London Stock Exchange

RNS Final Results

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JOHN LEWIS OF HUNGERFORD PLC

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The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

9 November 2021

JOHN LEWIS OF HUNGERFORD PLC

FINAL RESULTS

John Lewis of Hungerford plc ("John Lewis of Hungerford" or the "Company"), the specialist kitchen manufacturer and retailer, announces its final results for the year ended 30 June 2021.

Chief Executive's Business Review

We are pleased to provide a review of our FY21 financial year to 30 June 2021. As the prior year was significantly impacted by the Covid-19 pandemic, we have also provided data from FY19 in order to provide our shareholders with a more meaningful comparative.

Overview

As reported within our trading update released on 12 August 2021, we are pleased to report that the second half trading recovered our first half losses in full, resulting in a full year profit before tax of £80k (2020: Loss £885k; 2019: Loss £220k). After an immensely disruptive year, with showroom closures for 18 weeks, we are particularly pleased with the efforts of the teams within the Company which resulted in us delivering a profitable year.

The year finished with a positive gross cash position of £1,302k. The Company has total loans of £1,137k, of which £1,079k is secured on its freehold properties. Net cash, excluding IFRS 16 lease liabilities, was therefore £165k (2020: net debt £708k; 2019: net debt £314k). The Company was grateful for the UK Government support received during the year, including the deferral and re-phasing of payments for VAT and PAYE. The re-phased payments were all met within the timescales agreed with HM Revenue and Customs, and by year end £78k remained outstanding, which is scheduled for full repayment by February 2022 The Company is pleased to have improved from a net debt of £708k to a positive net cash position after loans of £165k in the financial year, a positive improvement of £872k, with EBITDA (pre IFRS 16) of £424k (2020: -£388k). Customer deposits at the year-end were £363k higher than last year, reflecting the strength of the order book at the year-end.

In February 2021, all the Directors and a PDMR (Person Discharging Managerial Responsibilities) all wished to acquire shares in the Company, and this was effected by a subscription for new shares, which increased cash in the Company by £49k.

The table below illustrates the performance against the Covid-19 impacted FY20 year and also the non-Covid-19 disrupted FY19 year. It is pleasing to note that with revenue 5% down on FY19, the gross margin is broadly in line, demonstrating the management's focus on cost control to ensure resilience in our operating model, during a period of supplier price increases, throughout this challenging period.

Financial Summary

	FY21	FY20	Change	FY19	Change
Revenue (£'000)	7,877	5,553	41.9%	8,306	-5.2%
Gross Profit (£'000)	3,712	2,549	45.6%	3,933	-5.6%
Gross Margin	47.1%	45.9%	1.2%	47.4%	-0.3%
Profit before tax (£'000)	81	(885)	966	(220)	301
Tax (£'000)	124	94	30	(69)	193
Net Profit / (loss) for year (£'000)	205	(791)	996	(289)	494
Net Cash / (debt) (£'000)	165	(708)	873	(314)	479
Earnings per share (p)	0.11	(0.42)	0.53	(0.15)	0.26

Marketing

Core to the performance in the year under review has been our ability to adapt to changing consumer behaviours, instigated by the closure of our showrooms for 18 weeks of the year and by moving our business operations back online, as required. The excellent work to produce virtual showrooms very promptly after the initial lockdown in March 2020 and ensure consistency in our marketing throughout the pandemic, has ensured that the brand has remained strong and visible throughout. The Company has seen a discernible shift in its following across social media platforms, through the Company's digital development strategy. With a new SEO partner from the start of FY21, several high-profile collaborations and a data driven approach to our digital campaigns, we continue to generate record levels of interest, driven in part by gains in market share and also from the 'pent up' demand arising from the first, long lockdown, when focus on improving the home became a customer priority. Our online activity has demonstrated the strength in our marketing and allowed us to attract customers through our digital channels and drive footfall to our showrooms when they re-opened. This has ensured the showroom estate is consistently busy in all locations, with high levels of quoted design activity, which will continue to be recognised in FY22.

We have mentioned previously the increase in demand within the home improvements sector, with many home related companies experiencing an uplift in enquiries; the demand has been significantly higher than in recent years. Shortages of skilled labour within the industry and the trades people required to install new kitchen and bedroom units, together with the more general shortage of skilled labour within the construction sector, has impacted lead times for many companies. We have been fortunate to retain a highly skilled team in all areas of our business and our lead times remain competitive, and therefore attractive, for customers looking at luxury, painted kitchens and bedrooms. The ongoing recruitment of key personnel in all areas of the business remains a priority for the Company.

Kitchens sold in the year exceeded our recent performance, with a reduction in our bedrooms activity in the year, primarily due to a shift in consumer priorities for their living spaces. We have seen the bedrooms area of the business returning to levels achieved previously, in the current financial year.

Operations

The integrated retail model developed throughout FY20 has proven effective over FY21. Promoting an 'appointment only' approach to our design consultations has improved the effectiveness of our design team, together with enhancing the customer experience in-store. Virtual consultations are still offered to customers unable to visit a showroom and these continue to be popular, supported by our advances in the use of our virtual showrooms and screen sharing technology.

We took the decision to close our central Oxford Showroom during the year, on expiry of the lease. This has given us the opportunity to utilise the space within our head office showroom in South Oxfordshire, to showcase both our kitchens and our bedrooms offering. Customers will benefit from a visit to our production facility, once restrictions ease, which we anticipate being a popular and important element of our customer experience.

The use of our new finance offering for customers, provided by Hitachi Capital UK, has been very well received, with almost £900k of sales secured in FY21, using the facility. This exceeded our ambitions and has become a significant component in our customer journey. We look forward to a continued partnership with Hitachi Capital UK, who have been impressed with our exceptional customer satisfaction scores.

Our systems improvements continue to take priority to ensure we are able to support our teams to operate as efficiently as possible. The implementation of the CRM system was the first step in our programme of improvements and we look forward to building our IT framework to manage our growth over the coming years.

Our development team also worked effectively to ensure the timely launch of our new Beaded Shaker range of door style, which has been well received by customers.

There have been widely reported disruption to supply chains nationally over the last 18 months. The industry has experienced significant delays across all bought-in items, together with raw materials. Price increases have been seen in all areas, at an unprecedented level. The operational team have had a challenging year, requiring close management of the supply chain to ensure continuity of supply and the successful fulfilment of customer orders.

In view of these many challenges, we are pleased to report a gross margin broadly in line with the non-Covid-19 disrupted FY19 year, with a 5% reduction of revenue.

	12 months to June 2021	12 months to June 2020	12 months to June 2019
	£000	£000	£000
Total Sales	7,877	5,553	8,306
Cost of sales	4,165	3,004	4,373
Gross margin	3,712	2,549	3,933
Gross Margin %	47.1%	45.9%	47.4%

Investments in key supporting roles within the Company have been made as we progress throughout the current financial year, given the increased levels of consumer demand.

We continue to work closely with all of our partners to ensure the continued safety of our employees, our customers and our suppliers. We have ensured an ongoing focus on the health, safety and wellbeing of our people.

Trading Outlook

As stated in our trading update released on 12 August 2021, the Company entered the new financial year with an order book substantially larger than in recent years. The level of orders secured in the first 18 weeks of the year has remained high. Despatched sales, forward committed orders and future orders against which a first stage deposit has been taken, stood at £7.4m (2020: £4.9m; 2019: £4.4m), which is significantly ahead of the previous two year comparatives.

The unprecedented business climate throughout the reported period has been challenging and the response of all of our stakeholders has been instrumental in the results we report today. The efforts of all those within the Company together with our relationships with our partners and suppliers, all of whom have been exceptionally supportive, give the Board confidence in the Company's future performance.

Our employees have been outstanding in their commitment to provide a high quality service to our customers and driving value for our shareholders, and thereby ensuring the resilience of the Company, throughout this turbulent period.

On behalf of the Board, I thank them all for their dedication throughout the year as we look forward to a period of growth and a return to sustained profitability, as we enter 2022, during which the Company will celebrate its 50th Birthday.

Kiran Noonan
Chief Executive Officer

8 November 2021

Enquiries:

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Kiran Noonan - Chief Executive Officer / Acting Chairman

Allenby Capital Limited (Nominated Adviser and Broker) 020 3328 5656

David Worlidge / Nick Naylor / George Payne (Corporate Finance)

Matt Butlin (Sales and Corporate Broking)

Income Statement for the year ended 30 June 2021

	Notes	2021 £	2020 £
Revenue	*1, 2, 3*	7,877,130	5,552,564
Cost of sales		(4,165,462)	(3,003,810)
Gross profit		3,711,668	2,548,754
Selling and distribution costs		(408,863)	(413,375)
Administrative expenses	*4*	(3,160,325)	(3,080,877)
Other operating income	*4*	165,012	210,000
Total		(2,995,313)	(2,870,877)
Profit/(loss) from operations	*4*	307,492	(735,498)
Finance income	*7*	297	336
Finance expenses	*8*	(227,255)	(150,654)
Profit/(loss) before tax		80,534	(885,816)
Tax Credit	*9*	124,549	94,592
Profit/(loss) for the year		205,083	(791,224)
Earnings / (Loss) per share	*10*		
Basic		0.11p	(0.42)p
Fully diluted		0.10p	(0.42)p

Statement of Financial Position as at 30 June 2021

	Notes	30 June 2021 £	30 June 2020 £
Non-current assets			
Intangible assets	*11*	140,470	157,190
Property, plant and equipment	*12*	2,629,053	2,790,875
Right of use assets	*13*	1,372,434	1,444,476
Trade and other receivables	*16*	31,500	42,750
		4,173,457	4,435,291
Current assets			
Inventories	*15*	193,133	152,530
Trade and other receivables	*16*	868,878	542,526
Deferred tax asset	*19*	82,000	-

Cash and cash equivalents		1,301,612	558,765
		2,445,623	1,253,821
Total assets		6,619,080	5,689,112
Current liabilities			
Trade and other payables	*17*	(2,052,345)	(1,454,231)
Customer deposits		(944,000)	(581,058)
Lease liabilities	*14*	(264,168)	(242,253)
Provisions	*20*	(29,998)	(60,998)
Borrowings	*18*	-	(111,701)
		(3,290,511)	(2,450,241)
Non-current liabilities			
Borrowings	*18*	(1,137,146)	(1,156,033)
Lease liabilities	*14*	(1,335,874)	(1,432,063)
Provisions	*20*	(52,632)	(56,055)
		(2,525,652)	(2,644,151)
Total liabilities		(5,816,163)	(5,094,392)
Net assets		**802,917**	**594,720**
Equity			
Share Capital	*23*	193,945	186,745
Share Premium		1,222,433	1,188,021
Other Reserves		1,421	1,421
Revaluation reserve		518,357	560,906
Retained Earnings		(1,133,239)	(1,342,373)
Total equity		**802,917**	**594,720**

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2021 and were signed on its behalf by:

Kiran Noonan
Director

Stephen Huggett
Director

Statement of Cash Flows for the year ended 30 June 2021

	2021	**2020**
	£	£
Cash flows from operating activities		
Profit/(loss) from operations after tax	432,041	(640,906)
Amortisation of intangible assets	32,970	32,839
Depreciation and impairment of property, plant and equipment	188,403	219,769
Depreciation of right of use assets	256,990	313,625
Share based payments	4,051	4,965
Loss/(profit) on disposal of property, plant and equipment	3,237	(1,237)
(Increase) in inventories	(40,603)	(8,508)
(Increase)/decrease in receivables	(315,102)	157,088
Increase/(decrease) in payables	598,114	(96,114)
Increase in Customer Deposits	362,942	211,806
(Decrease)/increase in provisions	(34,423)	12,000
Cash generated from operations	1,488,620	205,327
Tax (Credit) on Operations	(124,549)	(94,592)
Net cash from operating activities	**1,364,071**	**110,735**
Cash flows from investing activities		
Purchase of intangible assets	(16,250)	(10,737)
Purchase of property, plant and equipment	(27,317)	(27,538)
Net proceeds from sale of property, plant and equipment	(2,487)	10,480
Interest received	297	336
Net cash used in investing activities	**(45,757)**	**(27,459)**
Cash flows from financing activities		
Interest paid	(125,970)	(150,654)
Increase in borrowings	-	1,079,000
Allotment of shares	41,608	-
Repayment of borrowings - finance leases	(18,887)	(32,483)
Repayment of borrowings - bank loans	(111,701)	(380,106)

Repayment of borrowings - bank loans	(111,701)	(380,106)
Repayment of IFRS 16 lease liabilities	(360,517)	(327,455)
Net cash used in financing activities	**(575,467)**	**188,302**
Net increase in cash and cash equivalents	**742,847**	**271,578**
Net cash and cash equivalents at the start of the period	558,765	287,187
Net cash and cash equivalents at the end of the year	**1,301,612**	**558,765**
Net cash and cash equivalents comprise:		
Cash at bank and in hand	1,301,612	558,765
Bank overdrafts	-	-
	1,301,612	**558,765**

Notes:

1. GOING CONCERN

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons:

The results show that the Company made a profit after tax during the year of £204k (2020: loss after tax of £791k) and had net current liabilities of £844k (2020: £1,196k) as at 30 June 2021.

The year finished with a positive gross cash position of £1,302k (2020: £559k). The Company has total loans of £1,137k (2020: £1,268k) of which £1,079k (2020: £1,192k) is secured on its freehold properties, and net cash excluding IFRS 16 lease liabilities was therefore £165k (2020: net debt £708k; 2019: net debt

£314k). The Company is pleased to have improved from a net debt of £708k to a positive net cash position after loans of £165k in the financial year, an improvement of +£872k, with EBITDA (pre IFRS 16) of £424k (2020: -£388k). Customer deposits of £944k (2020: £581k) are £363k higher than last year, reflecting the strength of the order book at year end.

The Company owns the Freehold of its Head Office and Factory in Wantage and its Showroom in Hungerford, which were revalued in February 2020 and have a Net Book Value of £1,872k (2020:

£1,896k) as at 30 June 2021. The total Net Assets at 30 June 2021 were £803k (2020: £595k). The Directors have had preliminary contact with lenders to re-finance the loan, based on our return to profitability, asset backing and stronger cash generation. It is the intention of the Directors to refinance the loan at the earliest opportunity.

The Trading Outlook within the Chief Executive's Business Review shows that the level of orders secured in the first 18 weeks of the year has remained high. Despatched sales, forward committed orders and future orders against which a first stage deposit has been taken, stood at £7.4m (2020: £4.9m; 2019: £4.4m), which is significantly ahead of the corresponding periods in both prior years FY20 and the non-disrupted FY19, which leads the Directors to believe that there is now sustained levels of consumer interest in home improvements.

The Company has successfully developed a hybrid working model allowing the business to work effectively during normal trading conditions and during lockdowns, when the showrooms have been closed. This transition to digital working practices, further gives the Directors the confidence that the Company can now withstand any disruption that may arise from the ongoing pandemic.

The Directors have developed a carefully considered Plan for FY22, structured through the use of individual building blocks, supported by substantive rationale. Cash flows have been prepared for a reasonably foreseeable period of at least twelve months from the date of signing of these financial statements.

For additional prudence, the Directors have modelled a sensitivity analysis up to a 15% reduction in sales against this Plan and for a period of twelve months from the date of signing, to be assured that the Company can withstand any potential periods of lockdown or other business impacts related to the ongoing pandemic.

As the Company operates a made-to-order, negative working capital model, it is reliant on the cash flows from customer deposits and completion of sales to be able to meet its liabilities as they fall due. The Directors have considered all of the factors noted above, including the strength in the Company's current trading and forward order book, together with the high levels of quoted business, the support of its landlords and suppliers, plus, the government support available. Taking these factors into account, balanced with the inherent uncertainty associated with forecasting the impact of the Covid-19 pandemic, the Directors are confident that the Company has adequate resources to continue to meet all liabilities, as and when they fall due, for the reasonably foreseeable future and, at least for the period of twelve months from the date of approval of these financial statements.

2. PROFIT/(LOSS) FROM OPERATIONS

	2021	2020
	£	£
Profit/(loss) from operations is stated after charging:		
Auditors remuneration - Company audit	26,900	18,500
Auditors remuneration - taxation services	3,600	3,500
Amortisation of intangible fixed assets	32,970	32,839
Depreciation of owned property plant and equipment	175,959	196,259
Depreciation of plant and equipment held on finance leases	12,444	18,043
Depreciation of Right of Use Assets	256,990	313,625
Government Grant - CJRS		
- Direct Factory Labour	(20,571)	(26,373)
- Other		

- Other		
Salaries	(62,564)	(56,819)
Other Operating Income - 'Government Grant for Retail Businesses'	(165,012)	(210,000)
Profit / (Loss) on disposal of property, plant and equipment	3,237	(1,237)
Operating lease rentals		
- Plant and machinery	11,610	11,610
Cost of inventories recognised as an expense	2,806,385	1,976,981

3. TAX ON PROFIT / (LOSS) FROM OPERATIONS

	2021	2020
	£	£
Current period taxation		
UK Corporation tax charge for the period	-	-
Research and development tax credit	-	-
Total current tax	-	-
Origination and reversal of temporary timing differences	-	229,886
Current year deferred tax asset recognised / (not recognised)	-	(229,886)
Reversal of previously recognised Deferred Tax asset	82,000	-
Deferred tax credit on losses	-	131,571
Adjustment in respect of previous years Research and Development tax credit	-	(36,979)
Changes in tax rates being 6% impact on the deferred tax asset/liabilities recognised on losses/revaluations in prior year	42,549	-
	124,549	94,592

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2021	2020
	£	£
Profit/(loss) on ordinary activities before tax	80,534	(885,816)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	15,301	(168,305)
Effect of:		
Expenses not deductible for tax purposes	-	1,425
Depreciation on assets not qualifying for tax allowances	2,197	4,498
Other permanent differences	32,992	(7,547)
Adjustment in respect of previous years Research and Development tax credit	-	(36,979)
Prior year adjustment on IFRS16 adoption	-	(47,934)
Effect of change in local corporation tax rate	(104,867)	(12,023)
Deferred tax asset not recognised	(27,623)	229,886
Deferred tax credit on losses	-	131,571
Change of tax rate for DT Asset on Revaluation reserve recognised in OCI	(42,549)	-
Total tax credit / (charge) in income statement	124,549	94,592

On 3rd March 2021, the Chancellor of the Exchequer announced an increase in rate of Corporation tax to 25% to take effect from 1st April 2023 for companies whose profits are greater than £250,000 per annum.

4. EARNINGS PER SHARE

	2021	2020
Earnings/(loss) per ordinary share is calculated as follows:		
Basic		
Profit/(loss) attributable to ordinary		

shareholders (£)	205,083	(791,224)
Weighted average number of ordinary		
shares in issue	189,388,807	186,745,519
Earnings/(loss) per ordinary share	0.11 p	(0.42)p
Fully diluted		
Profit/(loss) attributable to ordinary shareholders (£)	205,083	(791,224)
Weighted average number of ordinary		
shares in issue	189,388,807	186,745,519
Weighted average number of ordinary		
shares under option	17,478,866	4,369,961
Earnings/(loss) per ordinary share	0.10 p	(0.42)p

Basic earnings per share amounts are calculated by dividing the profit / (loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit / (loss) attributable to ordinary equity holders of the Company by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would have been issued on the conversion of all dilutive potential Ordinary shares into Ordinary shares.

5. BORROWINGS

	2021	2020
	£	£
Loans	1,079,000	1,190,701
Finance lease liabilities	58,146	77,033
	1,137,146	1,267,734
Presented in the balance sheet as:		
Lease liabilities - current	264,168	242,253
Borrowings - current	-	111,701
Borrowings - non-current	1,137,146	1,156,033
	1,401,314	1,509,987
(a) Bank & other borrowings		
Analysis of bank loan repayments:		
In one year or less	-	111,701
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	1,079,000	1,079,000
	1,079,000	1,190,701

The loan is secured by a legal charge over the Company's freehold properties at Park Street, Hungerford, Berkshire and Grove Business Park, Downsview Road, Wantage, Oxfordshire. The interest only loan facility has an interest rate of 10.55% above base rate with a minimum rate of 10.8% per annum, payable monthly on drawn down funds. In case of default, an additional 7.2% interest would be payable under the loan.

In the previous year the company had one bank loan secured by a legal charge over the Company's freehold properties at Park Street, Hungerford, Berkshire and Grove Business Park, Downsview Road, Wantage, Oxfordshire. One of these loans was still outstanding at the previous year end and was repaid on 1st July 2020.

The loan was repayable over 15 years from 22 March 2010 and carried interest at a fixed rate of 7.55% per annum for a period of 10 years and thereafter at a floating rate linked to the Bank of England base rate. The second loan has a value of £0, (2020: £111,701) denominated in Sterling.

	2021	2020
	£	£
(b) Finance lease liabilities		
Gross finance lease liabilities - minimum lease payments:		
In one year or less	21,385	26,484
Between one and five years	36,761	66,212
More than five years	-	-
	58,146	92,696
Future finance charges on finance lease liabilities	(8,065)	(15,663)
Present value of finance lease liabilities	50,081	77,033

Future finance charges on finance lease liabilities are analysed as follows:

	2021	2020
	£	£
In one year or less	(5,099)	(7,597)
Between one and five years	(2,966)	(8,066)
	(8,065)	(15,663)

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

6. PROVISIONS

	Warranty provision	Dilapidations provision	Total
		£	£
At 1 July 2019	45,575	59,478	105,053
Arising during the year	48,782	-	48,782
Utilised during the year	(36,782)	-	(36,782)
At 30 June 2020	57,575	59,478	117,053
Arising during the period	-	-	-
Utilised during the period	(31,000)	(3,423)	(34,423)
At 30 June 2021	26,575	56,055	82,630

	2021	2020
	£	£
Current	29,998	60,998
Non-Current	52,632	56,055
	82,630	117,053

Warranty Provision

The Company makes provision for potential future warranty claims on kitchens & bedrooms sold. This provision is reviewed and adjusted annually based on the levels of turnover achieved and the claims recorded in the same period.

Dilapidations Provision

The Company makes such provision for dilapidations relating to its leasehold showroom estate as it considers necessary based on the length of the remaining term for each showroom & the future plans for each showroom. Based on this, experience of exiting previous showrooms and industry averages, Management have estimated that a provision of £5 per square foot will give a reasonable estimate of any futures costs. On exit from a showroom, once the costs have been finalised and the showroom exited, the provision would be released.

7. SHARE BASED PAYMENTS

	2021	2020
	£	£
Share based payments expense	4,051	4,965

The charge relates entirely to equity-settled share based payment transactions.

On 25 March 2019 the Company granted options over 26,215,931 ordinary shares of 0.1 pence each in the Company ("Ordinary Shares") at an exercise price of 1 pence per Ordinary Share to all employees and Directors of the Company under the Company's Unapproved and EMI Share Option Plan ("Option Plan").

Performance conditions apply to the vesting of options under the Option Plan that are linked to the Company's future profit and share price performance. In addition, the Option Plan includes a hurdle criteria which stipulates that no Ordinary Shares under the share price performance criteria will vest until the share price of an Ordinary Share reaches 3 pence.

The Option Plan was approved by shareholders at the 2018 Annual General Meeting and the principal terms of the Option Plan were summarised in Appendix 1 to the 2018 Notice of AGM available on the Company's website www.john-lewis.co.uk.
The Option Plan was approved by shareholders at the Company's Annual General Meeting on 11 December 2018 . The Company has calculated charges for the share option awards using Monte Carlo and Binomial models. Volatility and risk free rates have been calculated for each share option award based on expected volatility over the vesting period and current risk free rates at the time of each award. Volatility assumptions are based on historic volatility for the Company's share price over 4 years. Assumptions for future profitability have been based on management estimates.

The performance conditions attached to the share options are as follows:

AIM listed share price (per Ordinary Share)	Percentage of the Award which vests
> £0.03	9.375%
> £0.04	9.375%
> £0.05	9.375%
> £0.06	9.375%
> £0.07	9.375%

> £0.07	9.375%
> £0.08	9.375%
> £0.09	9.375%
> £0.10	9.375%

If the AIM listed share price has reached £0.03 or higher

Profit before Tax (in any 12-month statutory accounting period)	Percentage of the Award which vests
> £200k	5.00%
> £400k	5.00%
> £500k	5.00%
> £600k	5.00%
> £700k	5.00%

Assumptions used in the valuation of share option awards during the year were as follows:

Award date	Share price at date of award / exercise price (pence)	Expected volatility	Risk free rate	Expected dividends	Option life in years	IFRS2 fair value per share option (pence)
25 March 2019	0.6 / 1.0	50%	1.02%	-	10	0.125 - 0.229

Share and share option awards outstanding

The share options awarded during the year under the Option Plan were as follows:

Scheme and date of award	Exercise price	B / Fwd 1 July 2020	Number granted	Number forfeited	Number exercised	C / Fwd 30 June 2021
Option Plan 25 March 2019 Vesting date is variable but no less then 2 years	1 pence	17,479,844	-	356,972	-	17,122,872

The weighted average remaining contractual life of outstanding share options is 7.5 years. The number of exercisable share options at 30 June 2021 was Nil (2020: Nil).

END

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