable the Company to provide bespoke advice depending on the crop, equipment and the grower's facilities as well as to market its patent-pending hardware and technical solutions.

The Group intends to generate recurring revenues from its CEA offering through the provision of: modular light designs that facilitate efficient upgrades and replacement, software licensing of its planned monitoring application, data collection to improve Light Science Technologies' research programmes, maintenance contracts for equipment upkeep and ongoing consultancy services which provide the Company with a platform to sell bespoke crop growing enhancements from individual crop data analysis.[1]

RECURRING REVENUE MODEL

Building long term partnerships

Light products and upgrades	→	Replacement contracts between 4-6 years frequency over 20+ year period
Growth, science & research laboratory	→	Recurring trials and partnerships
Technology products and upgrades	→	Business intelligence and data software licensing on subscription contracts
Full turnkey solution for CEA	→	Replacement contracts over 20 years+

1 The sensor technology and the software application are currently in development.

Our key strengths

SUSTAINABILITY FOCUSED PRODUCTS

The Group's award-winning energy efficient nurturGROW modular luminaire product range offers economic, sustainable and high-quality lighting solutions for agricultural purposes. The innovative, patent pending, modular design enables upgrades and replacements to be made easily, whilst minimising cost and environmental waste.

PLATFORM BUSINESS IS LONG ESTABLISHED, PROFITABLE AND DIVERSIFIED

As a CEM with strong revenue and profit generation, UK Circuits services customers in a wide variety of sectors. Whilst the current global electronics component shortages have presented supply chain challenges, this has also driven an increase in forward orders as detailed in the Company's Admission Document.

RECURRING REVENUE MODEL

By building long-term partnerships with CEA customers, the Group intends to generate sustainable recurring revenue from our upgradeable modular lighting technology, replacement and maintenance contracts and ongoing consultancy services. This will be further enhanced by subscription services for the Group's planned plant sensor monitoring application and intelligent semi-automated polytunnel cloche solution.

EARLY MOVER ADVANTAGE

Light Science Technologies operates in a fast-growing market with an estimated CAGR of 21%* as the agriculture industry adopts more sustainable growing methods through CEA. Our technology solutions work across all environments from high tech vertical farming to advanced glasshouses and outdoor applications such as polytunnels.

SCALABLE MODEL ALLOWS EASY ACCESS TO NEW MARKET

The Group's extensive investment in research, product development and marketing over the past 2 years combined with a mix of in-house manufacturing and commodity outsourcing, enables it to be agile in its approach and effectively scale into new markets, within both CEA and CEM.

STRONG AGTECH IP ASSET PROTECTION

The establishment of a strong IP strategy is of paramount importance to the Group. Light Science Technologies operates a picket fence IP strategy where its patent pending core technologies, nurturGROW luminaires and SensorGROW intelligent plant sensor, will be surrounded by further incremental patentable innovations. The Company holds three registered trademarks in the EU and is in the process of extending the global territories of these. The Company is in the process of registering a fourth trademark into the UK.

* Global Grow Lights Market (2020) report by Mordor Intelligence.

Chairman's statement

"FY2021 was a successful year for UK Circuits, with sales increasing 6.1%

RESULTS

We are very pleased to report a successful year for UK Circuits, with FY2021 sales increasing 6.1%* on FY2020, despite a tough trading environment. The operational improvements we have made to the business will, we anticipate, provide a platform for growth in the coming years.

With the large part of this financial year being pre-IPO, the main focus for Light Science Technologies was to develop its new market CEA products, IP collateral, and build its brand and a robust sales pipeline. We have been fortunate to have been recognised globally with a sustainable award for our nurturGROW luminaire range. We have received grants from UK Research and Innovation ("UKRI") for our SensorGROW product and our intelligent polytunnel solution.

PEOPLE

It is a privilege for me to work alongside my fellow Board members and founder-led executive management team who have established a strong structure, in a short space of time, confirming my belief that this is a Company set well to succeed in the coming years.

We are fortunate to have assembled a team of talented industry experts who share the vision for future growth and are committed to driving us on. This talent pool is steadily growing as we continue to appoint more staff to further strengthen the team and provide support across different areas of the business.

On behalf of the Board and all our shareholders, I would like to thank them all for their invaluable contribution.

We are delighted to have joined the London Stock Exchange's AIM market in October. The funding raised will allow us to pursue our ambitions, as we approach the cusp of many opportunities in the sector.

OUTLOOK

The current backdrop of global uncertainty with the terrible events in Ukraine, Brexit, high energy costs and global electronic component shortages, continue to present supply chain issues and delays on customer project decisions. However, they also drive the desire to grow more produce locally, sustainably and energy efficiently. We believe that the continued roll-out of our strategy will allow us to be well positioned to play our part in tackling these issues.

While we have much more work to do, I very much relish the prospect of working with my Board colleagues and the wider team to continue to deliver growth.



Myles Halley
Independent Non-Executive Chairman

* Overall Group sales increased by 6.6%.

Chief executive's report

At the end of a year in which we have established the foundations for long term growth, I am pleased to be able to report on a successful year for Light Science Technologies Holdings plc and our companies within the Group, UK Circuits and Light Science Technologies.

In our UK Circuits division, we have grown revenue year on year, despite the backdrop of global supply chain issues. The team's ability to forward plan and work closely with our customers has forged strong long-term relationships and laid the foundations for expansion.

In our Light Science Technologies division, we successfully launched our patent-pending sustainable indoor grow light product range, nurturGROW, which won a global industry award, partnered with UKRI and growers to develop two further products – our all-in-one environment sensor, SensorGROW, and intelligent crop production and management system. We have built the core infrastructure to grow the business by recruiting plant scientists to work in our in-house laboratory, technical product experts, and a sales and marketing team to continue to grow our sales pipeline.

SUCCESSFUL FLOTATION

During unprecedented times and a turbulent global economic climate, 2021 has been a transformational year for the Group. In October, we announced our flotation on the London Stock Exchange AIM market, successfully raising gross proceeds for the company of £5m. This funding allows us to capitalise on our ambitious growth plans to be a key player in the CEA market over the coming years and bolster the capacity of our CEM division.

The support shown by our investors has proved a tremendous milestone for the Group, as we focus on delivering shareholder value. Over the past year, we have built a team ready for accelerated growth comprising executive, non-executive and business-minded talent, while partnering with world-leading academic institutions and working alongside clients to revolutionise agriculture through ground-breaking innovation.









UK Circuits division

FOUNDATION FOR GROWTH

With many existing and potential customers reshoring supply chains from the Far East and buying British due to Brexit, the Group's CEM division, UK Circuits, has seen positive growth in new business and an increased forward order book.

After a year of global component shortages, which we successfully circumnavigated, sales, operational efficiencies and productivity have created a platform for growth in 2022 and beyond.

This was a result of:

- The agility of our design and manufacturing capability which allows us to 'switch' designs with the components available
- Being able to source from different suppliers
- Establishing more open and collaborative relationships with existing and new customers

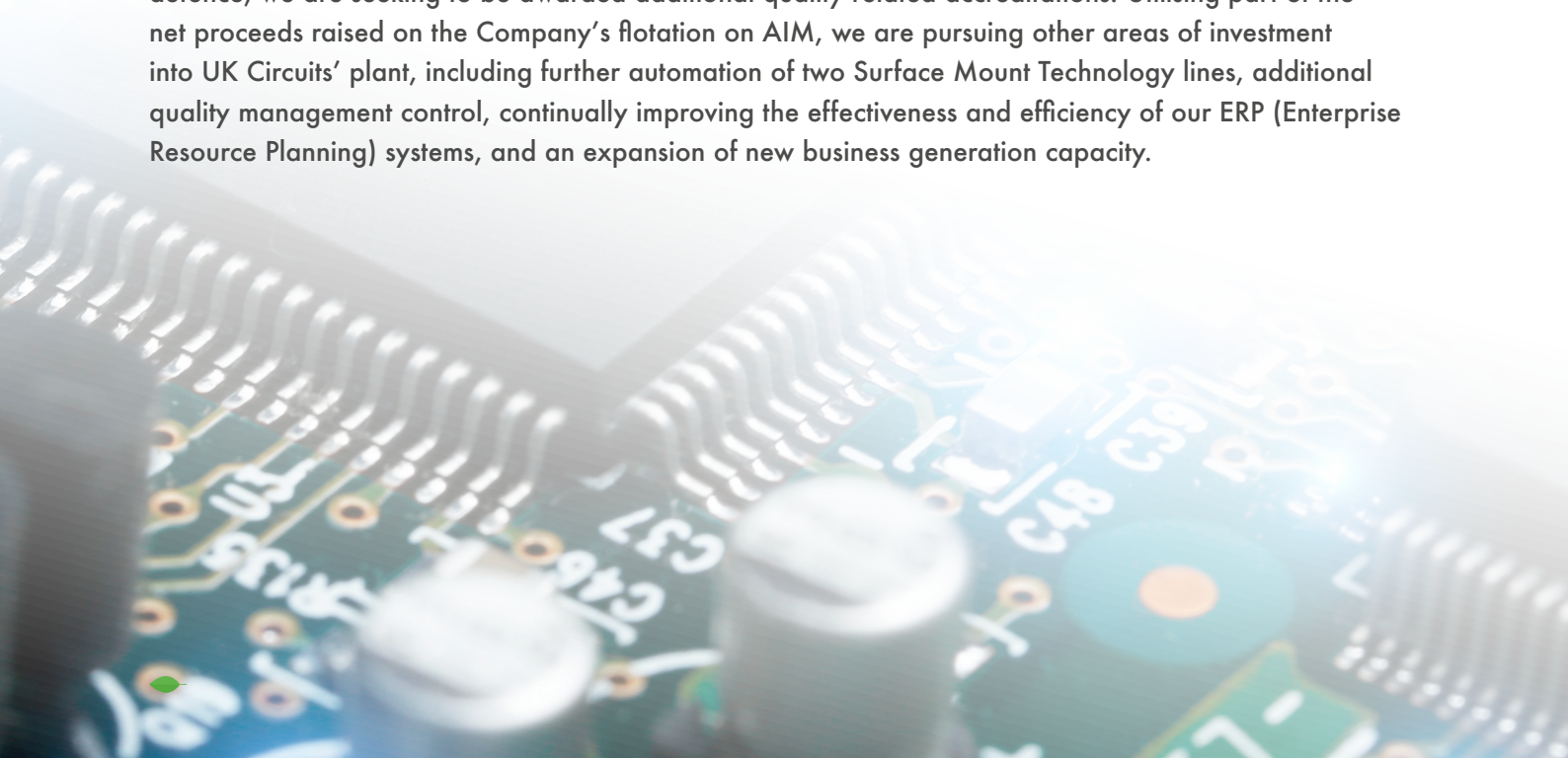
LONG TERM CLIENTS

Through our agility and customer centric approach, we have built a strong customer base over the past 20 years and now work with over 70 recurring customers spanning a range of sectors, including audio, automotive, electronics, gas detection, lighting, pest control, and of course, more recently the CEA market.

We have forged strong relationships with clients including Rentokil Initial plc's pest division, our blue-chip client. In 2021, Rentokil made up a significant percentage of the Group's turnover, due to the growth of their Pest Control division, which we expect to continue for the foreseeable future.

INVESTMENT TO DRIVE EXPANSION

To expand into well-established and profitable additional markets such as sensors, medical and defence, we are seeking to be awarded additional quality related accreditations. Utilising part of the net proceeds raised on the Company's flotation on AIM, we are pursuing other areas of investment into UK Circuits' plant, including further automation of two Surface Mount Technology lines, additional quality management control, continually improving the effectiveness and efficiency of our ERP (Enterprise Resource Planning) systems, and an expansion of new business generation capacity.



Light Science Technologies division

ATTRACTIVE GROWING MARKET

The Group's CEA division, Light Science Technologies, provides technology solutions that make year-round growing a reality for growers, in glasshouses, vertical farms, and polytunnels, whilst having a positive impact on global sustainability.

We continue to work with growers to grow more with less waste and expense with our controlled environments recipes and SensorGROW data and insight.

With the need to farm more sustainably, look at alternative solutions to help address climate issues and reduce the reliance on food imports, we have invested, developed and launched a range of patent pending technology products in 2021. This has laid the foundations for growth and places Light Science Technologies in a strong position to capitalise on a market growing at an estimated CAGR of 21%*.

GROWING GLOBAL REPUTATION

Despite its infancy, Light Science Technologies is now recognised as one of the top 500 Foodtech companies in the world, representing glasshouses, vertical farms and polytunnels. In 2021, our UK client base grew with the major highlight being the commencement of a contract potentially worth up to £13.84 million with Zenith Nurseries, a major UK salad grower, with the first gateway nearing completion**.

SCIENCE BACKED INNOVATION

We have continually invested heavily in R&D since Light Science Technologies' inception. In 2021, we opened our state-of-the-art in-house laboratory onsite in Derbyshire to determine optimal growing formulae to maximise customers' crop growing capability and productivity.

Our purpose-built laboratory and our team of highly qualified plant scientists harnesses the science behind growing to give us invaluable insights into plant performance. By using real-time SensorGrow data and monitoring, combined with our light testing, we can replicate growers' conditions and provide the optimal lighting and environment recipe to help them grow more with less.

AWARD-WINNING PRODUCTS

In 2021, we have developed key products which will help shape the future of agriculture through use of innovation-led technology which champions sustainability. Our nurturGROW luminaire product range has a competitive advantage in the CEA market through its modular design, which has been internationally recognised through winning a prestigious global industry award, Best Sustainability Initiative, for its commitment to sustainability.

The design facilitates a recyclable but more importantly reusable product through LED and Printed Circuit Board replacement, whereby 90% of the product is re-used. This offers our clients a long-term solution in maintaining consistency of yields, whist minimising costs and waste. For Light Science Technologies, this long-term partnership creates a recurring revenue model up to 25 years, delivering significant environmental benefits.

* Global Grow Lights Market (2020) report by Mordor Intelligence

**Subject, *inter alia*, to certain milestones and conditions as more fully described in the Company's announcement on 15 October 2021 and mentioned in the Admission Document page 16

Through R&D and validated by industry peers via UKRI grants, we developed SensorGROW, our indoor farm sensor to prototype stage, enabling growers to monitor and control their environment by measuring key areas – which is expected to be launched in H2 2022. We are working with over 28 growers to beta test the product and help with future developments which will deliver possible benefits such as reduction in water usage, nutrient and energy.

SensorGROW's analysis of the growing environment will enable customers to collect and monitor plant health and environment data, far beyond traditional observation. Such access to large volumes of real-world farming data is expected to enable the Group to increase the accuracy and precision of its full-service CEA offering. Our sensor offering will operate on a subscription basis which creates a recurring revenue model.

EXPANDING INTO NEW GROWTH MARKETS

To reduce the reliance on food imports, the team have started to develop an intelligent crop production and management system in partnership with a leading UK grower. Funded by a successful UKRI grant of £503,000, this patentable technology gives Light Science Technologies access to a market of 4,000 industrial growers in the UK with over 300- types of field-scale and protected vegetable and salad crops.

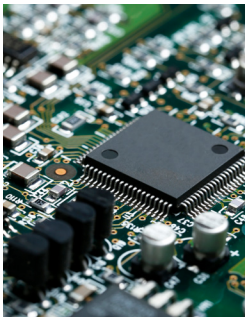
Combining both our nurturGROW and SensorGROW technology in this turnkey solution provides us with access to a new global market with immense benefits to growers such as increasing their yields and productivity whilst lowering costs.

TARGETING THE GREEN ECONOMY MARK

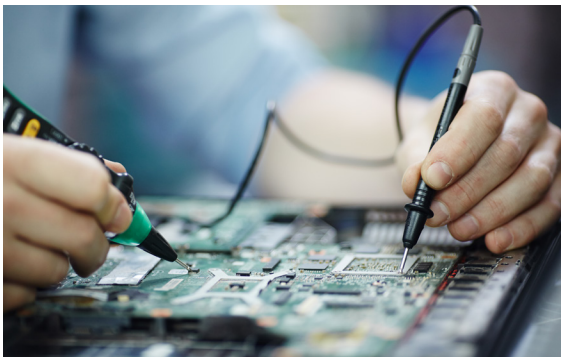
As part of our commitment to sustainability, we are targeting eligibility for the Green Economy Mark, authorised by the London Stock Exchange, which is awarded to companies that generate more than 50 per cent of their annual revenue from products that contribute to the global green economy.

As the Group is awarded more contracts, the Group anticipates that it will qualify for the Green Economy Mark as revenues from its CEA products and services increase relative to the total revenues of the Group.









Financial Review

INCOME STATEMENT

Revenue grew by 6.6% from £6.94m to £7.39m, primarily from the CEM division, with gross margin holding steady at 22.2% (2020: 22.3%) despite the headwinds from supply chain constraints, especially the global shortage of electronic components.

In line with expectations, the Group's loss before tax for FY2021 was £2.35m, as a result of exceptional non-recurring costs of £0.51m associated with the Company's admission to trading on AIM*, significant investment in the CEA division into both product research and development and marketing of the Company's products and services. Finance costs include £59k in relation to the issue of convertible loan notes, incurred prior to the Company's admission to AIM in October 2021, which is not an ongoing expense.

BALANCE SHEET

The Group continued to invest in enhancing its state-of-the-art laboratory facilities, as well as plant & machinery to improve automation capabilities at its CEM factory in Manchester. Further investment has also been made in developing the CEA divisions' core product offering, leading to an increase in the year of £137k in intangible assets. As development of the SensorGROW product was partly covered by a UKRI grant, £80k of grant income has been deferred within the year in relation to this intangible asset, shown separately within other payables.

To mitigate against supply chain risks of the current global electronic components shortages and ensuring fulfilment of the CEM division's forward order book, inventory has risen from £0.59m to £1.20m, and is predominantly allocated to specific customer orders received.

Cash and cash equivalents rose to £3.86m at the year end, and net cash was £1.35m. During the year the Company received gross proceeds of £5.0m through the placing of new Ordinary Shares in the Company on its admission to the AIM market. The net proceeds provides the growth capital the Group requires to continue developing and capitalising on the opportunities within both the Group's divisions.

MERGER ACCOUNTING

For the purposes of statutory financial statements, the basis of preparation used within the historical financial information, part 3 of the Company's Admission document, differs. The Group has adopted the predecessor method of merger accounting in accounting for the combination of the UK Circuits and Light Science Technologies entities. This adds together the results and balance sheets of each of the entities with a merger reserve created to reflect the difference between the investment in subsidiaries and the nominal value of share capital of the subsidiaries.

In practice, this means neither goodwill, intangible assets nor any fair value adjustments are accounted for within the Group's consolidated financial statements. This has been adopted as a prudent policy for statutory purposes, and is not an impairment of the goodwill on historic acquisitions in the CEM division noted in the Company's Admission Document, rather the Directors remain confident in the CEM's ongoing value and profitability within the Group.

* This is in addition to £0.67m of share issuance costs offset against share premium account, and £30,000 expensed in the prior year

OUTLOOK

Moving forward, we aim to build on the solid foundations that we have worked hard to establish. The Group will focus on further expanding its network of strategic partnerships with both major industry players globally, leading academic institutions and bringing experts into our growing team.

In our CEM division, UK Circuits, we predict there to be no change in the increased demand for electronics. As a result of this and our forward order book (as detailed in the Company's Admission Document), we have begun a programme of investment to automate further production lines to win larger contracts in sensor and medical markets.

In the CEA division we will continue to build on our contracts and sales pipeline, and expand into new markets in lighting, sensors and automated crop production and management systems, with an aspiration to enter the European and US market over the medium- to long-term. In doing so, we will strategically expand our facilities specifically in laboratory R&D at our new planned premises in 2023.

We are primed for accelerated growth in a disruptive market brought to prominence by Brexit, Covid-19 and the terrible events in Ukraine, driving the need to grow more locally. Also, the trend of rising energy prices offers the Group a unique medium to long-term opportunity to support growers in lowering energy costs and increasing yields as we are already demonstrating with our nurturGROW luminaire range, which provides growers with a compelling, energy efficient solution and recyclable and reusable design. Another factor is the timing of the Farming Transformation Fund grants, which a number of major customers are awaiting approval before confirming orders.

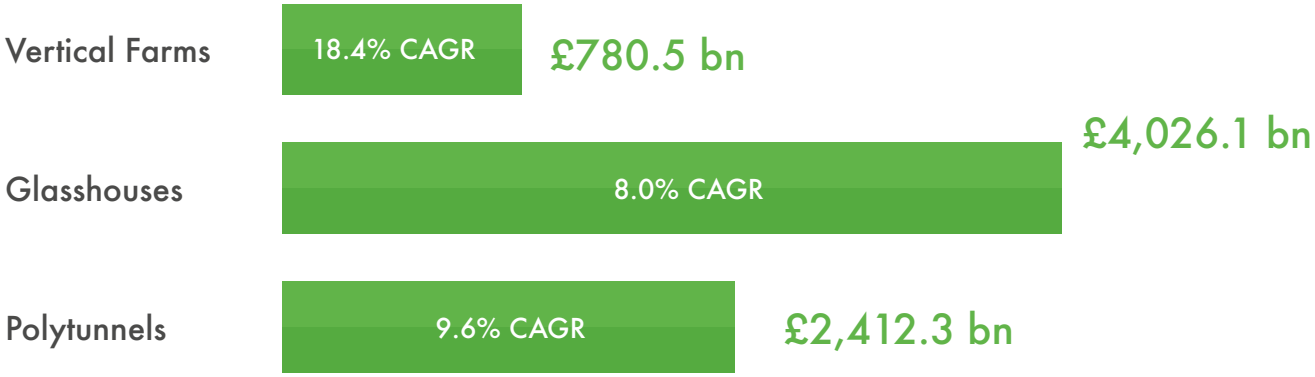
We continue to have good customer engagement and our pipeline remains strong, but in the short term we have seen an elongation of the sales cycle as the aforementioned factors impact decision making with our customer base. Accordingly, there is a level of uncertainty around current year revenues within Light Science Technologies. Revenues in UK Circuits remain strong and are in line with expectations despite the challenges of global component shortages.

Our SensorGROW coming to market will provide a powerful intelligence solution where important, all-encompassing data will be accessible to growers to give them better understanding and control of key growing parameters so they can tangibly grow more with less.

All of these opportunities, I believe, represent a truly unique platform to exploit, and enable us to build on our solid foundations and drive long-term sustainable growth for the business and our shareholders.

Simon Deacon
CEO

European market value for CEA technology*



* Based on Europe Indoor Farming market analysis from 2017 to 2028 - Grand View Research report. The revenue data shown is based on 2020 data. Figures converted from USD to GBP at 0.7465 - Source Xe.com (12 Nov 2021)

s172 Statement

The Board of Directors, both individually and collectively, have acted in good faith, in a way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 of the Companies Act 2006).

The Board considers its stakeholders to be the individuals and organisations that are affected by the Group's operations and with whom the Company seeks to proactively engage on a regular basis. The Company strives to maintain productive, mutually beneficial relationships with each stakeholder group by treating all stakeholders with fairness and respect, and by providing timely and effective responses and information. Engaging our stakeholders in decision-making, including consideration of our long-term strategic objectives.

SHAREHOLDERS

The Board endeavours to engage in clear and consistent dialogue with both existing and potential Shareholders to understand their needs and expectations, and to ensure that the Company's strategy, business model and progress are clearly understood. The Company encourage communication with shareholders as detailed in the Corporate Governance section on page 27.

EMPLOYEES

The Board recognises that a talented, dynamic and committed workforce is essential to the Group's success and growth. We recognise that a diverse range of experiences and perspectives adds value and continue to grow and strengthen the pool of talent to provider support across the different areas of the business, including by means of appropriate training. We pride ourselves on a safe and friendly working environment, and continually seek employee feedback through formal review processes. This has helped the Group develop production efficiencies and safer working practices.

CUSTOMERS

The Group seeks to foster long-term client relationships, building on long-standing relationships within the CEM division in an open and collaborative way, and seeking close relationships with growers working with them to improve their crop yields sustainably and economically, using our innovative technology solutions and insights. Customer engagement, either through tender feedback or customer surveys, has helped to direct the Group's operations and product development activities to best meet their needs. Additionally, a range of growers have agreed to beta test the sensorGROW technology, enhancing customer engagement and enabling collaborative arrangements.

SUPPLIERS

The Group relies on a diverse supply chain to support ongoing operations and fulfilment of its customers forward order books, so continues to develop existing supply chain relationships and seeks new ones.

ENVIRONMENT AND COMMUNITY

The Board are cognisant of the effects of climate change, and the need within the agricultural sector to grow more sustainably by reducing energy, waste, and food miles amongst other things. By utilising sustainability focused products and the latest science-backed innovations, the Group strives to have a net benefit to the environment. Additionally, the Group strives to be a positive force in the local community, through contributing to the local economy and creating jobs, as well as the intention to support environmental and agriculture-specific charities.

SIGNIFICANT DECISIONS

In the year the Company raised gross proceeds of £5 million, which the Directors believed to be in the best interests of the stakeholders, as it allows the Group to pursue ambitious growth plans delivering shareholder value over the long-term, whilst enabling our employees and supply chain to continue delivering customer solutions across the Group. In particular, to focus on the continuing development and deployment of innovative, sustainable products and services to help growers.

Principal risks and uncertainties

Principal risks and uncertainties	Impact	Mitigation
Macro-economic environment	Any economic downturn either globally or locally may have an adverse effect on the demand for the Group's services, and therefore the ability to generate a profit. If economic conditions remain uncertain this might have an adverse impact on the Group's operations and business results. This includes the effects of inflationary pressures, especially within the energy markets.	The Group operates in two separate sectors, Controlled Environment Agriculture and Contracts Electronic Manufacture, and intends to offer it's CEA services globally. This will help mitigate some of the effects as different sectors and geographies are impacted in different ways. Whilst increases in energy prices have seen some CEA industry participants stop growing or delay projects, it has also prompted enquiries from other participants into the Group's energy-saving products.
Geo-political	Geo-political uncertainty globally, as demonstrated by the ongoing events in Ukraine, can have an impact on the Group's operations and business results, due to interconnected global supply chains and the effects on commodity pricing, especially oil, copper, nickel and other key raw materials for technology products.	The Board monitors global geo-political news flow and considers the effects on the Group's business. The Group also maintains a diversified supply chain, and utilises main distributors, to mitigate against short-term variability in commodity pricing. Geo-political uncertainties can lead to delays in projects and affect the availability of finance, although it also enforces a desire to onshoring manufacturing and food production to improve self-sufficiency.

Principal risks and uncertainties	Impact	Mitigation
Supply chain - chip shortage	In the CEM division, the Group depends on a limited number of suppliers of raw materials to manufacture it's products. If the supply chain is unable to meet demand at reasonable costs and an alternative source or substitute products cannot be found, then production could be harmed. At present, there is a persisting shortage of certain electronic components, which are causing long availability delays. Whilst this has enabled the Group to win business and secure forward orders, the Group is monitoring the situation and its cash flow implications.	The Group utilises a diverse supply chain and continually reviews new potential suppliers. It also employs a skilled technical buying team that can effectively evaluate alternate sources and substitute components, working with customers to find the most cost effective solution. Additionally, for certain critical components and to mitigate against rising prices and uncertain availability of components the Group has secured additional stocks in advance of specific order fulfilment.
Brexit	Adapting to new regulations and trading arrangement could add complexity and delays to operations, in particular within the supply chain, to continuously and consistently source the supplies required by the Group's operation.	The Group maintains a diverse supply chain from global distributors and direct from manufacturers to mitigate against supply chain disruption.
Covid-19	The Covid-19 pandemic continues to impact businesses, governments and economies. This impacts upon the business health and safety; it's supply chain either directly or indirectly through lockdowns, as recently in Shenzhen region. It also can take longer for government departments, notably planning offices, to make routine decisions and can impact on the Group's operations.	The Group has adopted appropriate health and safety policies to mitigate the risk of Covid-19 and keep its employees safe at work. This has included following working from home guidance where applicable, and continues to offer a flexible hybrid working model which allowed for full capacity during the pandemic in 2020/21. The Group also maintains a diverse supply chain, and works with a broad mix of customers in its CEA division, including those not requiring planning permission and not subject to potential delays.

Principal risks and uncertainties	Impact	Mitigation
Early stage of operations within the CEA division	Within the CEA division, future growth and prospects will depend on the Group's ability to be and remain competitive, and to manage the growth, improving operational and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. There can be no certainty the CEA divisions products and services will perform as expected, or be developed in the envisaged timescales.	The Board and other key management personnel have broad experience in business and relevant technical fields, so as to effectively guide strategic and operational improvements as the CEA division grows. Having the established CEM division within the group diversifies the risk from such early stage operations and mitigates some of the effects from delays in the market and product development timescales.
People	The knowledge, skills and experience of the Group's key personnel are crucial to the success of the Group's business. Recruitment and retention of suitably qualified employees is vital, as well as developing other personnel.	Providing the existing team with good training and development opportunities is a key priority for the business, along with reviewing and benchmarking employee benefit packages to ensure they remain competitive and are effective in retaining and recruiting staff. Recruitment is done by experienced staff to ensure the correct calibre of individual is identified.
Global companies and competition	Many of the customers and competitors are major international companies. The Group's success depends upon its ability to develop and maintain a competitive position in the product categories and technologies on which it focuses. This involves, amongst other things, keeping pace with rapidly changing technologies and customer expectations, to avoid its existing products becoming obsolete and the Group's competitive position being harmed. Many of the Group's competitors have greater capabilities and resources. Competition is intense and expected to increase as new products enter the market.	The Board continually monitor the activities of its competitors, and review its strategic position relevant to them and other market participants, to ensure it stays relevant. We aim to be faster and quicker to respond and provide a level of flexibility. The Group requests feedback on its tenders and considers the needs and demands of customers to ensure its product offerings remain relevant; to identify areas of innovation focus; and to benchmark the Group's products against competitors, in terms of price and functionality.

Principal risks and uncertainties	Impact	Mitigation
Customer concentration within the CEM division	In the financial year ended 30 November 2021, Rentokil's pest division made up 61.3 per cent of the Group's turnover (down from 63.3% in 2020). Rentokil is expected to remain a key customer of the Group going forward and accordingly, the loss of, or a significant reduction in orders from, or the failure to be paid on a timely basis by, Rentokil, as well as other core customers would likely significantly reduce its turnover and have a material adverse impact on the Group.	Following the year end the CEM division has finalised agreement on and is imminently to sign a supply contract with Rentokil, solidifying the relationship and giving some level of comfort over continuity of orders and payment terms. Additionally, the Board continue to monitor the concentration and are focusing resource on opening new markets through additional certifications for the CEM division so as to win new business and diversify the risks.
Intellectual property	The Group has various trademark and patent applications over its products and brand. However, there is no guarantee these will exclude competitors or provide competitive advantages, or that they will not be the subject to claims in relation to the infringement of these rights.	The Group retains the services of an intellectual property attorney that specialises in the Agricultural market (of which the CEA is a subset) and utilises an IP strategy that aims to mitigate risks of ineffective applications or claims against the Group.

Principal risks and uncertainties	Impact	Mitigation
Business continuity risks	The Group is highly dependent on the effective operation of its IT systems and infrastructure, any major system failure or cyber security breach, could have a material adverse effect on the Group's ability to fulfil its obligations and harm customer relationships, and lead to liability under data protection laws. The Group's existing debt facilities include certain profitability covenants by way of a minimum multiple of the UK Circuits subsidiary key financial metrics. Should these be breached, Close Brothers reserves the right to terminate the debt facilities. The Group may need to seek additional sources of financing to implement its growth strategy. There can be no assurance the Group will be able to raise those funds. Whilst the Group hopes to receive further grants to fund the development of its technologies, there can be no assurance of being awarded such grants.	The Group utilises cloud-based IT systems from reputable vendors and retains the services of IT specialists to monitor and maintain the systems and infrastructure, including appropriate backups and segregation of data following the advice of such specialists and seeks to continually improve its systems. The Group maintains a strong working relationship with Close Brothers and the Board monitors actual and forecast covenant positions regularly. The Board monitors cashflow forecast requirements regularly. The Group retains the services of a grant bid writer, who assists the Group in identifying suitable grants and producing an application that highlights the proposed projects' features that best fit the grant criteria to maximise the chance of success.

The Strategic Report was approved by the board and signed on its behalf.

Simon Deacon

Simon Deacon
Chief Executive Officer

25 April 2022

Board of directors

The Board comprises three executive directors and four non-executive directors, including the Chairman. Three of the four non-executive directors are classified as independent by the Board. Robert Naylor, who in view of his appointment as the Chief Executive Officer of Intuitive Investment Group plc, the Company's 7.6% shareholder, is not considered independent.

All Directors have access to the Company's solicitors and may obtain independent professional advice in the furtherance of their duties at the expense of the Company.

The Board are mindful of the need to keep skills and experience up to date which is done through, amongst other things, continuing professional development and on the job experience.

Directors are expected to attend all meetings of the Board, and the Committees on which they sit, and to devote sufficient time to the Company's affairs to enable them to fulfil their duties as Directors. In the case of the non-executive directors this is considered to equate to not less than 24 days per annum. Due to the timing of most of the Director's appointments in the year, there was only a single scheduled Board meeting within the year, the following table therefore shows attendance during the year:

	Board	Audit	Remuneration	Nomination
Myles Halley	1/1	1/1		
Simon Deacon	1/1			1/1
Andrew Hempsall	1/1			
James Snooks	1/1			
Rory James-Duff	1/1		1/1	1/1
Lisa Clement	1/1	1/1	1/1	1/1
Robert Naylor	1/1	1/1	1/1	



MYLES ANTONY HALLEY
Independent Non-Executive Chairman

Myles Halley worked with KPMG LLP for over 30 years, latterly assuming a position on the UK board, where he also was a member of the audit committee. During his tenure with KPMG, Myles led the UK restructuring department of the business with over 500 employees. Subsequently, Myles became Chairman of Rcapital Partners LLP, a private equity firm, and concurrently held numerous other Chairman positions.



SIMON LINCOLN DEACON
Chief Executive Officer

Simon Deacon, the Company's Chief Executive Officer, has 25 years' experience in expediting business growth, having founded or acquired and grown companies operating in the lighting and electronic sectors, such as UK Circuits and Light Science Technologies. Simon also co-founded a retail consultancy, Design Conformity Ltd, focused on safety and sustainability, which has been adopted by numerous global retailers and brands.



ANDREW MARK HEMPSALL
Chief Operating Officer

Andrew Hempsall is a highly experienced industry executive, with significant operational leadership experience. Andrew has worked in many commercial roles, driving company operations, particularly in the manufacturing sector. He has gained experience in leading teams through roles as Operations Director and General Manager – the latter of which was with PE owned, Arken POP International Limited. Andrew holds an MBA from the University of Nottingham.



JAMES (JIM) EDWARD SNOOKS
Chief Financial Officer

Jim Snooks has held a number of Finance Director positions including as Group Financial Controller of Breasley Group, Finance Director of Furntec Ltd and Financial Controller of GLW Feeds Ltd, developing a wealth of experience in the finance operations of medium size enterprises. Jim is a CIMA chartered management accountant, CGMA global chartered management accountant and holds a BA (Hons) in European Finance and Accounting.



RORY THOMAS JAMES-DUFF
Independent Non-Executive Director

Rory James-Duff has over 20 years' experience in equity capital markets, with a focus on growth companies and more recently, environmental and impact businesses. Rory has worked extensively in equity capital markets and equity sales across a range of industries with institutional, retail and private wealth clients. Rory previously worked with Canaccord Genuity Inc as a Director of UK Equity Sales and as a Director of Equity Capital Markets with Peel Hunt LLP, where he led numerous IPOs and secondary fundraisings. Currently, Rory is a Director, Head of Commercial Partnerships with Groundwork Services Ltd, a firm focused on supporting, developing and growing innovate and sustainable UK businesses. Rory holds a BCom degree from the University of Edinburgh.



LISA JANE CLEMENT
Independent Non-Executive Director

Lisa Clement has held positions as Chief Financial Officer, Non-Executive Director and Senior Independent Director. She has acted on a number of boards, and chaired remuneration and audit committees, gaining experience with several public companies. She has significant experience of providing strategic and financial leadership to both high growth companies and those requiring operational or corporate change, refocus or restructuring, across a broad range of sectors. Lisa acted as Chair of the Audit Committee, and managed the board and company's exposure to risk as a result of the corporate restructuring of UK Coal plc and subsequent reorganisation of Harworth Group plc. Lisa is a chartered accountant and was awarded a BA from the University of Oxford.



ROBERT (ROB) GRAHAM NAYLOR
Non-Executive Director

Robert Naylor has 24 years' experience in capital markets. Robert was most recently at Cenkos Securities plc as head of corporate finance and corporate broking in the investment funds team. Prior to that, Robert has held roles as co-head of the investment funds team at Panmure Gordon (UK) Limited and executive director, head of product development in the investment trust team at JPMorgan Asset Management Limited. Robert has advised a number of public Healthcare and Life Science companies including BBI Holdings plc, Collagen Solutions plc, EKF Diagnostic Holdings plc, Scancell Holdings plc, Yourgene Health plc (previously Premaitha Health plc) and Immunodiagnostics Systems Holdings plc.

Robert started his career with Ernst & Young LLP in 1996 where he qualified as a chartered accountant in the investment management group.

Corporate governance statement

An introduction from our Chairman

In this section of our Report, we have set out our approach to governance and provided further information on how the Board and its committees operate.

The Board is committed to the principles of good corporate governance and believes that an effective corporate governance framework is essential to underpin the success of the Group's business.

The Board is committed to achieving the highest standards of integrity, ethics, professionalism and business practice throughout the Group's operations. Therefore, the Company has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), in line with the AIM Rules for Companies, which requires all AIM-quoted companies to adopt a recognised corporate governance code and to explain how the company complies with and where it departs from the chosen code.

Myles Halley (Chairman) – 25 April 2022

BOARD MEMBERS' RESPONSIBILITIES

The Board is responsible for the overall management of the Group. The Board will meet at least 10 times a year and otherwise on an as-required basis, to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals.

The key procedures which the Board intends to establish with a view to providing effective internal financial control include the following:

- the Company has instituted a monthly management reporting process to enable the Board to monitor the performance of the Company;
- the Board has adopted and reviewed a comprehensive annual budget for the Company. Monthly results will be examined against the budget and deviations will be closely monitored by the Board; and
- the Board is responsible for maintaining and identifying major business risks faced by the Company and for determining the appropriate courses of action to manage those risks.

The Company has established an Audit and Risk Committee, a Remuneration Committee, and a Nomination Committee, each with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

BOARD COMMITTEES

The Board has established an audit and risk committee, a remuneration committee, and a nominations committee with formally delegated duties and responsibilities. For further details on the Audit and Risk Committee and the Remuneration Committee please refer to the respective committee reports on pages 32-36 following this corporate governance statement. Details of the Nominations committee are described below.

NOMINATIONS COMMITTEE

The nominations committee is comprised of Lisa Clement, Rory James-Duff and Simon Deacon, and is chaired by Lisa Clement. The nominations committee is responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise. The nominations committee meets at least twice a year and otherwise as required.

Set out below is a summary of the Company's compliance with, and departures from, the QCA Code.

	Principle	Extent of current compliance	Commentary	Further disclosure
1	Establish a strategy and business model promoting long-term value for shareholders	Fully compliant	An explanation of the Group's business model and strategy, including key challenges and how they will be addressed can be found in the Chairman's Statement and Chief Executive's Report within this Annual Report	Chairman's Statement and CEO's Report

	Principle	Extent of current compliance	Commentary	Further disclosure
2	Seek to understand and meet shareholder needs and expectations	Fully compliant	The Board endeavours to engage in clear and consistent dialogue with both existing and potential Shareholders to understand their needs and expectations, and to ensure that the Company's strategy, business model and progress are clearly understood. The Board will communicate with Shareholders through various means, further detailed on our website, including this Annual report. The Board views the Company's annual general meeting as an important forum for communication between the Company and its Shareholders and encourages Shareholders to express their views on the Company's business activities and performance, further details can be found in the Notice on page 98. The Chief Financial Officer will be the primary contact for Shareholders and there is a dedicated e-mail address for Shareholder questions and comments shareholders@lightsciencetech.com. The Board believes shareholder engagement at various investor presentations since the IPO has been successful and looks forward to further engagement in the near future.	Our Website Regulatory Updates Annual General Meeting Investor Presentations

	Principle	Extent of current compliance	Commentary	Further disclosure
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Fully compliant	The Board recognises the importance of corporate social responsibility as critical to the Group's long-term success and seeks continued engagement with the Company's stakeholders. Given the size and early stage of the CEA division's operations, the Board is very familiar with the Group's operations as well as the industry, this enables the Board to clearly identify key resources and relationships on which the Group relies, this includes employees, customers and suppliers.	Chairman's Statement, Chief Executive's Report and s172 Statement
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Fully compliant	The Company recognises that risk is inherent in all its business activities and is an important part of the Board's formulation of strategy. The Board, supported by the audit and risk committee, routinely monitors risks that could materially and adversely affect the Company's ability to achieve its strategic goals, financial condition and results of operations. The Board undertakes risk assessments at least annually to assess the relevant business and financial risks, in order to discover any potential risks the Group is exposed to. In particular, prior to the IPO, and in conjunction with legal and financial due diligence, the Board adopted comprehensive Financial Position and Prospects Procedures that provide a level of assurance that risk management and internal control systems are effective.	Principal Risks section and Audit and Risk Committee

	Principle	Extent of current compliance	Commentary	Further disclosure
5	Maintain the board as a well-functioning, balanced team led by the chair	Fully compliant	The Board comprises seven Directors, three Executive and four Non-Executive. Further details of the Board members, those that are independent, and the attendance record can be found above in the Board Members and Committees section. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties.	Corporate Governance section on Board Members and Committees, including the Committee Reports
6	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	Fully compliant	The Directors come from a range of backgrounds and have a wide variety of experience which results in the Board as a whole being well balanced and has the skills and other attributes necessary to deliver the Company's strategy. The Company Secretary will provide Directors with updates on key developments relating to the Company, the sectors in which the Group operates, and legal and governance matters. Neither the Board nor Committees have sought external advice on any significant matters or engaged advisers between adoption of the QCA Code prior to Admission and the year end.	Board Members and Committees section Our Website
7	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	Partially compliant	The Nominations Committee will regularly review the structure, size and composition of the Board and make recommendations, including over the course of time, concerning plans for succession for both executive and non-executive Directors. Given the size and nature of the Company, the Board does not currently consider it appropriate to have a formal performance evaluation procedure in place, but will closely monitor this situation as the Group develops.	Board Members and Committees section

	Principle	Extent of current compliance	Commentary	Further disclosure
8	Promote a corporate culture that is based on ethical values and behaviours	Fully compliant	The Company is committed to ensuring that the Group operates according to the highest ethical standards and the Board has primary responsibility for achieving this. The Group has also adopted formal policies addressing, inter alia, anti-bribery and corruption, the use of social media and dealing in the Company's shares. The Board strives to lead by example in its dealings with all stakeholders. The Board believes that the Group will have a dynamic and ethical culture. The Board regularly monitors the cultural environment and seeks to address any concerns that arise from employee feedback. The Board believes the culture is instilled by training, continuous development and mentoring from senior management. The Group's culture is consistent with the Company's strategy, business model, and key risks, because it allows the Group to be adaptable in the face of challenges and move quickly to capitalise on new market opportunities as they develop. It also allows a focus on sustainable products, prioritising health and safety and good business practices.	Chairman's Statement, Chief Executive's Report and s172 Statement

	Principle	Extent of current compliance	Commentary	Further disclosure
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Fully compliant	The Board is responsible for the long-term success of the Company and providers leadership to the Company within a framework of effective controls, checks and balances. There is a clear separation of the roles of Chairman and Chief Executive Officer. The Chairman is responsible for the running of the Board and has ultimate responsibility for corporate governance matters. With guidance from the Company's advisers, the Chairman will assess the appropriateness of the Company's governance structures as the Group continues to develop. The Company is committed to the evolution of its corporate governance in line with best practice, to the extent the Board judges appropriate considering the Group's size, stage of development and resources. The Board is satisfied with current corporate governance arrangements and there are no specific plans to change this in the short-term. The Chief Executive Officer is ultimately responsible for the day-to-day running of the business and implementing the Board's strategy and decisions.	Corporate Governance section on Board Members and Committees, including the Committee Reports Our Website, Matters Reserved for the Board and Committee Terms of Reference
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Fully compliant	The Board recognises that it is accountable to Shareholders for the performance and activities of the Company and to this end is committed to maintaining good communication and having constructive dialogue with its Shareholders in a number of ways, especially the Annual General Meeting, which the Company encourages Shareholders to express their view on the activities and performance, further details are contained in the Notice on page 98.	Our Website Regulatory Updates Annual General Meeting Corporate Governance Report

Audit and risk committee report

The Audit and Risk Committee comprises Lisa Clement and Robert Naylor, with Myles Halley as chair of the Committee. All members are Non-Executive Directors and Myles Halley and Lisa Clement are considered independent. The Audit and Risk Committee meets at least three times a year and otherwise as required.

The Audit and Risk Committee's main functions include: –

- monitoring the integrity of the financial statements of the Company including its annual and interim reports
- reviewing the effectiveness of internal control systems and risk management systems
- monitoring the need for an internal audit function
- overseeing the Company's relationship with the external auditors as a whole, including advising on their appointment and remuneration; agreeing the scope of the audit; and reviewing the findings.

ACTIVITIES DURING 2021

The Audit Committee was formed on Admission of the Company to AIM in October 2021 and has met once prior to the year-end date and once since the year-end date. The external auditor, RSM UK Audit LLP, attended both meetings. The future meetings of the Committee are scheduled to coincide with key dates in the financial reporting and audit cycle.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee meets to consider the risks faced by the Group and to ensure that appropriate policies are in place to mitigate them. For further details on the Principal Risks and Uncertainties please refer to that section of the Company's Strategic Report on pages 17-21 of this Annual Report. The Group has established a system of risk management and internal control. The Committee is responsible for reviewing these systems that identify, assess, and manage risks, in order to ensure they are effective. The Board encourages a culture of continuous improvement to ensure the internal controls procedures remain appropriate as the Group scales.

EXTERNAL AUDIT

The Company's external auditors, appointed in the year, are RSM UK Audit LLP, the fee for the audit to 30 November 2021 is £80,000. The Committee monitors and reviews the external auditors' independence, objectivity, effectiveness and qualifications annually. It does so before making recommendations to the Board in respect of their re-appointment, and consideration is given to the level, nature and fees paid in respects of non-audit services in relation to the total audit fee.

The Committee is satisfied that the provision by RSM UK Audit LLP of non-audit services prior to Admission did not impair their independence or objectivity.

INTERNAL AUDIT DEPARTMENT

As would be expected of a group of similar size, scale or complexity, the Group does not have an independent internal audit department. It is felt that the financial record keeping is robust and capable of highlighting significant departures from procedures. Other areas of risk review and management that may otherwise be conducted by an independent internal audit department are covered by the Board and its Committees, as highlighted above. The Board reviews this position annually.

SHARE DEALING, ANTI-BRIBERY AND WHISTLEBLOWING

The Company adopted, with effect from its admission to AIM, a share dealing policy for the Directors and all employees, which is appropriate for a company whose shares are admitted to trading on AIM. The Company takes all reasonable steps to ensure compliance by the Directors and any other applicable employees with the terms of that share dealing policy.

The Group promotes a culture of integrity, honesty, trust and respect and all employees are expected to operate in an ethical manner in all their internal and external dealings. The Group has adopted anti-corruption and bribery, setting out a zero-tolerance position on bribery and corruption, and the expectations for how business activities concerning the Group should be conducted. The Group has also adopted a whistleblowing policy, covering the anonymous reporting of any and all breaches or potential breaches concerning business practices, data protection, or any unlawful behaviour. The Committee believes, based on experience to date, that these policies are effective and staff members are aware of them.

Myles Halley

Myles Halley
Chair of the Audit and Risk Committee

25 April 2022

Remuneration committee report

The Remuneration Committee comprises Rory James-Duff and Robert Naylor, with Lisa Clement as chair of the Committee. All members of the Remuneration Committee are Non-Executive Directors and Rory James-Duff and Lisa Clement are considered independent. The Remuneration Committee meets at least twice a year and otherwise as required.

The Remuneration Committee's main functions include: –

- determining and agreeing with the Board the framework for the remuneration of the executive directors and other designated key management personnel
- determining the total individual remuneration package of the executive directors, and other key management personnel including, where appropriate, bonuses, incentive payments and share options or other share awards
- approving the design of, and determining targets for, any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes approving the design of, and determining targets for, any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes
- reviewing the design of and administering all share incentive plans operated by or to be established by the Company including the selection of eligible executives and employees, the timing of any grant, the numbers of shares in respect of which grants are to be made, the exercise price at which options are to be granted and the imposition of any objective condition which must be complied with
- reviewing the ongoing appropriateness and relevance of the Company's remuneration policy

TERMS OF REMUNERATION

The Company entered into service agreements with the 3 Executive Directors pursuant to which they are employed on a full time basis, terminated on no less than 6 months' notice. They are all eligible to participate in the Company's bonus scheme, yet to be determined at the absolute discretion of the Remuneration Committee, as well as being eligible to be enrolled in the Company's occupational pension scheme and the Company's private medical insurance scheme.

Mr Deacon is employed as the Chief Executive Officer and is paid a gross annual salary of £220,000 per annum, prior to Admission this was £300,000 per annum.

Mr Hempsall is employed as the Chief Operating Officer and is paid a gross annual salary of £150,000 per annum.

Mr Snooks is employed as the Chief Financial Officer and is paid a gross annual salary of £150,000 per annum.

The Non-Executive Directors are all appointed pursuant to appointment letters.

Mr Halley is appointed as Independent Non-executive Chairman of the Company and the Chair of the Audit and Risk committee, for an initial term of 3 years. Mr Halley is entitled to a fee of £50,000 per annum.

Ms Clement is appointed as Independent Non-executive Director and Chair of the Remuneration and Nomination committees, for an initial term of 3 years. Ms Clement is entitled to a fee of £35,000 per annum, plus an additional £5,000 in respect of the committees.

Mr James-Duff is appointed as Independent Non-executive Director for an initial term of 3 years, and is entitled to a fee of £35,000 per annum.

Mr Naylor is appointed as Non-executive Director for an initial term of 3 years, and is entitled to a fee of £35,000 per annum

SHARE OPTION PLAN

The Group has established a management share option plan ("MSOP") with effect from 15 October 2021, being the Company's admission to AIM. It is administered by the Remuneration Committee and during the year has granted 8,900,000 enterprise management incentive ("EMI") share options to key management personnel of the Company and other Group companies.

The EMI options were granted with a nil exercise price and not subject to performance conditions. The EMI options may first be exercised on the first anniversary of the date of grant up to the tenth anniversary. The company issued 8,900,000 options. There are no cash settlement alternatives for the employees.

The Company established an LSTH Employee Benefit Trust ("EBT"), having LSTH Trustee Ltd, a member of the Group, as its corporate trustee. This EBT received 8,900,000 shares in Light Science Technologies Holdings plc prior to listing by way of an outright gift from Simon Deacon on the 8 October 2021, in order for the EBT to satisfy the aforementioned EMI options.

The interests of the Directors under the Group's share option schemes are set out below:

	Date of Grant	Number of MSOP Options	First Exercise Date*	Exercise Price (£)
Jim Snooks	15/10/21	1,500,000	15/10/22	0.00
Andrew Hempsall	15/10/21	1,500,000	15/10/22	0.00

* subject to further 1 year soft lock-in agreement

2021 ANNUAL BONUS

For the period to 30 November 2021, the Executive Directors did not receive, nor were they eligible for any bonus.

DIRECTOR'S EMOLUMENTS - AUDITED

£	Salary and Fees	Benefits-in-kind	Pension contributions	2021 Total	2020 Total
Executive					
Simon Deacon	290,049	1,774	1,209	**293,032**	60,436
Jim Snooks	150,100	775	1,318	**152,193**	20,767
Andrew Hempsall	150,100	1,134	-	**151,234**	50,275
Non-Executive					
Myles Halley	6,502	-	-	**6,502**	-
Lisa Clement	5,852	-	-	**5,852**	-
Rob Naylor	4,551	-	-	**4,551**	-
Rory James-Duff	4,551	-	-	**4,551**	-
Total	**611,705**	**3,683**	**2,527**	**617,915**	**131,478**

DIRECTORS' INTEREST IN SHARES

The Directors held the following beneficial interests in the shares of Light Science Technologies Holdings plc as at the 30 November 2021:

	Number of Ordinary Shares	Percentage of Ordinary Share Capital
Simon Deacon	80,600,000	46.3
Jim Snooks	1,000,000	0.6
Andrew Hempsall	365,655	0.2
Myles Halley	500,000	0.3
Robert Naylor	2,500,000	1.4
Rory James-Duff	150,000	0.1

Lisa Clement

Lisa Clement
Chair of the Remuneration Committee

25 April 2022

Directors' report

The Directors present their report and the audited financial statements of the Group for the year ended 30 November 2021.

PRINCIPAL ACTIVITY

Light Science Technologies Holdings plc is a public limited company incorporated in the United Kingdom, registered number 12398098, which is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange. Its principal activity is that of a holding company.

The principal activity of the Group is the development and manufacturing of electronic boards and the development and manufacturing of lighting and technology products for the Controlled Environment Agriculture ("CEA") sector

DIRECTORS

The Directors who served during the period and up to the date of this report were as follows:

Myles Halley	Chairman	(Appointed 15 October 2021)
Simon Deacon	Chief Executive Officer	(Appointed 13 January 2020)
James Snooks	Chief Financial Officer	(Appointed 15 October 2021)
Andrew Hempsall	Chief Operating Officer	(Appointed 15 October 2021)
Lisa Clement	Non-Executive Director	(Appointed 15 October 2021)
Rory James-Duff	Non-Executive Director	(Appointed 15 October 2021)
Robert Naylor	Non-Executive Director	(Appointed 11 January 2021)

DIVIDENDS

The Director's do not recommend the payment of a dividend for the year ended 30 November 2021 (2020: £nil)

SIGNIFICANT SHAREHOLDINGS

The Company's significant shareholders, including Directors, as at 30 November 2021, were as follows:

	Number of Ordinary Shares	Percentage of Ordinary Share Capital
Simon Deacon	80,600,000	46.3
Intuitive Investments Group plc	13,280,000	7.6
David Evans	10,000,000	5.7
Herald Investment Management	10,000,000	5.7
LSTH Trustee	8,900,000	5.1

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The Company currently has in place, and had for the year ended 30 November 2021, Director's and Officer's liability insurance for the benefit of all Directors of the Company.

POLITICAL DONATIONS

The Company made no political donations in the financial period.

FINANCIAL RISK MANAGEMENT

The financial risk management objectives of the Group, including credit risk and foreign currency risk, are provided in Note 28 to the Consolidated Financial Statements on pages 89-92.

CORPORATE GOVERNANCE

For further details of Corporate Governance please refer to the Corporate Governance Statement on pages 25-31.

GOING CONCERN

The Going Concern statement for the Group is provided in Note 2.4 to the Consolidated Financial Statements on page 60.

KEY PERFORMANCE INDICATORS

The Board monitors the performance of the Group in delivering its key strategic and operational objectives for a given period. In particular, the Board monitors revenue, sales pipeline and gross margin against budget. These are set out in the highlights section on page 3 and in the table below:

	2021	2020
Revenue (£m)	7.39	6.94
Gross Profit Margin %	22.2	22.3

Due to the early stage of operations in the CEA division, the Board is in the process of developing an appropriate set of key performance indicators (KPI's) against which to benchmark how it performs against the operational and other standards that will be put in place by the Board as the Group grows. The Board recognises the importance of KPI's in driving appropriate behaviour, sustainable practices and business performance. As such the Directors are absolutely committed to ensuring the Group operates to the highest standards by developing, monitoring and continually reviewing which financial and non-financial KPI's are appropriate for the Group's stage of development.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and have elected under company law to prepare the company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law.

The group and company financial statements are required by law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 group and the company and of the profit or loss of the group for that period. In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Light Science Technologies Holdings Plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The Director's resolved that RSM UK Audit LLP be re-appointed as auditor. RSM UK Audit LLP has indicated its willingness to continue in office.

STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 the Company chooses to report on the review of business; research and development activities and likely future developments of the business in the Chairman's Statement and Chief Executive's Report on pages 8-14.

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

Simon Deacon
Chief Executive Officer

25 April 2022

Independent auditor's report to the members of Light Science Technologies Holdings Plc

OPINION

We have audited the financial statements of Light Science Technologies Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Statements of Changes in Equity, Consolidated Cash Flow Statement, Company Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the Companies Act 2006; and
- the financial statements 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities 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.

OTHER MATTERS

The company was exempt from audit in the year ended 30 November 2020 and consequently the corresponding figures are unaudited.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included

- Understanding how the cash flow forecasts for the going concern period had been prepared and the assumptions adopted;
- Testing of the integrity of the forecast model to ensure it was operating as expected;
- Challenging the key assumptions within the forecast with agreement to supporting date where possible.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	› **Group** Appropriateness of merger accounting › **Parent Company** No key audit matters noted
Materiality	› **Group** Overall materiality: £147,000 Performance materiality: £110,000 › **Parent Company** Overall materiality: £68,000 Performance materiality: £51,000
Scope	› Our audit procedures covered 100% of revenue, total assets and loss before tax

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

APPROPRIATENESS OF MERGER ACCOUNTING

Key audit matter description	The group was formed during the year by the parent company acquiring UK Circuits and Electronics Solutions Limited and Light Science Technologies Limited. As all the entities are under common control, this transaction has been accounted for using merger accounting principles. Merger accounting is outside the scope of IFRS 3 and management therefore needed to use judgement to develop an accounting policy that provides relevant and reliable information in accordance with IAS 8.
How the matter was addressed in the audit	We reviewed the legal documentation in respect of the acquisitions and assessed whether that the adoption of merger accounting was appropriate which involved consultation with internal technical accounting specialists. We audited the workings supporting the combination of the businesses and ensured this was undertaken in line the predecessor method of merger accounting and the merger reserve had been appropriately determined. We also assessed the adequacy of the description of the merger accounting process as disclosed in note 2.2 of the financial statements.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£147,000	£68,000
Basis for determining overall materiality	2% of revenue	1% of total assets (reduced to a suitable level to support the group opinion)
Rationale for benchmark applied	This key performance indicator is focused upon by the investors as a measure of the level of growth achieved by the group	Total assets was chosen as the entity is a non-trading holding company
Performance materiality	£110,000	£51,000
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £7,390 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £3,400 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consists of 4 components, all of which are based in the UK. A full scope audit was undertaken by the Group audit team of all 4 components covering 100% of group revenue, total group assets and group loss before tax.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OPINIONS 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 year 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 group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 39, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S 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 auditor's 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.

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from internal / external tax advisors; Inspection of correspondence with local tax authorities.
Health & Safety	ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance (as noted above) and inspection of legal and regulatory correspondence, if any.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	We performed cut-off testing and substantive testing procedures over revenue recognised through the year to ensure appropriately recognised in line with the requirements of IFRS 15.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's 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. *Neil Stephenson*

Neil Stephenson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor, East West Building
2 Tollhouse Hill, Nottingham
NG1 5FS

25 April 2022

Consolidated statement of comprehensive income

For the year ended 30 November 2021

	Notes	30 November 2021 £	30 November 2020 £
Revenue	5	**7,393,933**	**6,937,426**
Cost of sales		(5,750,782)	(5,387,739)
Gross profit		**1,643,151**	**1,549,687**
Administrative expenses		(3,265,106)	(1,448,419)
Non-recurring administrative expenses	8	(512,436)	(30,255)
Other operating income	9	50,203	186,616
Operating (loss) / profit	6	**(2,084,188)**	**257,629**
Finance costs	10	(262,620)	(109,634)
(Loss) / profit on ordinary activities before taxation		**(2,346,808)**	**147,995**
Income tax credit	13	202,423	35,709
(Loss) / profit for the year and total comprehensive income for the year		**(2,144,385)**	**183,704**
Attributable to:			
The owners of the company		(2,165,543)	109,896
Non-controlling interests	27	21,158	73,808
		(2,144,385)	**183,704**
(Loss)/earnings per share			
Basic and diluted (pence)	29	**(1.98)**	**0.18**

Notes to the financial statements are from pages 59-97.

Consolidated balance sheet

Registered Number: 12398098

As at 30 November 2021

	Notes	30 November 2021 £	30 November 2020 £
Assets			
Non-current assets			
Property, plant and equipment	14	822,803	740,842
Intangible assets	15	214,698	77,752
Right-of-use assets	22	551,532	623,298
		1,589,033	**1,441,892**
Current assets			
Inventories	17	1,199,749	589,471
Trade and other receivables	18	1,738,330	1,254,189
Corporation tax receivable		151,090	-
Cash and cash equivalents	19	3,860,430	41,880
		6,949,599	**1,885,540**
Total assets		**8,538,632**	**3,327,432**
Liabilities			
Current liabilities			
Borrowings	23	(1,341,925)	(752,361)
Trade and other payables	20	(2,049,089)	(1,376,852)
Corporation tax payable		-	(39,607)
Lease liabilities	22	(226,498)	(162,834)
		(3,617,512)	**(2,331,654)**
Non-current liabilities			
Deferred tax	21	-	(1,470)
Borrowings	23	(613,889)	(993,440)
Trade and other payables	20	(64,184)	-
Lease liabilities	22	(325,878)	(465,881)
		(1,003,951)	**(1,460,791)**
Total liabilities		**(4,621,463)**	**(3,792,445)**
Net assets		**3,917,169**	**(465,013)**

Consolidated balance sheet (continued)

	Notes	30 November 2021 £	30 November 2020 £
Capital and reserves attributable to the owners of the company			
Share capital	25	1,741,500	1,000,000
Share premium account	26	5,654,011	-
Share allotment reserve	26	-	250,000
Merger reserve	26	(3,478,435)	(3,479,535)
Share based payment reserve	26	220,363	-
Warrant reserve	26	159,593	-
Retained earnings	26	(706,733)	1,458,810
		3,590,299	**(770,725)**
Non-controlling interests	27	326,870	305,712
Total equity		**3,917,169**	**(465,013)**

These financial statements were approved by the board of Directors and authorised for issue on 25 April 2022 and were signed on its behalf by:

Simon Deacon
Chief Executive Officer

25 April 2022

Notes to the financial statements are from pages 59-97.

Company balance sheet

As at 30 November 2021

	Notes	30 November 2021 £	30 November 2020 £
Assets			
Non-current assets			
Property, plant and equipment	14	8,859	4,176
Investments in subsidiaries	16	3,101,507	-
		3,110,366	**4,176**
Current assets			
Trade and other receivables	18	861,198	126,271
Cash and cash equivalents	19	3,412,666	-
		4,273,864	**126,271**
Total assets		**7,384,230**	**130,447**
Liabilities			
Current liabilities			
Bank overdraft	23	-	(2,738)
Trade and other payables	20	(296,825)	(106,483)
Total liabilities		**(296,825)**	**(109,221)**
Net assets		**7,087,405**	**21,226**
Capital and reserves attributable to the owners of the company			
Share capital	25	1,741,500	1,000
Share premium account	26	5,654,011	-
Share allotment reserve	26	-	250,000
Share based payment reserve	26	220,363	-
Warrant reserve	26	159,593	-
Retained earnings	26	(688,062)	(229,774)
Total equity		**7,087,405**	**21,226**

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes. The loss for the company for the year was £458,288 (Period from 13 January 2020 to 30 November 2020: £229,774).

These financial statements were approved by the board of Directors and authorised for issue on 25 April 2022 and were signed on its behalf by:

Simon Deacon

Simon Deacon
Chief Executive Officer

25 April 2022

Notes to the financial statements are from pages 59-97.

Statements of changes in equity

For the year ended 30 November 2021

Consolidated	Share capital £	Share premium account £	Share allotment reserve £
At 30 November 2020	**1,000,000**	**-**	**250,000**
Transactions with shareholders			
Combinations under common control	-	-	-
Advance share subscription	-	-	750,000
Shares and related warrants issued in the year	741,500	5,654,011	(1,000,000)
Share based payment	-	-	-
Total transactions with shareholders	741,500	5,654,011	(250,000)
Comprehensive income			
Loss for the year	-	-	-
Total comprehensive income	-	-	-
At 30 November 2021	**1,741,500**	**5,654,011**	**-**

Consolidated	Share capital £	Share premium account £	Share allotment reserve £
At 30 November 2019	**1,000,000**	**-**	**-**
Transactions with shareholders			
Advance share subscription	-	-	250,000
Total transactions with shareholders	-	-	250,000
Comprehensive income			
Loss for the year	-	-	-
Total comprehensive income	-	-	-
At 30 November 2020	**1,000,000**	**-**	**250,000**

Share based payment reserve £	Warrant reserve £	Merger reserve £	Retained earnings £	Non- controlling interests £	Total equity £
-	**-**	**(3,479,535)**	**1,458,810**	**305,712**	**(465,013)**
-	-	1,100	-	-	1,100
-	-	-	-	-	750,000
-	159,593	-	-	-	5,555,104
220,363	-	-	-	-	220,363
220,363	159,593	1,100	-	-	6,526,567
-	-	-	(2,165,543)	21,158	(2,144,385)
-	-	-	(2,165,543)	21,158	(2,144,385)
220,363	**159,593**	**(3,478,435)**	**(706,733)**	**326,870**	**3,917,169**

Share based payment reserve £	Warrant reserve £	Merger reserve £	Retained earnings £	Non- controlling interests £	Total equity £
-	**-**	**(3,479,535)**	**1,348,914**	**231,904**	**(898,717)**
-	-	-	-	-	250,000
-	-	-	-	-	250,000
-	-	-	109,896	73,808	183,704
-	-	-	109,896	73,808	183,704
-	**-**	**(3,479,535)**	**1,458,810**	**305,712**	**(465,013)**

Statements of changes in equity (continued)

Company	Share capital £	Share premium account £
At 1 December 2020	**1,000**	**-**
Transactions with shareholders		
Combinations under common control	999,000	-
Advance share subscription	-	-
Shares and related warrants issued during the year	741,500	5,654,011
Share based payments	-	-
Total transactions with shareholders	1,740,500	5,654,011
Comprehensive income		
Loss for the year	-	-
Total comprehensive income for the year	-	-
At 30 November 2021	**1,741,500**	**5,654,011**

Company	Share capital £
At 13 January 2020	**-**
Transactions with shareholders	
Shares issued during the period	1,000
Advance share subscription	-
Total transactions with shareholders	1,000
Comprehensive income for the period	
Loss for the period	-
Total comprehensive income for the period	-
At 30 November 2020	**1,000**

Notes to the financial statements are from pages 59-97.

Share allotment reserve £	Share based payment reserve £	Warrant reserve £	Retained earnings £	Total equity £
250,000	**-**	**-**	**(229,774)**	**21,226**
-	-	-	-	999,000
750,000	-	-	-	750,000
(1,000,000)	-	159,593	-	5,555,104
-	220,363	-	-	220,363
(250,000)	220,363	159,593	-	7,524,467
-	-	-	(458,288)	(458,288)
-	-	-	(458,288)	(458,288)
-	**220,363**	**159,593**	**(688,062)**	**7,087,405**

Share premium account £	Share allotment reserve £	Retained earnings £	Total equity £
-	**-**	**-**	**-**
-	-	-	1,000
-	250,000	-	250,000
-	250,000	-	251,000
-	-	(229,774)	(229,774)
-	-	(229,774)	(229,774)
-	**250,000**	**(229,774)**	**21,226**

Consolidated cash flow statement

For the year ended 30 November 2021

	Notes	30 November 2021 £	30 November 2020 £
Cash flows from operating activities			
(Loss) / profit after tax		(2,144,385)	183,704
Adjustments for:			
Depreciation of tangible assets	14	86,145	43,568
Depreciation of right-of-use assets	22	145,552	127,019
Loss on disposal of fixed assets		-	2,403
Interest payable	10	262,620	109,634
Taxation and RDEC credit	9,13	(214,882)	(35,706)
Share based payment	24	220,363	-
Changes in working capital:			
(Increase)/decrease in inventory	17	(610,278)	59,012
(Increase) in trade and other receivables	18	(484,141)	(18,077)
Increase / (decrease) in trade and other payables	20	732,269	(87,179)
Cash (used in) / generated from operations		**(2,006,737)**	**384,378**
Tax received	13	22,715	102,007
Net cash (outflow) / inflow from operating activities		**(1,984,022)**	**486,385**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(168,106)	(67,194)
Purchase of intangible fixed assets	15	(136,946)	(77,752)
Purchase of right-of-use-assets	22	-	(329,171)
Consideration paid for the acquisition of subsidiaries		-	(500,590)
Net cash outflow from investing activities		**(305,052)**	**(974,707)**

Consolidated cash flow statement (continued)

	Notes	30 November 2021 £	30 November 2020 £
Cash flows from financing activities			
Capital issued (net of issue costs)	25	4,431,204	1,000
Advance share subscriptions	25	750,000	250,000
Proceeds from new loans	32	310,000	975,000
Proceeds from new convertible loans	32	1,125,000	-
Repayment of loans	23,32	(679,805)	(548,473)
Asset financing	22	-	250,413
Lease payments	22	(165,125)	(89,247)
Interest paid on leases	22	(25,991)	(27,147)
Net drawdown on invoice discounting facility	23	520,742	(75,000)
Interest paid on loans and borrowings	10	(155,663)	(83,708)
Net cash inflow from financing activities		**6,110,362**	**652,838**
Increase in cash and cash equivalents		**3,821,288**	**164,516**
Cash and cash equivalents including overdrafts at the start of the period		39,142	(125,374)
Cash and cash equivalents including overdrafts at the end of the period	19	**3,860,430**	**39,142**

Notes to the financial statements are from pages 59-97.

Company cash flow statement

For the year ended 30 November 2021

	Notes	30 November 2021 £	30 November 2020 £
Cash flows from operating activities			
Loss for the period		(458,288)	(229,774)
Adjustments for:			
Depreciation of tangible assets	14	3,703	246
Interest payable		61,197	-
Share based payment		140,363	-
Changes in working capital:			
(Increase) in trade and other receivables	18	(73,406)	(12,078)
(Increase) in amounts owed by group undertakings		(661,521)	(114,193)
Increase in trade payables and other payables		189,242	106,483
Net cash (outflow) from operating activities		**(798,710)**	**(249,316)**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(8,386)	(4,422)
Capital contribution and investments in subsidiaries	16	(2,022,507)	-
Net cash outflow from investing activities		**(2,030,893)**	**(4,422)**
Cash flows from financing activities			
Capital issued (net of issue costs)	25	4,431,204	1,000
Advance share subscriptions	25	750,000	250,000
Proceeds from new loans	32	310,000	-
Proceeds from new convertible loans	32	1,125,000	-
Repayment of loans	32	(310,000)	-
Interest paid on loans and borrowings		(61,197)	-
Net cash inflow from financing activities		**6,245,007**	**251,000**
Increase/(decrease) in cash and cash equivalents		**3,415,404**	**(2,738)**
Cash and cash equivalents including overdrafts at the start of the period		(2,738)	-
Cash and cash equivalents including overdrafts at the end of the period	19	**3,412,666**	**(2,738)**

Notes to the financial statements are from pages 59-97.

Notes to the financial statements

1 General Information

Light Science Technologies Holdings plc was incorporated in England on 13 January 2020 as a private company limited by shares. On 8 July 2021, the Company re-registered as a public limited company. The address of its registered office is 1 Lowman Way, Hilton, Derby, England, DE65 5LJ.

The principal activity of the Group is the development and manufacturing of electronic boards and the development and manufacturing of lighting and technology products for the Controlled Environment Agriculture ("CEA") sector.

2 Basis of preparation

1. STATEMENT OF COMPLIANCE

The group and company financial statements have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("IFRS"). Both the company and group have reported those parts of the Companies Act 2006 that are relevant to companies preparing accounts under IFRS. On publishing the parent company financial statements here together with the group financial statements, the company is taking advantage of the exemption in s408 of the Companies Act 2006 to not present its individual statements of comprehensive income and related notes that form a part of these approved financial statements.

2. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and entities controlled either directly or indirectly by the company.

The consolidated financial statements have been prepared in accordance with uniform accounting principles for similar transactions for the companies included in the consolidated accounts and are prepared based on the same accounting period as used for the parent company. All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated when preparing the consolidated financial statements.

The introduction of the holding company to form a legal group constitutes a group reconstruction and has been accounted for as above using merger accounting principles. Therefore, although the group reconstruction did not become effective until June 2021, the consolidated financial statements of Light Science Technologies Holdings plc are presented as if they and the subsidiaries has always been part of the same group. Accordingly, the results of the subsidiaries for the entire year ended 30 November 2021 are shown in the consolidated income statement and comparative figures for the year ended 30 November 2020.

Given all companies were under common control, the Group has adopted the predecessor method of merger accounting in accounting for the combination of all subsidiaries presented in these financial statements. This adds together the results and balance sheets of each of the entities for both years presented. A merger reserve is created to reflect the difference between the cost of the investment in subsidiaries and the nominal value of share capital of the subsidiaries.

The non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.

3. BASIS OF MEASUREMENT

The financial statements have been prepared on a going concern basis, under the historical cost convention. No new standards, amendments or interpretations have been adopted in the year which have a material impact on the group or company.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting years beginning on or after 1 December 2022 or later years and which the group has decided not to adopt early. The group has considered the impact of these new standards and interpretations in future years on profit, earnings per share and net assets. None of these new standards or interpretations is expected to have a material impact.

4. GOING CONCERN

Working capital forecasts have been prepared for the period to 30 November 2024. Based on the forecasts, the Directors are satisfied that the Group can meet its day-to-day cash flow requirements and operate within all the terms of its borrowing facilities.

A range of sensitivities have been run on the working capital model, and the directors consider a scenario in which the business will face liquidity issues or breach covenant conditions is remote. As part of the sensitivity analysis the directors have considered the impact of a reduction in turnover from their principal customer and the impact on working capital and are satisfied that in such a scenario the Group has sufficient liquid resources to restructure and continue as a going concern servicing the remaining customer base. The projections at the date of preparing these financial statements show that the Group has sufficient cash resources for the foreseeable future.

On that basis, the Directors therefore believe there is a reasonable expectation that the Group can continue as a going concern for at least the 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

5. FUNCTIONAL AND PRESENTATIONAL CURRENCY

The financial statements are presented in pounds sterling, rounded to the nearest £, which is the Group's functional currency.

3 Use of estimates and judgements

The preparation of financial statements requires management to make estimates and judgements that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual amounts could differ from those estimates. Estimates and judgements used in the preparation of the consolidated financial statements are regularly reviewed and revised as necessary. While every effort is made to ensure that such estimates and judgements are reasonable, by their nature they are uncertain and, as such, changes in estimates and judgements may have a material impact on the consolidated financial statements.

The key sources of judgement and estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below:

1. DEPRECIATION, AMORTISATION AND RESIDUAL VALUES

The assessment of the useful economic lives, residual values and the method of depreciating or amortising tangible and intangible fixed assets requires judgement. Depreciation and amortisation are charged to profit or loss based on the useful economic life selected, which requires an estimation of the year and profile over which the Group expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed, and amended as necessary, when changes in their circumstances are identified. The carrying value of tangible assets at the year-end is £822,803 (2020: £740,842). The carrying value of intangible assets at the year-end is £214,698 (2019: £77,752). There was depreciation in the year of £86,145 (2020: £43,568) and amortisation in the year of £nil (2020: £nil).

2. IMPAIRMENT OF ASSETS

The Directors review the carrying value of assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds it recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset. Cash flow and growth rate assumptions are in relation to periods covered by Board approved plans. Other key assumptions are the discount rate, where the group uses its corporate weighted average cost of capital, of 12%. There have been no provisions against assets including investments and intercompany debtors in the year (2020: £nil).

3. DEVELOPMENT COSTS

Distinguishing the research and development phases of new products and determining whether the recognition requirements for the capitalisation of development costs are met and their subsequent amortisation period requires judgement.

Management judgement is required to determine the appropriate value and timing of recognising development costs incurred on projects as an asset. Recognition of capitalised development costs is dependent on assumption of generating future economic benefits. Actual outcomes may differ. The value of the development costs capitalised at 30 November 2021 was £214,698 (2020: £77,752).

4. LEASES

In respect of right-of-use leased assets key estimates are a combination of the incremental borrowing rate used to discount the total cash flows and the term of the leases where breaks or extensions fall within the group's control. These are used to derive both the opening asset value and lease liability as well as the consequential depreciation and financing charges. The Directors have determined the incremental borrowing rate to be 4.3% for all lease arrangements. The value of right-of-use assets at 30 November 2021 was £551,532 (2020:£623,298). The value of lease liabilities at 30 November 2021 was £552,376 (2020:£628,714).

5. TAXATION

Certain elements of development expenditure undertaken by the group are eligible for enhanced research and development tax relief which generally relates to salary costs of technical staff. The group takes professional advice on its tax affairs and recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due.

6. CARRYING VALUE OF INVENTORIES

Management reviews the market value of and demand for the group's inventories on a regular basis to ensure inventories are recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of inventories. Management uses its knowledge of market conditions, historical experience and estimates of future events to assess future demand for the group's products and achievable selling prices. The carrying value of inventories at 30 November 2021 was £1,199,749 (2020:£589,741) with no provision held at either year end.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented.

1. FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2. REVENUE

Revenue comprises revenue recognised by the Group in respect of goods and services supplied during the year, based on the consideration specified in a contract, excluding value added tax and other sales taxes. IFRS 15 establishes a comprehensive model for determining whether, how much, and when revenue is recognised. The Group follows the five-step model according to IFRS 15. The process separates the following steps: Identification of the customer contract, identification of the individual performance obligations, determination of the transaction price, allocation of the transaction price to the individual contractual obligations and the determination of the timing of revenue recognition.

Disaggregation of revenue into the two major operating segments are shown in note 5 Segmental reporting. The Group has two operating segments, the development and sale of contract electronics boards, and the development and sale of lighting and technology products for the Controlled Environment Agriculture (CEA) sector, with associated provision of scientific services to the CEA sector. Both revenue streams include the sale of hardware which is accounted for as a distinct performance obligation. Additionally, the scientific services are recognised on satisfactory completion of agreed gateways with the client.

Revenue from contracts with customers is recognised when performance obligations are satisfied and which is at a point in time the goods or services transfer, either at customer collection, despatch or signing off completion of project gateway. The transaction price reported for all contracts is the price agreed in the contract and there are no material elements of variable consideration, financing or non-cash consideration.

Arrangements are in place for certain customers, whereby the customer is also a supplier to the business. The customer supplies a distinct good or service to the business, and as such the purchase of that good or service is accounted for in the same way that it the Group accounts for other purchases from suppliers. The amount of consideration payable to the customer does not exceed the fair value of the distinct good or service that the Group receives from the customer.

3. GOVERNMENT GRANTS

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure, and are accrued or deferred when related expenditure has not been incurred in the period.

Grants of a capital nature are recognised in the consolidated balance sheet as deferred grant income and released to match the amortisation of intangible development assets to which they relate.

Grants relating to the Coronavirus Job Retention Scheme are recognised when the requirements are met and recognised in the consolidated statement of comprehensive income within other operating income in the period to which they relate.

Support provided under the Coronavirus Business Interruption Loan Scheme (CBILS) by way of the Business Interruption Payment (BIP) grant,is recognised when the requirements are met and recognised in the consolidated statement of comprehensive income within other operating income. The related liability has been initially measured at the discounted present value of future payments within the combined statement of comprehensive income when the relevant requirements are met, such that interest is charged during the duration of the CBILS loan whether or not covered by the BIP grant.

4. LEASES

The Group has applied IFRS 16 (leases) using the fully retrospective approach, under which the initial application was recognised at 1 December 2017. The Group leases assets under short term leaseholds and plant and machinery.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are measured on a present value basis, discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Lease payments to be made under reasonably certain extension options.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Adjustments for any payments made at or before the commencement date;
- Adjustments for any initial direct costs incurred less lease incentives received;
- Any restoration costs expected.

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise of office equipment.

Assets held by the Group under leases which had previously been classified as being held under finance leases and hire purchase contracts had been capitalised as property, plant and equipment and depreciated over the shorter of the lease term and their useful lives. Obligations under such arrangements were included in creditors net of the finance charge allocated to future periods. These leases now presented within the right-of-use asset and liability under IFRS16.

5. FINANCE COSTS

Finance costs are charged to the consolidated statement of comprehensive income 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.

6. INCOME TAX

Current tax represents the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and taking into account any adjustments in respect of prior years.

Deferred tax is calculated using the balance sheet liability method on temporary differences and provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax is measured at the tax rates that are expected to apply when the temporary differences reverse, based on the tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilised or offset against deferred tax liabilities.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are recognised in other comprehensive income or charged or credited directly to equity in which case the related deferred tax is also recognised in other comprehensive income or charged or credited directly to equity respectively.

Research and development ("R&D") tax credits are accounted for under the accruals model, unless the receipt of monies cannot be foreseen with reasonable certainty. R&D tax credits are recognised within the statement of comprehensive income, where the receipt can be foreseen with reasonable certainty, in order to match income with related expenditure. The amounts are either recognised within operating costs or as a reduction in the tax charge, dependent upon the nature of the claims made.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost or deemed cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all property, plant and equipment, other than freehold land, by equal annual instalments over their estimated useful economic lives, on a straight line basis. The rates generally applicable are:

- Long-term leasehold property - 2% straight line
- Leasehold improvements – over the period of the lease
- Plant and machinery - 20% straight line
- Fixtures and fittings - 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

8. RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is expensed in the income statement as incurred. Development expenditure on a project is written off as incurred unless it can be demonstrated that the following conditions for capitalisation, in accordance with IAS38 Intangible Assets, are met:

- the intention is to complete the development of the intangible asset and use or sell it;
- the development costs are separately identifiable and can be measured reliably;
- management are satisfied as to the ultimate technical and commercial viability of the project; so that it will be feasible to complete and be available for use or sale;

- management are satisfied with the availability of technical, financial and other resources to complete the development and use or sell the intangible asset; and

- it is probable that the asset will generate future economic benefit.

Any subsequent development costs are capitalised and are amortised, within cost of sales, from the date the product or process is available for use, on a straight-line basis over its estimated useful life. The useful life for the development costs capitalised at the current year-end is up to 5 years.

9. IMPAIRMENT OF ASSETS

At each reporting year end date, the Group and Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

10. INVENTORIES

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. At each consolidated statement of financial position date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

12. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognised when the Group becomes party to the contracts that give rise to them and are classified as financial assets and liabilities at fair value through the consolidated statement of comprehensive income. The Group determines the classification of its financial assets and liabilities at initial recognition and re- evaluates this designation at each financial year end.

A financial asset or liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial assets, including trade and other receivables, cash and cash equivalent balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. The Group has applied the simplified approach to measuring expected credit losses on trade receivables, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Cash and cash equivalents comprise cash held at bank which is available on demand.

Financial liabilities, including trade and other payables, lease liabilities, bank borrowings and convertible debt are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Convertible debt has no equity component due to the nature of the agreement, whereby the debt is converted into a known value of shares and repayment of the original principal is required in full at the stop date.

13. SHARE BASED PAYMENTS

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the income statement, with a corresponding credit to the share-based payment reserve.

The total expense to be apportioned over the vesting year of the benefit is determined by reference to the fair value of the share options awarded (at the date of grant) and the number of options that are expected to vest. The Group has adopted the Black-Scholes model for the purposes of computing the fair value of options. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and the share premium account when the options are exercised.

Where the company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

14. DEFINED CONTRIBUTION PENSION SCHEME

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due.

Amounts not paid are shown in accruals as a liability in the statement of financial position.

15. NON-RECURRING COSTS

The Group presents as non-recurring costs on the face of the statement of comprehensive income those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior years.

16. EMPLOYEE BENEFIT TRUST

LSTH Trustee Limited, the corporate trustee of an employee benefit trust and subsidiary of the Company was incorporated on 30 July 2021 for the benefit of the Executive Directors and senior management. Where the Group has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the group until the earlier of the date that allocation of the trust funds to employees in respect of past services is declared and the date that the assets of the trust vest in identified individuals.

17. INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are recorded at cost less any impairment provisions in the Balance Sheet. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the period they occur.

5. Revenue and segmental reporting

The total revenue of the Group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

Revenue is in respect of supply of hardware and is recognised at a point in time at the point of customer collection or dispatch. Revenue in respect of laboratory services is recognised at a point in time when project gateways are completed. As new products and services are launched within the Controlled Environment Agriculture segment, the revenue accounting policy and point of recognition will develop.

During the year to 30 November 2021 one customer represented 61.3% of total revenue (2020: 63.3%).

The Group has two operating segments 'Contract electronics manufacture' relating to the development and manufacturing of electronic boards; and 'Controlled environment agriculture' relating to the development and manufacturing of lighting and technology products for the Controlled Environment Agriculture (CEA) sector. The Chief Operating Decision Maker (CODM) has been determined to be the Board. The performance of the two reportable segments is based upon a review of profits and segmental assets/liabilities.

30 November 2021	Contract electronics manufacture £	Controlled environment agriculture £	Total
Revenue	7,361,303	32,630	7,393,933
Depreciation	(174,086)	(57,611)	(231,697)
Operating profit/(loss)	485,527	(2,569,715)	(2,084,188)
Segment assets	4,426,947	4,111,685	8,538,632
Segment liabilities	(4,153,852)	(467,611)	(4,621,463)

30 November 2020	Contract electronics manufacture £	Controlled environment agriculture £	Total
Revenue	6,937,426	-	6,937,426
Depreciation	(169,894)	(693)	(170,587)
Operating profit/(loss)	779,765	(522,136)	257,629
Segment assets	3,152,314	175,118	3,327,432
Segment liabilities	(3,379,090)	(413,355)	(3,792,445)

6 Operating (loss)/profit

	30 November 2021 £	30 November 2020 £
Operating (loss)/profit is stated after charging:		
Depreciation on property, plant and equipment	86,145	43,568
Depreciation on right-of-use assets	145,552	127,019
Research and development expenses	451,321	586,143
Inventory expensed	5,217,468	4,269,526
Short term low value lease expenses	8,644	6,803
Share based payments	220,363	-

7 Auditor's remuneration

	30 November 2021 £	30 November 2020 £
Auditors' remuneration of group	80,000	-
Non-statutory audit of Company as part of the re-registration as a plc	15,000	-
Non-audit services in relation to the Admission to AIM	185,000	30,255

8 Non-recurring expenses

	30 November 2021 £	30 November 2020 £
Non-recurring costs	512,436	30,255

Non-recurring costs relate to professional and other costs directly attributable to preparing the Company for admission to the AIM market of the London Stock Exchange.

As note 25, £669,049 of IPO costs have also been offset against the share premium account. These relate to costs directly attributable to the issue of new shares along with a proportion of other costs incurred, allocated between the statement of comprehensive income and share premium account on ratio of existing shares and new shares issued.

9 Other operating income

	30 November 2021 £	30 November 2020 £
Government grants	37,744	186,616
RDEC tax credit	12,459	-
	50,203	**186,616**

Within government grants receivable, an amount of £8,622 (2020: £87,610) was received in respect of employees placed on "furlough" during the year, as part of the UK Government's Coronavirus Job Retention Scheme. Government support was also received in relation to interest payments and arrangement fees under the Coronavirus Business Interruption Loan Scheme, for an amount of £5,602 (2020: £93,216).

The remainder of government grants related to government funded development projects. An amount of £57,816 has also been deferred in relation to government funded development projects.

10. Finance income and expense

	30 November 2021 £	30 November 2020 £
Bank and loan interest payable	148,012	82,487
Interest on convertible loan notes	58,985	-
Interest expenses on lease liabilities	55,623	27,147
	262,620	**109,634**

Of these finance costs an amount of £91,446 (2020: £1,779) was covered by the Government's Business Interruption Payment to the lender and as such was not a cash cost to the Group, of which £61,814 (2020: £1,779) relates to loan interest payable, including £10,480 (2020: £282) relating to the invoice discounting facility, and £29,632 relates to interest expenses on lease liabilities.

11. Staff numbers and costs

	Group 30 November 2021 £	Group 30 November 2020 £	Company 30 November 2021 £	Company 30 November 2020 £
Wages and salaries	2,637,682	1,600,185	862,638	161,800
Social security costs	271,235	142,865	111,394	19,500
Pension contributions	37,810	27,699	6,797	1,244
Short-term employee benefits	10,904	4,329	6,747	1,562
Share based payments	220,363	-	140,363	-
	3,177,994	**1,775,077**	**1,127,939**	**184,106**

Key management personnel remuneration comprises:

	Group 30 November 2021 £	Group 30 November 2020 £
Emoluments for qualifying services	1,116,815	359,788
Employers' national insurance	144,586	44,249
Pension contributions	8,570	3,581
Short-term employee benefits	6,997	3,448
Share based payments	186,586	-
	1,463,554	**411,066**

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Directors (whether Executive, Non-executive and Non-statutory) of the Company. Key management personnel are considered to be the Executive, Non-Executive and Non-statutory Directors.

The average number of employees during the year (including Directors), was as follows:

	Group 30 November 2021	Group 30 November 2020	Company 30 November 2021	Company 30 November 2020
Directors	8	4	4	1
Admin	15	8	3	1
Sales	3	2	-	-
Production	51	50	-	-
	77	**64**	**7**	**2**

12. Directors' remuneration

For further details of the Director's Remuneration please refer to the Remuneration Committee report on pages 34-36.

The highest paid director received remuneration of £291,821 (2020: £60,436). The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,209 (2020: £nil).

During the year retirement benefits were accruing to 2 directors (2020:1) in respect of defined contribution pension schemes.

13. Taxation

The tax credit is made up as follows:

	30 November 2021 £	30 November 2020 £
Current tax expense		
UK corporation tax for the year	(109,285)	(19,401)
Adjustment in respect of prior year	(91,668)	65,450
Total current income tax	**(200,953)**	**46,049**
Deferred tax *(see note 21)*		
Origination and reversal of timing difference	(1,470)	(81,758)
	(202,423)	**(35,709)**

RECONCILIATION OF EFFECTIVE TAX RATE

The tax assessed for the year varies from the standard rate of corporation as explained below:

	30 November 2021 £	30 November 2020 £
(Loss)/profit on ordinary activities before taxation	**(2,346,808)**	**147,995**
UK tax credit at standard rate of 19%	(445,894)	28,119
Fixed asset differences	(1,900)	2,119
Expenses not deductible for tax	75,149	1,684
Adjustment to corporation tax in respect of prior period	(91,668)	65,450
Adjustment for R&D tax credit including SME2021 claim	(246,061)	-
Surrender of tax losses for R&D tax credit refund	172,781	-
Movement in deferred tax not recognised	335,170	(133,081)
Tax credit in statement of comprehensive income	**(202,423)**	**(35,709)**

The applicable UK corporation tax rate is 19% throughout the reporting period.

In May 2021, it was enacted that the rate of corporation tax will increase from 19% to 25% from April 2023. Unrecognised deferred tax balances at 30 November 2021 have been calculated using a rate of 25% (2020: 19%) based on the enacted rates that are expected to apply when these are unwound.

14. Property, plant and equipment

GROUP

	Long-term leasehold £	Leasehold improvements £	Plant and equipment £	Computer equipment, fixtures and fittings £	Total £
Cost					
At 30 November 2020	622,000	86,747	135,797	19,955	864,499
Additions	-	-	138,411	29,695	168,106
Disposals	-	-	-	(4,865)	(4,865)
At 30 November 2021	622,000	86,747	274,208	44,785	1,027,740
Depreciation					
At 30 November 2020	51,832	31,544	40,035	246	123,657
Provided during the year	12,984	7,981	49,849	15,331	86,145
Eliminated on disposal	-	-	-	(4,865)	(4,865)
At 30 November 2021	64,816	39,525	89,884	10,712	204,937
Net book value					
At 30 November 2021	557,184	47,222	184,324	34,073	822,803

	Long-term leasehold £	Leasehold improvements £	Plant and equipment £	Computer equipment, fixtures and fittings £	Total £
Cost					
At 30 November 2019	622,000	86,747	85,636	22,421	816,804
Additions	-	-	52,299	14,895	67,194
Disposals			(2,138)	(17,361)	(19,499)
At 30 November 2020	622,000	86,747	135,797	19,955	864,499
Depreciation					
At 30 November 2019	38,874	23,658	23,495	11,158	97,185
Provided during the year	12,958	7,886	16,540	6,184	43,568
Eliminated on disposal	-	-	-	(17,096)	(17,096)
At 30 November 2020	51,832	31,544	40,035	246	123,657
Net book value					
At 30 November 2020	570,168	55,203	95,762	19,709	740,842
At 30 November 2019	583,126	63,089	62,142	11,263	719,619

Long term leasehold property represents property purchased and occupied by the Group on a 2,000 year lease. The property is held as security against interest-bearing loans. Depreciation is charged to administrative expenses in the consolidated statement of comprehensive income.

Company	Computer equipment £
Cost	
At 30 November 2020	4,422
Additions	8,386
At 30 November 2021	12,808
Depreciation	
At 30 November 2020	246
Charge during the year	3,703
At 30 November 2021	3,949
Net book value	
At 30 November 2021	8,859
At 30 November 2020	4,176

Company	Computer equipment £
Cost	
At 13 January 2020	-
Additions	4,422
At 30 November 2020	4,422
Depreciation	
At 13 January 2020	-
Charge during the year	246
At 30 November 2020	246
Net book value	
At 30 November 2020	4,176

15 Intangible assets

Group	Development costs £
Cost	
At 30 November 2020	77,752
Additions	136,946
At 30 November 2021	214,698
Amortisation	
At 30 November 2020	-
Charge for the year	-
At 30 November 2021	-
Net book value	
At 30 November 2021	214,698

Group	Development costs £
Cost	
At 30 November 2019	-
Additions	77,752
At 30 November 2020	77,752
Amortisation	
At 30 November 2019	-
Charge for the year	-
At 30 November 2020	-
Net book value	
At 30 November 2020	77,752
At 30 November 2019	-

The company holds no intangible fixed assets

16. Investments in subsidiaries

Company	Shares in group undertakings £
Cost	
At 1 December 2020	-
Additions - corporate restructuring	999,000
Additions - investment in LSTH Trustee Limited	10
Capital contributions	2,022,497
Share based payments	80,000
At 30 November 2021	3,101,507
Impairment	
As at 1 December 2020 and 30 November 2021	-
	3,101,507

On 23 June 2021, a corporate restructuring took place where the entire share capital of UK Circuits and Electronics Solutions Holdings Limited was purchased in consideration for the issue of 599,400 Ordinary shares with a nominal value of £1.00 each, on the same date the entire share capital of Light Science Technologies Ltd was purchased in consideration for the issue of 399,600 Ordinary shares with a nominal value of £1.00 each. Capital contributions of £2,022,497 were provided to Light Science Technologies Limited on 30 November 2021.

The Company's subsidiaries are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the existing Company's shareholders. The registered offices of all companies is the same as the parent company listed on the company information page.

Subsidiary undertakings	Country of Incorporation	Principal activity	Class of shares held	Ownership	
				2021	2020
Light Science Technologies Limited*	England	Manufacturing of lighting and technology products	Ordinary	100%	100%
UK Circuits and Electronics Solutions Holdings Limited*	England	Holding company	Ordinary	100%	100%
UK Circuits and Electronics Solutions Limited	England	Manufacture electronic boards	Ordinary	90%	90%
On-time Communications Limited**	England	Dormant	Ordinary	-	100%
LSTH Trustee Limited*	England	Employee benefit trust	Ordinary	100%	-

* Directly held by the parent company, all others indirectly held.

**On-time Communications Limited was dissolved on 25 May 2021.

17. Inventories

	30 November 2021 £	30 November 2020 £
Raw materials	5,201	-
Purchased components	926,180	466,927
Work in progress	268,368	122,544
	1,199,749	**589,471**

Inventories recognised as an expense in cost of sales totals £5,217,468 (2020: £4,269,526). The company holds no inventory. During the year, an impairment loss against inventory was recognised of £104,010 (2020: £52,000).

18. Trade and other receivables

	Group 30 November 2021 £	Group 30 November 2020 £	Company 30 November 2021 £	Company 30 November 2020 £
Trade receivables	1,544,259	1,176,630	-	-
Amounts owed by group undertakings	-	-	775,714	114,193
Prepayments	42,455	24,135	36,403	-
Other receivables	126,600	53,424	49,081	12,078
Grant receivable	25,016	-	-	-
	1,738,330	**1,254,189**	**861,198**	**126,271**

The ageing of past due trade receivables according to their original due date is detailed below:

	Group 30 November 2021 £	Group 30 November 2020 £	Company 30 November 2021 £	Company 30 November 2020 £
0 – 60 days	1,403,039	566,854	-	-
60 – 120 days	6,045	450,318	-	-
121+ days	135,165	159,458	-	-
	1,544,249	**1,176,630**	-	-

Trade receivables, including amounts owed by group undertakings, are non-interest bearing and are generally due and paid within 30 days. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value and that no impairment is required at the reporting dates. Trade and other receivables represent financial assets and are assessed for impairment on an expected credit loss model. Therefore, there is no expected credit loss provision for impairment at 30 November 2021 (30 November 2020: £Nil).

Included in trade receivables is £1,396,403 (2020: £1,017,610) relating to a debt factoring arrangement, with recourse. Associated liabilities and accrued interest are within borrowings. The net asset position of the debt factoring arrangement is £271,145 (2020: £413,574).

19. Cash and cash equivalents

	Group 30 November 2021 £	Group 30 November 2020 £	Company 30 November 2021 £	Company 30 November 2020 £
Cash and cash equivalents (balance sheet)	3,860,430	41,880	3,412,666	-
Overdraft (note 23)	-	(2,738)	-	(2,738)
Cash and cash equivalents (cash flow)	**3,860,430**	**39,142**	**3,412,666**	**(2,738)**

20. Trade and other payables

	Group 30 November 2021 £	Group 30 November 2020 £	Company 30 November 2021 £	Company 30 November 2020 £
Current				
Trade payables	1,390,882	962,983	20,603	43,637
Other tax and social security	294,783	316,374	170,558	-
Accruals	347,378	97,495	105,664	62,846
Deferred grant income	16,046	-	-	-
	2,049,089	**1,376,852**	**296,825**	**106,483**
Non-current				
Deferred grant income	64,184	-	-	-
	2,113,273	**1,376,852**	**296,825**	**106,483**

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

21. Deferred tax

	Group 30 November 2021 £	Group 30 November 2020 £
Deferred tax:		
At beginning of the year	1,470	83,228
(Credited) to the statement of comprehensive income	(1,470)	(81,758)
At end of period	-	1,470

The provision for deferred tax is made up as follows:

	30 November 2021 £	30 November 2020 £
Accelerated capital allowances	226,234	112,781
Development assets	5,866	-
Share based payments	(41,869)	-
Trading losses	(190,231)	(111,311)
	-	**1,470**

Deferred tax assets of £220,388 (2020: £47,455) have not been recognised in respect of tax losses due to uncertainty over their offset against future taxable profit and therefore their recoverability.

Company	30 November 2021 £	30 November 2020 £
Accelerated capital allowances	2,215	701
Trading losses	(2,215)	(701)
	-	-

Deferred tax assets of £41,869 (2020: £nil) have not been recognised in respects of share based payments and £293,834 (2020: £43,657) have not been recognised in respect of tax losses due to uncertainty over their offset against future taxable profit and therefore their recoverability.

22. Lease liabilities

Right-of-use assets and lease liabilities are recognised as follows:

Right-of-use asset (property)	30 November 2021 £	30 November 2020 £
Cost		
At 1 December	343,581	343,581
Additions	73,787	-
At 30 November	417,368	343,581
Depreciation		
At 1 December	95,586	63,724
Charge for the year	56,816	31,862
At 30 November	152,402	95,586
Net book value at 30 November	264,966	247,995

Right-of-use asset (plant and equipment)	30 November 2021 £	30 November 2020 £
Cost		
At 1 December	1,358,299	1,029,128
Additions	-	329,171
At 30 November	1,358,299	1,358,299
Depreciation		
At 1 December	982,997	887,840
Charge for the year	88,736	95,157
At 30 November	1,071,733	982,997
Net book value at 30 November	286,566	375,302
Total right-of-use assets	551,532	623,298

Lease liability (property)	30 November 2021 £	30 November 2020 £
At 1 December	282,477	311,130
Finance costs on lease liabilities	13,026	13,347
Repayment of lease liabilities	(67,160)	(42,000)
Additions	88,787	-
At 30 November	317,130	282,477

Lease liability (plant and equipment)	30 November 2021 £	30 November 2020 £
At 1 December	346,237	156,418
Finance costs on lease liabilities	42,597	13,800
Repayments of lease liabilities	(153,588)	(74,394)
Additions - asset financing	-	250,413
At 30 November	235,246	346,237
Total right-of-use liabilities	552,376	628,714

Total lease liabilities have been analysed between current and non-current as follows:

	30 November 2021 £	30 November 2020 £
Due within one year	226,498	162,834
Due within 2 – 5 years	325,878	465,881
	552,376	**628,715**

The amounts recognised in the consolidated statement of comprehensive income include:

	30 November 2021 £	30 November 2020 £
Depreciation expense on right-of-use assets	145,552	127,018
Interest expense on lease liabilities	55,623	27,147
Short term low value leases	8,644	6,803
	209,819	**160,969**

The total cash outflow for leases to 30 November 2021 amounted to £191,116, due to the business interruption payment in relation to leases of £29,632 (2020: £116,394).

23. Borrowings

	Group 30 November 2021 £	Group 30 November 2020 £	Company 30 November 2021 £	Company 30 November 2020 £
Current				
Bank overdraft	-	2,738	-	2,738
Interest bearing loans	216,667	145,587	-	-
Invoice discounting facility	1,125,258	604,036	-	-
	1,341,925	**752,361**	**-**	**2,738**
Repayable between one and five years				
Interest-bearing loans	613,889	993,440	-	-
	613,889	**993,440**	**-**	**-**

In October 2020, the Group entered into a term loan with a principal of £975,000 payable in 54 equal instalments of £18,056 and interest payable at 5.5% plus base rate with the first six months payment free. The loan was provided by Close Brothers under the Government backed Coronavirus Business Interruption Loan Scheme (CBILS). As such, the first 12 months of interest are covered by the Government's business interruption payment grant paid directly to the lender. The loan with Close Brothers is secured by fixed and floating charges over the Group, including all freehold property, goodwill and intellectual property. This is linked to the Group's invoice discounting facility noted below. The balance for the CBILS term loan at 30 November 2021 was £830,556 (2020: £923,667).

The Group also entered into invoice discounting facility arrangements provided by Close Brothers, for an initial term of 3 years. Interest is payable on the invoice discounting facility at 2% plus base rate. This facility was also provided under the CBILS scheme, as such the first 12 months of interest is partly covered by the Government's business interruption payment grant paid directly to the lender. The invoice discounting facility with Close Brothers is secured by fixed and floating charges over the Group, including all freehold property, goodwill and intellectual property, as well as the trade receivables of the subsidiary, UK Circuits and Electronics Solutions Limited. There are typical banking covenants attached to the Close Brothers agreements, in Quarter 1 2021 due to the end of Brexit transition and the beginnings of supply chain shortages, UK Circuits and Electronics Solutions Ltd breached those covenants due to short-term supply side constraints. Close Brothers subsequently waived the breach and the covenants were reset to a more appropriate measure for the Group. The balance for the invoice discounting facility at 30 November 2021 was £1,125,258 (2020: £594,036).

A Director has also given a personal guarantee on the Close Brothers facilities totalling £250,000.

Included in interest bearing loans in the prior year is a £260,000 loan with Funding Circle which commenced in September 2017, repayable over 60 months in equal monthly instalments of £5,982.56 with an effective fixed interest rate of 13.5%. The loan was repaid early in November 2021 and the balance at the year end is £nil (2020: £116,019).

Included in interest bearing loans in the prior year is a £150,000 loan with Newable which commenced in August 2018, repayable over 60 months in equal monthly instalments with an effective fixed interest rate of 15.7% over base rate. The loan was repaid early in January 2021 and the balance at the year end is £nil (2020: £99,341).

Included in interest bearing loans in the prior year is a £10,000 loan from a shareholder with no specified terms and non-interest bearing. The loan was repaid in July 2021 and the balance at the year end is £nil (2020: £10,000).

24. Share options

The Group has established a management share option plan ("MSOP") with effect from 15 October 2021, being the Company's admission to AIM. It is administered by the Remuneration Committee and during the year has granted 8,900,000 enterprise management incentive ("EMI") share options to key management personnel of the Company and other Group companies.

The EMI options were granted with a nil exercise price and not subject to performance conditions. The EMI options may first be exercised on the first anniversary of the date of grant up to the tenth anniversary. The company issued 8,900,000 options. There are no cash settlement alternatives for the employees. The scheme was amended subsequently to include one further employee prior to Admission to AIM. The number of share options issued remains unchanged.

The fair value of share options granted is estimated at the date of grant. The grant date for accounting purposes is 2 July 2021, as this is when a shared understanding of the terms and conditions of the arrangements was achieved between the various parties. As this was prior to Admission to AIM a non-marketability discount of 20% was applied when assessing the fair value at grant date.

The fair value of share options granted is estimated at the date of grant using a Black-Scholes model

The Company established an LSTH Employee Benefit Trust ("EBT"), having LSTH Trustee Ltd, a member of the Group, as it's corporate trustee. This EBT received 8,900,000 shares in Light Science Technologies Holdings plc prior to listing by way of an outright gift from Simon Deacon on the 8 October 2021, in order for the EBT to satisfy the aforementioned EMI options.

The share options, which all relate to the same "MSOP" plan were issued in 2 tranches on 2 July 2021 and 15 October 2021 of 8,200,000 and 700,000 options respectively. The assumptions, terms and conditions are the same for both tranches of the options issue.

MOVEMENTS DURING THE YEAR

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year.

	Number 30 November 2021 £	WAEP 30 November 2021 £
Outstanding at 1 December 2020	-	-
Granted during the year	8,900,000	-
Outstanding at 30 November	8,900,000	-
Exercisable at 30 November	-	-

The following table lists the inputs to the models used for the year ended 30 November 2021 (as no plans in place in the comparative period).

	30 November 2021
Fair value at the grant measurement date per share (£)	0.08
Dividend yield (%)	0
Risk-free interest rate (%)	0.75
Volatility (%)	30
Expected life of share options (years)	4

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

25 Issued equity capital

Company	Nominal value	Total no. of Ordinary shares	Total £
At 1 December 2020	£1.00	1,000	1,000
Corporate restructure	£1.00	999,000	999,000
	£1.00	1,000,000	1,000,000
Sub-division of each £1.00 share into 100 £0.01 shares	(£0.99)	99,000,000	-
Share issue	£0.01	74,150,000	741,500
	£0.01	**174,150,000**	**1,741,500**

For the purposes of the consolidated accounts, because the predecessor value method has been used to account for this corporate restructuring, the share capital issued for the purposes of the business combination have been shown as at the previous reporting date as if they had always been outstanding.

On 23 June 2021, a corporate restructuring took place where the entire share capital of UK Circuits and Electronics Solutions Holdings Ltd and Light Science Technologies Ltd were purchased in consideration for the issue of 999,000 shares at nominal value of £1.00, attracting no premium. Thereafter, the entire ordinary share capital was subdivided, with each £1.00 ordinary share divided into 100 £0.01 shares.

On 15 October 2021, 74,150,000 shares were issued as follows:

- 12,500,000 shares at nominal value of £0.01 were issued pursuant to the conversion of convertible loan note agreements attracting a premium of £0.07.
- 1,250,000 shares at nominal value of £0.01 were issued pursuant to the conversion of convertible loan note agreements attracting a premium of £0.09.
- 10,000,000 shares at nominal value of £0.01 were issued pursuant to the conversion of advance subscription agreements attracting a premium of £0.09 less costs of related warrants issued, utilising the share allotment reserves.
- 400,000 shares at nominal value of £0.01 were issued as part of the Company's admission to AIM process in lieu of fees attracting a premium of £0.09.
- 50,000,000 shares at nominal value of £0.01 were issued pursuant to the placing of shares on the Company's admission to AIM attracting a premium of £0.09.

The share premium account is shown net of £669,049 of share issuance costs.

WARRANTS

On IPO, the Company has executed a warrant instrument creating warrants to subscribe for, in aggregate, 2,391,000 Ordinary Shares at an exercise price of £0.10 per share ("TP Warrants"). Under the terms of the warrant instrument the Warrants become exercisable on the first anniversary of Admission and, subject to certain limited exemptions, shall lapse on the fourth anniversary of Admission. The warrants are classified as equity instruments. The fair value on issue was £59,153, determined using a Black Scholes model with assumptions in line with those disclosed for share options.

On IPO, the Company has executed a warrant instrument to an individual allowing them to subscribe for up to 6,000,000 Ordinary Shares at a price of 12.5 pence per Ordinary Share. Under the terms of the warrant instrument the Warrants become exercisable on the first anniversary of the Company's admission to AIM and shall lapse on the fourth anniversary. The warrants are classified as equity instruments. The fair value on issue was £100,440, determined using a Black Scholes model with assumptions in line with those disclosed for share options.

26. Reserves

SHARE CAPITAL

Share capital represents the value of all called up, allotted and fully paid shares of the parent company.

SHARE PREMIUM ACCOUNT

The share premium account represents amounts received in excess of the nominal value of shares on the issue of new shares, net of any direct costs of any shares issued.

SHARE ALLOTMENT RESERVE

This reserve is used to recognised contributions to equity not yet allotted.

MERGER RESERVE

This reserve comprises of results of combinations under common control; being the difference on the investment in its subsidiaries and the nominal value of the share capital of its subsidiaries.

SHARE BASED PAYMENTS RESERVE

The share based payment reserve represents the accumulated balance of share based payment charges recognised in respect of share options granted by the Company less transfers to retained earnings in respect of share options exercised, cancelled or lapsed.

WARRANT RESERVE

The warrant reserve represents the accumulated balance of charges recognised in respect of warrants issued by the Company less transfers to retained earnings in respect of warrants exercised, cancelled or lapsed.

RETAINED EARNINGS

This reserve relates to the cumulative net gains and losses recognised in the statement of comprehensive income.

27. Non-controlling interests

	Non-controlling interests £
At 30 November 2019	231,904
Minority interests' share of the profit for the period	73,808
At 30 November 2020	305,712
Minority interests' share of the profit for the period	21,158
At 30 November 2021	326,870

The balance classified as non-controlling interests represents the cumulative profits attributable to the ongoing non-controlling interests in UK Circuits and Electronics Solutions Limited. Summarised financial information for UK Circuits and Electronics Solutions Limited is included within the segmental analysis note (see note 5). The proportion of ownership interest and voting rights held by the NCI equal 10% of the UK Circuits and Electronics Solutions Limited subsidiary only.

28. Financial risk management

OVERVIEW

This note presents information about the Group's exposure to various kinds of financial risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Directors report regularly to the board on the Group's risk management.

CAPITAL RISK MANAGEMENT

The Group reviews its forecast capital requirements regularly to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital, non-controlling interests and retained earnings as disclosed in note 24 and note 27 and in the consolidated statement of changes in equity.

The Group is not subject to externally imposed capital requirements.

In terms of gearing, as a calculation of borrowings over total equity at 30 November 2021 the Group's gearing ratio is 52%, which is within the target gearing ratio of 60% set by management.

LIQUIDITY RISK

The Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages all of its external bank relationships centrally. Any change to the Group's principal banking facility requires board approval.

CATEGORISATION OF FINANCIAL INSTRUMENTS

Financial assets/(liabilities)	Financial assets at amortised cost £	Financial liabilities at amortised cost £	Total £
30 November 2020			
Trade and other receivables	1,230,054	-	1,230,054
Cash and cash equivalents	39,142	-	39,142
Trade and other payables	-	(1,060,478)	(1,060,478)
Invoice discounting facility	-	(594,036)	(594,036)
Loans	-	(1,149,027)	(1,149,027)
Lease liabilities	-	(628,715)	(628,715)
	1,269,196	**(3,432,256)**	**(2,163,060)**

Financial assets/(liabilities)	Financial assets at amortised cost £	Financial liabilities at amortised cost £	Total £
30 November 2021			
Trade and other receivables	1,569,275	-	1,569,275
Cash and cash equivalents	3,860,430	-	3,860,430
Trade and other payables	-	(1,738,260)	(1,738,260)
Invoice discounting facility	-	(1,125,258)	(1,125,258)
Loans	-	(830,556)	(830,556)
Lease liabilities	-	(552,376)	(552,376)
	5,429,705	**(4,246,450)**	**1,183,255**

The values disclosed in the above table are carrying values. The Directors consider that the carrying amount of financial assets and liabilities approximates to their fair value.

The Directors review and agree policies for managing credit risk and foreign currency risk which are summarised below.

CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the existing Group and the risk that any debtors of the Group may default on amounts. The Group's principal financial assets are trade receivables, other debtors, and cash and cash equivalents at banks.

The Group has a policy of only dealing with creditworthy counterparties. All trade receivables are ultimately overseen by the director responsible for finance and are managed on a day-to-day basis by the finance team.

Credit limits are set as deemed appropriate for each customer. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. However, credit risk is also insured within subsidiary UK Circuits and Electronics Solutions Limited, with credit limited and control procedures set in accordance with insurance policies. The maximum exposure to credit risk in relation to trade receivables is 10% of the carrying value of uninsured debtors at the reporting date. The maximum exposure to credit risk in relation to cash and cash equivalents is the carrying value at the reporting date.

FOREIGN CURRENCY RISK

The Group has limited exposure to currency risk on purchases that are denominated in a currency other than the functional currency of the Group. The risk is in respect of Euros and US dollars and transactions in these currencies is limited.

SENSITIVITY ANALYSIS TO MOVEMENT IN EXCHANGE RATES

Given the highly immaterial liability balances denominated in foreign currency, the exposure to a change in exchange rates is negligible.

INTEREST RATE RISK

The Group's external borrowings are directly related to Bank of England base rates; therefore the risk is limited to the changes in the underlying base rate of interest. The impact of a 1% fluctuation in interest rates on external borrowings has been assessed to be an overall impact on reported profits of up to £20,000. The principal impact to the existing Group is the result of interest-bearing cash and cash equivalent balances held as set out below:

	As at 30 November 2021			As at 30 November 2020		
	Fixed £	Floating £	Total £	Fixed £	Floating £	Total £
Financial liabilities	-	(1,955,814)	**(1,955,814)**	(116,019)	(1,627,044)	**(1,743,063)**

MATURITY PROFILE

Set out below is the maturity profile of the Group's financial liabilities at each year-end based on contractual undiscounted payments including contractual interest.

	Less than 1 year £	1 to 5 years £	Total £
As at 30 November 2021			
Financial liabilities			
Trade and other payables	1,745,605	-	1,745,605
Loans	216,667	706,883	923,550
Invoice discounting facility	1,125,258	-	1,125,258
Lease liabilities	240,846	359,579	600,425
	3,328,376	**1,066,462**	**4,394,838**
30 November 2020			
Financial liabilities			
Trade and other payables	1,060,478	-	1,060,478
Loans	145,587	1,195,949	1,341,536
Invoice discounting facility	594,036	-	594,036
Lease liabilities	176,754	512,219	688,973
	1,976,855	**1,708,168**	**3,685,023**

Trade and other payables are due within three months. The Directors consider that the carrying amount of the financial liabilities approximates to their fair value.

As all financial assets are expected to mature within the next twelve months, an aged analysis of financial assets has not been presented.

29. (Loss)/earnings per share

Basic loss per share is calculation on the loss for the year after taxation attributable to the owners of the parent of £2,144,385 and on 108,052,603 ordinary shares, being the weighted number in issue during the year excluding shares held by the Employee Benefit Trust. Unexercised options over the ordinary shares are not included in the calculation of diluted loss per share as they are anti-dilutive.

For 2021 and 2020, the share numbers used have been calculated consistently, to take into account the 2021 share reorganisation, i.e. by assuming the various steps of the share reorganisation had been in effect throughout 2021 and 2020.

	30 November 2021			30 November 2020		
Basic and Diluted EPS	**Earnings £**	**Weighted average number of shares**	**Per share amount (pence)**	**Earnings £**	**Weighted average number of shares**	**Per share amount (pence)**
Weighted average number of ordinary shares		109,344,932			100,000,000	
Adjusted for the effect of own shares held by Employee Benefit Trust (EBT)		(1,292,329)			-	
Earnings attributable to ordinary shareholders of the Company	(2,144,385)	108,052,603	(1.98)	183,704	100,000,000	0.18

DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are equal for 2021, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. For 2020, there were no share options and warrants issued, so no dilutive effect.

30. Reconciliation of consolidated changes in net cash/(debt)

Group	At 1 December 2020 £	Cashflow £	New leases £	Non-cash changes £	At 30 November 2021 £
Cash and cash equivalents	41,880	3,818,550	-	-	3,860,430
Bank overdraft	(2,738)	2,738	-	-	-
	39,142	**3,821,288**	**-**	**-**	**3,860,430**
Invoice discounting	(594,036)	(520,742)	-	(10,480)	(1,125,258)
Loans due within one year	(155,587)	369,805	-	(430,885)	(216,667)
Loans due after one year	(993,440)	-	-	379,551	(613,889)
Convertible loans	-	(1,125,000)	-	1,125,000	-
Lease liabilities due within one year	(162,834)	191,116	(88,787)	(165,993)	(226,498)
Lease liabilities due within one year	(465,881)	-	-	140,003	(325,878)
Net cash/(debt)	**(2,332,636)**	**2,736,467**	**(88,787)**	**1,037,196**	**1,352,240**

	At 1 December 2019 £	Cashflow £	New leases £	Non-cash changes £	At 30 November 2020 £0
Cash and cash equivalents	4,326	37,554	-	-	41,880
Bank overdraft	(129,700)	126,962	-	-	(2,738)
	(125,374)	**164,516**	**-**	**-**	**39,142**
Invoice discounting	(668,754)	75,000	-	(282)	(594,036)
Loans due within one year	(229,626)	(426,527)	-	500,566	(155,587)
Loans due after one year	(491,377)	-	-	(502,063)	(993,440)
Lease liabilities due within one year	(89,230)	116,394	-	(189,998)	(162,834)
Lease liabilities due within one year	(378,318)	-	(250,413)	162,850	(465,881)
Net cash/(debt)	**(1,982,679)**	**(70,617)**	**(250,413)**	**(28,927)**	**(2,332,636)**

Non-cash changes include interest accrued on borrowings. Adjustment has been made in non-cash changes for £91,446 in 2021 being government support received in relation to interest payments under the Coronavirus Business Interruption Loan Scheme, of which £10,480 relates to the invoice discounting facility, £51,334 relates to loans, and £29,632 relates to leases.

Non-cash changes also include convertible loan notes issued in the period for £1,125,000 which were later converted to equity, see note 32.

The reclassification of amounts due to more than one year for presentation in the financial statements is also reflected in the non-cash changes column.

Company	At 1 December 2020 £	Cashflow £	Non-cash changes £	At 30 November 2021 £
Cash and cash equivalents	-	3,412,666	-	3,412,666
Bank overdraft	(2,738)	2,738	-	-
Net debt	**(2,738)**	**3,415,404**	**-**	**3,412,666**

Company	At 1 December 2019 £	Cashflow £	Non-cash changes £	At 30 November 2020 £
Bank overdraft	-	(2,738)	-	(2,738)
Net debt	**-**	**(2,738)**	**-**	**(2,738)**

31. Contingencies and commitments

At 30 November 2021, the group had capital commitments totalling £Nil in relation to further investment for laboratory equipment (2020: £44,500). The company had no capital commitments (2020: £nil).

The loan with Close Brothers is secured by fixed and floating charges over the Group, including all freehold property, goodwill and intellectual property. The invoice discounting facility with Close Brothers is secured by a fixed and floating charge over the assets of the subsidiary, UK Circuits and Electronics Solutions Limited. Please see note 23 for further details.

32. Related party transactions

The following transactions with shareholders and companies controlled by the Directors were recorded, excluding VAT, during each period:

	30 November 2021 £	30 November 2020 £
Income received in the year		
Light Science Technologies Holdings Plc – Income from a company under common control of a director	7,837	-
Light Science Technologies Holdings Plc – Income from a company under common control	270,000	-
Charges incurred during the year		
Light Science Technologies Holdings Plc – Consultancy charges from an associate	22,833	-
Light Science Technologies Holdings Plc – transactions with directors	50,413	-
Light Science Technologies Limited – purchases from a company under common control of a director	9,946	-
Light Science Technologies Limited – purchases from a company under common control	54,157	650
Balances owing at 30 November		
UK Circuits and Electronics Solutions Holdings Limited – due from a company under common control	3,222,568	3,236,469
UK Circuits and Electronics Solutions Limited – due from a company under common control of a director	135,165	114,193
UK Circuits and Electronics Solutions Limited – due to a director	-	47,218

DIRECTORS LOAN ACCOUNTS

During the year ended 30 November 2021, a Director made loans to the Company amounting to £260,000. The loan was unsecured and was to be used by the Company for general working capital purposes. The principal amount of the loan carried interest at the rate of 5.5% per annum accruing daily. The loan was settled on Admission to AIM on 15 October 2021 along with the interest of £1,149.

CONVERTIBLE LOAN ARRANGEMENTS

During the year, there were amounts due to related parties of £1,125,000 of convertible loan notes which have since been settled. Loan notes were issued to certain prospective shareholders and Directors of the Company.

Interest accrued on £1,000,000 of the loan notes received from a shareholder at a rate of 7.25%, and the interest of £56,557 was paid in full in cash on Admission to AIM on 15 October 2021. The loan notes were converted to 12,500,000 Ordinary Shares immediately prior to Admission, at 20% discount.

Interest accrued on £125,000 of convertible loan notes received from directors at a rate of 5.5%. Interest totalling £3,805 was settled in full in cash on Admission. The convertible loan notes were converted to 1,250,000 Ordinary Shares immediately prior to Admission, at no discount.

OTHER ARRANGEMENTS

During June and August 2021, the Company entered into advance subscription agreements totalling £750,000 with a significant shareholder and director of a prospective shareholder. These agreements are in addition to an further advance subscription agreement with the individual dated October 2020 totalling £250,000. The advance subscription funds totalling £1,000,000 automatically converted into 10,000,000 Ordinary Shares on Admission to AIM.

In April 2021 an unsecured personal loan of £50,000 was received from a shareholder, and repaid in June 2021. Interest accrued at 5.5% and was repaid.

Please see note 11 for details on key management personnel.

Notice of the 2022 Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have sold or otherwise transferred your shares in Light Science Technologies Holdings plc, you should forward this document and other documents enclosed as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

LIGHT SCIENCE TECHNOLOGIES HOLDINGS PLC

(incorporated in England and Wales with registered number 12398098)

NOTICE OF ANNUAL GENERAL MEETING

REMOTE VIEWING

Light Science Technologies Holdings plc considers it vital to engage with investors and other stakeholders through the most appropriate channels. Shareholders' views are important and we want to ensure that they are given as much information as possible in good time to enable them to participate in the decision-making process.

Subject to any government restrictions in place at the time, our intention is to hold the Annual General Meeting in person. In addition, both existing shareholders and any other stakeholder may follow the meeting remotely via zoom. If you would like to follow the meeting via zoom please contact us at shareholders@lightsciencetech.co.uk and we will provide you with a link and password.

Voting facilities will not be available to those following the meeting via zoom and persons following the meeting via this means will not be treated as legally attending or participating in the meeting.

Shareholders are strongly encouraged to submit a proxy form indicating their votes in accordance with the notes below and email any questions for the Board to shareholders@lightsciencetech.co.uk a minimum of 48 hours prior to the AGM. The Board will do its best to answer these questions.

Notice is hereby given that the Annual General Meeting (the AGM) of Light Science Technologies Holdings plc (the "Company") will be held at 1 Lowman Way, Hilton, Derby, England, DE65 5LJ on **19 May 2022** at **10am** for the following purposes.

Ordinary business

1. To receive the annual accounts and reports of the Company and the auditor's report on those accounts and reports for the financial year ended 30 November 2021.

2. To receive and approve the directors' remuneration report for the financial year ended 30 November 2021 as set out on pages 34 to 36 of the annual accounts and reports.

3. To re-elect Simon Deacon, who is retiring by rotation in accordance with the Company's articles of association, as a director of the Company.

4. To re-elect James Snooks, who is retiring by rotation in accordance with the Company's articles of association, as a director of the Company.

5. To re-elect Andrew Hempsall, who is retiring by rotation in accordance with the Company's articles of association, as a director of the Company.

6. To re-appoint RSM UK Audit LLP as Auditor of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

7. To authorise the Audit Committee to determine the Auditor's remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions of which resolution 8 will be proposed as an ordinary resolution and resolutions 9, 10 and 11 will be proposed as special resolutions:

8. THAT, in accordance with section 551 of the Companies Act 2006 (the "Act") the Directors are generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights"), provided that such authority shall be limited to the allotment of shares and/or grant of Rights with an aggregate nominal value of up to £522,450 (being approximately 30% of the current issued share capital of the Company) provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of (i) the next annual general meeting of the Company and (ii) 31 August 2023, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority revokes and replaces all unexercised authorities previously granted to the directors but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities.

9. THAT, subject to the passing of Resolution 8, in accordance with section 570 of the Act, the Directors are generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 8, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities with an aggregate nominal value of up to £348,300 (being approximately 20% of the current issued share capital of the Company), provided that this authority shall expire on the earlier of (i) the next annual general meeting of the Company and (ii) 31 August 2023, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

10. That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares of 1 penny each ("ordinary shares") provided that:

    (a) the maximum number of ordinary shares authorised to be purchased is 17,415,000, (representing approximately 10% of the issued ordinary share capital as at 25 April 2022:

    (b) the minimum price which may be paid for any such ordinary share is 1 penny:

    (c) the maximum price which may be paid for an ordinary share shall be an amount equal to 105% of the average middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased: and

    (d) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of 31 August 2023 and the conclusion of the next AGM, but the Company may enter into a contract for the purchase of ordinary shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

11. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Dated: 26 April 2022

By order of the Board

Registered Office:
1 Lowman Way
Hilton
Derby
DE65 5LJ

J Snooks

J Snooks
Company Secretary

Notes to the notice of Annual General Meeting

(i) Pursuant to Part 13 of the Companies Act 2006 and to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at the close of business on 17 May 2022 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.

(ii) If you wish to attend the AGM in person, please bring some form of identification (such as driver's licence or bankcard) and present this to the Company's reception desk on arrival.

(iii) A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him or her. A member may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chair of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.

(iv) To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD, by no later than 10am on 17 May 2022.

(v) Details of how to vote electronically in CREST are set out below. You may not use any electronic address provided either in this notice of AGM or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

(vi) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent, Neville Registrars Limited (ID: 7RA11) by 10am on 17 May 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application

Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

(viii) The following information is available at www.lightsciencetechnologiesholdings.com : (1) the matters set out in this notice of AGM; (2) the total numbers of shares in the Company, and shares in each class, in respect of which members are entitled to exercise voting rights at the AGM; (3) the totals of the voting rights that members are entitled to exercise at the AGM, in respect of the shares of each class; and (4) members' statements, members' resolutions and members' matters of business received by the Company after the first date on which notice of the AGM was given.

(ix) If you are a person who has been nominated by a member to enjoy information rights in accordance with Section 146 of the Companies Act 2006, notes (iii) to (v) above do not apply to you (as the rights described in these notes can only be exercised by members of the Company) but you may have a right under an agreement between you and the member by whom you were nominated to be appointed or to have someone else appointed, as a proxy for the meeting. If you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

(x) A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in notes (iii) to (v) above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association and the relevant provision of the Companies Act 2006.

(xi) Members attending the AGM have the right to ask, and, subject to the provisions of the Companies Act 2006, the Company must cause to be answered, any questions relating to the business being dealt with at the AGM.

(xii) As at the close of business on 25 April 2022 (being the latest practicable date before publication of this notice), the Company's issued share capital comprised 174,150,000 ordinary shares of 1 penny each. Each ordinary share carries the right to one vote at a general meeting of the Company. No ordinary shares were held in treasury and accordingly the total number of voting rights in the Company as at the close of business on 25 April 2022 is 174,150,000.

(xiii) Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with the auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Section 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

(xiv) Copies of the Executive Directors' service contracts with the Company and letters of appointment of the Non-Executive Directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM.

EXPLANATORY NOTES TO THE RESOLUTIONS

ORDINARY BUSINESS

Resolution 1 – Receiving the Annual Report

Shareholders will be asked to receive the Company's Annual Report for the financial year ended 30 November 2021, as required by law.

Resolution 2 – Directors' remuneration report

Shareholders are requested to approve the directors' remuneration report, in accordance with section 439 of the Companies Act 2006 (the CA 2006). The directors' remuneration report is set out on pages 34 to 36 of the Annual Report. The vote is advisory and the directors' entitlement to remuneration is not conditional on it.

Resolutions 3 to 5 – Re-election of Directors

The Company's articles of association require one third of the directors of the Company to retire from office at each annual general meeting of the Company and, if they are willing, to offer themselves for re-appointment by the shareholders. Biographies for the Directors are set out on pages 22 to 24 of the Annual Report. Having considered the performance of and contribution made by each of the directors, the board of directors remains satisfied that, and the Chair confirms that, the performance of each director continues to be effective and to demonstrate commitment to the role and as such the board recommends their re-election.

Resolutions 6 and 7 – Re-appointment of Auditor and its remuneration

Resolution 6 concerns the re-appointment of RSM UK Audit LLP as the Company's Auditor, to hold office until the conclusion of the Company's next general meeting where accounts are laid. Resolution 7 authorises the Audit Committee to determine the Auditor's remuneration.

SPECIAL BUSINESS

Resolution 8 – Power to allot shares

This resolution grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £522,450, representing approximately 30 per cent. of the nominal value of the issued ordinary share capital of the Company as at 25 April 2022, being the latest practicable date before publication of this notice. The intention of the authority granted pursuant to resolution 9 is to preserve maximum flexibility and if the Directors do exercise this authority, they intend to follow best practice as regards its use.

The Company does not currently hold any shares as treasury shares within the meaning of Section 724 of the Companies Act 2006 ("Treasury Shares").

Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 31 August 2023, whichever is the earlier.

Resolution 9 – Authority to allot shares disregarding pre-emption rights

This resolution authorises the directors to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The authority granted by this resolution is limited to a maximum nominal amount of £348,300, representing approximately 20% of the nominal value of the issued ordinary share capital of the Company as at 25 April 2022, being the latest practicable date before publication of this notice.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 31 August 2023, whichever is the earlier.

The Directors consider that the powers proposed to be granted by these resolutions are necessary to retain flexibility, although they do not have any intention at the present time of exercising them.

Resolution 10 – Authority to purchase shares (market purchases)

This resolution authorises the Board to make market purchases of up to 17,415,000 ordinary shares (representing approximately 10% of the Company's issued ordinary shares as at 25 April 2022, being the latest practicable date before publication of this notice). Shares so purchased may be cancelled or held as Treasury Shares. The authority will expire at the end of the next AGM of the Company or 31 August 2023, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent AGMs.

The minimum price that can be paid for an ordinary share is 1 penny, being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The directors have no present intention of exercising the authority granted by this resolution, but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The directors will only exercise the authority granted by this resolution to purchase ordinary shares if they consider that such purchases will be in the best interests of shareholders generally and will result in an increase in earnings per ordinary share for the remaining shareholders.

The total number of outstanding warrants and options to subscribe for ordinary shares in the Company amounted to 17,291,000 on 25 April 2022 (the latest practicable date prior to publication of this notice). This represented approximately 9.9% of the Company's issued ordinary share capital (excluding treasury shares) on that date. If this authority was exercised in full, those warrants and options would represent approximately 11% of the Company's issued ordinary share capital (excluding treasury shares) on that date.

Resolution 11 – Notice period for general meetings

Under the Companies Act 2006, a listed company must give at least 21 days' notice of its general meetings. However, the Act enables general meetings (other than AGMs) to be held on shorter notice of not less than 14 days, provided the shareholders have given their consent at the previous AGM or a general meeting held since the last AGM. Resolution 11 seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Directors will always endeavour to give as much notice as possible of general meetings, but would like to have the flexibility to call a general meeting on the shorter permitted notice period for time sensitive matters that are clearly in the shareholders' interests and otherwise for non-routine business, where merited, in the interests of shareholders as a whole. If the authority is used, the Company will offer the ability, as required by the Companies Act 2006, to vote electronically.

Recommendation

The Directors consider that the proposals being put to the shareholders at the AGM are in the best interests of the Company and of the shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the resolutions set out in the Notice of the AGM, as they intend to do in respect of their own beneficial holdings of ordinary shares.

Company information

Company	Light Science Technologies Holdings plc
Directors and Proposed Directors Chairman)	Myles Antony Halley (Independent Non-Executive Simon Lincoln Deacon (Chief Executive Officer) James (Jim) Edward Snooks (Chief Financial Officer) Andrew Mark Hempsall (Chief Operating Officer) Lisa Jane Clement (Independent Non-Executive Director) Rory Thomas James-Duff (Independent Non-Executive Director) Robert Graham Naylor (Non-Executive Director)
Company secretary	James Edward Snooks
Registered office	1 Lowman Way Hilton Derby DE65 5LJ
Website	https://lightsciencetechnologiesholdings.com
Nominated and Financial Adviser to the Company	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker to the Company	Turner Pope Investments (TPI) Ltd 8 Frederick's Place, London EC2R 8AB
Legal adviser to the Company	BDB Pitmans LLP One Bartholomew Close London EC1A 7BL
Auditor to the Company	RSM UK Audit LLP, Suite A, 7th Floor, East West Building, 2 Tollhouse Hill Nottingham NG1 5FS
Financial public relations adviser	Walbrook PR Limited 75 King William Street, London EC4N 7BE
Registrar to the Company	Neville Registrars Limited Neville House, Steelpark Road Halesowen B62 8HD

Light Science
Technologies Holdings

Light Science Technologies Holdings plc

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