



ULS Technology plc
(The "Group" or the "Company" or the "Group")

Half Yearly Report

Robust financial performance with continued focus on revolutionising home moving and ownership

ULS Technology plc (AIM: ULS), the provider of online digital platforms for the UK conveyancing and financial intermediary markets, announces its half year results for the six months to 30 September 2021 (the "Period").

Financial Highlights

- Revenue increased by 48% to £10.2m (H1 2020: £6.9m)
- Improved gross margin to 40.0% (H1 2020: 38.8%) due to changes in business mix
- Underlying Loss before Tax¹ increased to £(1.48)m (H1 2020: £(0.64)m) reflecting increased investment in eConveyancer and DigitalMove
- Adjusted basic EPS¹ declined to (2.28)p (H1 2020: (0.69)p)
- Cash balance of £23.1m as of 30 September 2021 with no debt

¹ Before exceptional costs and amortisation of acquisition intangibles.

Operating Highlights

e-Conveyancer – renewed focus on our strong and well-positioned B2B brand, with increased investment in people and technology to expand footprint in both existing and new channels, further growing routes to market. We have seen a 10% increase over twelve months in active Introducers using the platform, which has resulted in 28,865 conveyancing instructions. We have now helped circa 835k consumers buy, sell and refinance their home.

DigitalMove – significant progress with more than 90% of eConveyancer cases now enabled on the platform, resulting in DigitalMove handling more than 60,000 instructions to date. Additionally, the Company is focusing on generating increasing traction outside of eConveyancer, underpinning a higher margin model.

The imminent pilot of an offer for estate agents is one of a number of strategic initiatives that will also service consumers and is showing positive preliminary results.

Strengthened team – a strategic reorganisation has taken place with key hires across the management team and in specialist roles, with new capability helping to build a high-performance culture.

Technology and Platform – all infrastructure and technology are now in the cloud following successful completion of the cloud migration project. The new cloud-based home moving platform is ready to pilot the first product in the new year and is expected to facilitate an accelerated roll-out of DigitalMove.

Jesper With-Fogstrup, CEO of ULS Technology plc, commented:

"I have now been in the business for almost a year and I'm delighted by the significant progress we have made. I am now even more certain that there is considerable opportunity to make the home moving process better for everyone, and we have the strategy and roadmap in place to be able to achieve this.

“We have established a new senior management team and recruited talent that will help us execute our ambitious delivery plans. We continue to invest in the technology we need to radically transform the home moving market and make it faster, simpler and easier for everyone involved.

“I am particularly pleased in the number of brokers who are actively using our platforms. eConveyancer performed strongly in the B2B channel and we continue to see strong flow to DigitalMove with over 60,000 cases now instructed. We are currently at an exciting stage where we are building and testing a number of products that will be launched in early 2022.”

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Chief Executive Officer's Report

In the last year we have set out ambitious plans to make the home moving and ownership experience better for everyone. Customers tell us the process is not simple – it's frustrating, stressful and moves at a snail like pace.

We have made significant progress in the key areas that will be the bedrock of our future success. We continue to invest in technology so that our consumer-centric, data driven strategy focuses on delivering value across all industry stakeholders. We now have Salesforce systems embedded in our customer operations and have started rolling out to our sales areas, which will make our sales and marketing activity more effective.

By further growing routes to market for eConveyancer as well as developing our product suite with continued investment in DigitalMove, there is significant opportunity to enhance the home moving process, drive scale and to generate increasing returns.

Importantly, the continued development of DigitalMove as a digital product supporting the whole home moving experience is expected to result in exponential returns as functionality increases. The focus here is on leveraging the Group's already strong relationships across the B2B market including conveyancers and mortgage brokers at the same time as improving the whole home moving experience for consumers.

We believe that the ongoing investment in the development of new technology and the utilisation of powerful data driven automation to reach and benefit an increasing number of consumers will open up new opportunities and new potential revenue streams, not just from home buying and selling, but also home ownership.

Improved User Experience

Improving the quality and consistency of our market insight and data will form the basis of our growth plans to help us make better informed decisions. This is yielding positive results in the development of DigitalMove, with enhancements to the user experience leading to an estimated 1,200 days of onboarding and administrative time saved for conveyancers using the full services of the platform. We continue to see an uplift in stakeholders using Digital-Move with over 60,000 instructions to date. We expect this trend to continue with the further automation of services across stakeholder groups improving efficiency and eliminating manual tasks, allowing for faster processes.

We continue to receive a lot of extremely positive feedback and statistics from transactions going through the DigitalMove platform to date and can see that the conveyancing process is being shortened by a significant number of days. For example, we have found that house purchase cases instructed through DigitalMove remove two weeks of administration for the consumer.

We believe that as we continue to develop DigitalMove's functionality and its routes to market it will be seen as the platform of choice for intermediaries and consumers. Our mission is for DigitalMove to provide users with efficiency benefits both in terms of working practices and time to completion. We have a clear line of sight and a development programme that will benefit a growing range of users and will underpin DigitalMove's drive to revenues and profitability.

Our Product area, which is now fully operational, also enables us to build, pilot and evolve new digital products in live environments, proving value creation and providing valuable insight to shape future services and experiences and to refine them prior to broader roll out.

Due to our strong track record in the sector, we are building on extending our offerings and are at the initial stages of testing a number of strategic initiatives including an offer for estate agents as well as consumers, which are showing positive preliminary results.

eConveyancer

Our strong brand, eConveyancer, continues to be well positioned in the market place. Its main focus in terms of distribution is demand through introducers such as mortgage brokers, mortgage broker networks, mainstream and specialist lenders as well as providing a B2C offering. The panel of legal professionals has been well managed during a very busy period for the industry, and we have increased the number of conveyancing firms on our panel by 14% over the period.

The first six months has seen a number of new contractual wins across a range of B2B and B2C channels including MPowered Mortgages and Chase De Vere. There is an exciting pipeline of new partners as well as a number of businesses renewing their contracts with us, further demonstrating the valuable service we provide to them.

We are strengthening our focus on growing in this area as we see demand for greater automation and the pivotal role eConveyancer will play as we extend our eco-system through DigitalMove and the collective value this will bring to the industry.

People

All of this is underpinned by strengthening our management team with the key hires of Ed Mardell (Chief Technology Officer), Simon McCulloch (Chief Commercial & Growth Officer) and Angela Hesketh (Director of Conveyancing Transformation), as well as adding new talent that are building execution capability across the business.

Although it is currently a challenging hiring market we are pleased with the high calibre of executives and employees that we are attracting who are buying in to our strategy and the significant market opportunity, bringing knowledge and expertise to our strong team.

Chief Financial Officer's Report

The comparative numbers in the Income Statement for the six months to 30 Sep 2020 have been restated to reflect that part of the Group (Conveyancing Alliance Limited) was sold in November 2020. Therefore the numbers have been restated to split them between continuing and discontinued operations.

Revenue and gross profit grew substantially against the comparative period, which was Covid impacted, with the gross margin edging up to 40.0%. The period post-Covid was a boom period for home movers with first time buyers being relatively squeezed. Stamp duty holidays combined with the impact of lockdowns and home working stimulated a lot of people to want to move house while first time buyers, a primary market for eConveyancer, suffered with job insecurity and rising prices. The market is starting to rebalance with the Group's market share of the purchase market growing in the period compared to the previous six months ending 31 March 2021.

We have previously stated that we intend to invest heavily in eConveyancer and DigitalMove in order to develop routes to market and relationships with businesses and consumers. As a result, the period saw significant recruitment, building on the process we had started in the previous period. This had an expected impact on the cost base with overheads rising albeit slower than expected. This resulted in the Group making a loss as we continued to develop DigitalMove, which is at a pre-incremental revenue stage.

Non-IFRS Profit Measures

In the Financial Highlights above we show the movement in Underlying Loss before Tax. This is a non-IFRS profit measure and the table below shows how that measure is arrived at from IFRS profit.

Underlying Loss before Tax from continuing operations

	6 months to 30 Sep 2021 £'000	6 months to 30 Sep 2020 £'000	Year to 31 Mar 2021 £'000
Reported loss before tax from continuing operations	(1,549)	(702)	(2,389)
Amortisation of intangible assets arising on acquisition	66	66	131
<u>Exceptional costs</u>			
Write-down of intangible asset	-	-	1,457
	<u>(1,483)</u>	<u>(636)</u>	<u>(801)</u>

Underlying Loss after Tax from continuing operations

	6 months to 30 Sep 2021 £'000	6 months to 30 Sep 2020 £'000	Year to 31 Mar 2021 £'000
Underlying loss before tax	(1,483)	(636)	(801)
Tax on profit on ordinary activities	19	202	562
Tax relating to amortisation of intangibles arising on acquisition	(13)	(13)	(26)
	<u>(1,477)</u>	<u>(447)</u>	<u>(265)</u>

We believe that providing details of how these non-IFRS profit measures are calculated by reference to the IFRS profit number helps aid the understanding of the movement in the IFRS number as well as giving an indication to the long-term profitability and cash generating ability of the Group.

Cash

We continue to hold significant cash reserves which were at £23.1 million at the period end. We are using this cash to support our investment in eConveyancer and DigitalMove, which is part of our ongoing strategy to increase traction as well as benefits to users. We believe that we have more than sufficient funds to complete this investment stage and transition back to significant profitability and cash generation.

Outlook

This year has been one of the busiest for the housing market in more than a decade. Demand for housing remains high and the market shows no sign of slowing particularly as interest rates currently remain low and employment levels high. We expect the trends driving the market - a reassessment of geographical location and search for space both prompted by the pandemic, as well as better access for first-time buyers - to continue.

In the Autumn Budget and Spending Review in October 2021 the Chancellor announced £1.8b in funding to bring 1,500 hectares of brownfield land back into use for housing and related infrastructure which should result in the development of circa 1 million new homes. Although this is a more long-term intervention it is another welcome stimulus to meet the growing demand in the market and,

with the products and services we are developing, we are well placed to service the needs of all interested parties in the home moving and buying process.

Many expected the market to slow down once the stamp duty holiday ended, but house prices have continued to soar, reaching record highs in multiple house price indices. Also, the Office for Budget Responsibility is predicting that housing transaction volumes will be above their pre-pandemic level for the next few years at least.

Despite the possibility of higher interest rates, 2021 is likely to result in a record-breaking year for sales, exceeding 2007's previous high of 1.5m sales. We do not foresee much of a downturn in this trend with recent data highlighting that households will continue to reappraise their living circumstances with 22% eager to move home in the next 18 months. Although the supply cannot currently meet the demand, governmental actions will help alleviate the issue and lead to a healthy market environment for us to execute our strategy

Remortgage volumes are also on the rise with many people coming to the end of their fixed rate deals and continued speculation of the first base rate increase in years.

The Board believes that there is considerable opportunity for our products and services to enhance the home moving experience and that we are well placed to disrupt the markets in which we operate and thereby develop new revenue streams.

While we are mindful of ongoing developments in the UK's response to the Covid pandemic, the return to more normal business practices and face to face interaction allows our sales teams a greater opportunity to engage and influence our partners. The Board views the coming year with confidence and optimism.

Jesper With-Fogstrup
CEO

UNAUDITED INCOME STATEMENT
Six months to 30 September 2021

	Note	6 months to 30 Sep 2021 Unaudited £'000s	6 months to 30 Sep 2020 Unaudited £'000s	Year ended 31 Mar 2021 Audited £'000s
Continuing operations				
Revenue		10,223	6,929	16,926
Cost of sales		(6,129)	(4,171)	(10,013)
Gross profit		4,094	2,758	6,913
Exceptional administrative expenses		-	-	(1,457)
Other administrative expenses		(5,673)	(3,422)	(7,829)
Administrative expenses		(5,673)	(3,422)	(9,286)
Operating loss before exceptional expenses		(1,579)	(664)	(916)
Exceptional administrative expenses	3	-	-	(1,457)
Operating loss		(1,579)	(664)	(2,373)
Finance income		10	6	16
Finance costs		(16)	(91)	(126)
Share of results of associates		36	47	94
Loss before tax		(1,549)	(702)	(2,389)
Tax expense		19	202	562
Loss for the financial period from continuing operations		(1,530)	(500)	(1,827)
Discontinued operations				
Profit for the period from discontinued operations		-	615	1,060
Gain on disposal		-	-	18,145
Total profit for the financial period from discontinued operations		-	615	19,205
Total (loss)/profit for the financial period		(1,530)	115	17,378
Earnings per share for continuing operations				
Basic earnings per share (£)	4	(0.0236)	0.0303	(0.0282)
Diluted earnings per share (£)	4	(0.0236)	0.0289	(0.0282)
Earnings per share for continuing and discontinued operations				
Basic earnings per share (£)	4	(0.0236)	0.0018	0.2679
Diluted earnings per share (£)	4	(0.0236)	0.0017	0.2536

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**Six months to 30 September 2021**

	6 months to 30 Sep 2021 Unaudited £'000s	6 months to 30 Sep 2020 Unaudited £'000s	Year ended 31 Mar 2021 Audited £'000s
(Loss)/profit for the period	(1,530)	115	17,378
Total comprehensive (loss) / income for the period	<u>(1,530)</u>	<u>115</u>	<u>17,378</u>

UNAUDITED BALANCE SHEET
At 30 September 2021

	Note	30 Sep 2021 Unaudited £'000s	30 Sep 2020 Unaudited £'000s	31 Mar 2021 Audited £'000s
NON-CURRENT ASSETS				
Intangible assets		1,557	5,964	1,799
Goodwill		4,524	11,008	4,524
Investment in associates		663	578	627
Property, plant and equipment		1,688	1,971	1,830
Long-term receivables		100	200	200
Prepayments		92	103	111
		<u>8,624</u>	<u>19,824</u>	<u>9,091</u>
CURRENT ASSETS				
Trade and other receivables		1,478	1,506	1,452
Current tax receivable		249	-	249
Cash and cash equivalents		23,060	3,817	23,976
		<u>24,787</u>	<u>5,323</u>	<u>25,677</u>
TOTAL ASSETS		<u>33,411</u>	<u>25,147</u>	<u>34,768</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	5	259	259	259
EBT reserve		(375)	(453)	(397)
Share premium account		4,609	4,609	4,609
Capital redemption reserve		113	113	113
Share based payment reserve		468	344	418
Retained earnings		23,354	7,739	24,913
TOTAL EQUITY		<u>28,428</u>	<u>12,611</u>	<u>29,915</u>
NON-CURRENT LIABILITIES				
Borrowings	6	-	750	-
Lease liabilities		1,099	1,236	1,162
Deferred taxation		260	999	280
		<u>1,359</u>	<u>2,985</u>	<u>1,442</u>
CURRENT LIABILITIES				
Trade and other payables		3,460	4,369	3,249
Borrowings	6	-	5,000	-
Lease liabilities		164	168	162
Current tax payable		-	14	-
		<u>3,624</u>	<u>9,551</u>	<u>3,411</u>
TOTAL LIABILITIES		<u>4,983</u>	<u>12,536</u>	<u>4,853</u>
TOTAL EQUITY AND LIABILITIES		<u>33,411</u>	<u>25,147</u>	<u>34,768</u>

UNAUDITED STATEMENT OF CHANGES IN EQUITY
Six months to 30 September 2021

	Share capital £'000s	EBT reserve £'000s	Share premium £'000s	Capital redemption reserve £'000s	Share- based payment reserve £'000s	Retained earnings £'000s	Total equity £'000s
For the period ended 30 September 2021							
At 1 April 2021	259	(397)	4,609	113	416	24,913	29,915
Loss for the period	-	-	-	-	-	(1,530)	(1,530)
Total comprehensive loss	-	-	-	-	-	(1,530)	(1,530)
Purchase of shares by EBT	-	(48)	-	-	-	-	(48)
Exercise of options	-	70	-	-	(12)	(29)	29
Share-based payments	-	-	-	-	62	-	62
Total transactions with owners	-	22	-	-	50	(29)	43
At 30 September 2021	259	(375)	4,609	113	468	23,354	28,428
For the period ended 30 September 2020							
At 1 April 2020	259	(453)	4,609	113	427	7,624	12,579
Profit for the period	-	-	-	-	-	115	115
Total comprehensive income	-	-	-	-	-	115	115
Share-based payments	-	-	-	-	(83)	-	(83)
Total transactions with owners	-	-	-	-	(83)	-	(83)
At 30 September 2020	259	(453)	4,609	113	344	7,739	12,611

**For the year ended 31
March 2021**

At 1 April 2020	259	(453)	4,609	113	427	7,624	12,579
Profit for the year	-	-	-	-	-	17,378	17,378
Total comprehensive income	-	-	-	-	-	17,378	17,378
Purchase of shares by EBT	-	(91)	-	-	-	-	(91)
Exercise of options	-	147	-	-	(10)	(89)	48
Share-based payments	-	-	-	-	1	-	1
Total transactions with owners	-	56	-	-	(9)	(89)	(42)
At 31 March 2021	259	(397)	4,609	113	416	24,913	29,915

UNAUDITED STATEMENT OF CASH FLOWS
Six months to 30 September 2021

	6 months to 30 Sep 2021 Unaudited £'000s	6 months to 30 Sep 2020 Unaudited £'000s	Year ended 31 Mar 2021 Audited £'000s
Cash flows from operating activities			
Loss before tax from continuing operations	(1,549)	(702)	(2,389)
Profit before tax from discontinued operations	-	771	19,039
(Loss) / profit before taxation	(1,549)	69	16,650
Finance income	(10)	(7)	(16)
Finance costs	16	91	126
Loss on disposal of plant and equipment	-	-	1,457
Share of profit of associate	(36)	(45)	(94)
Amortisation	374	681	1,158
Depreciation	165	179	345
Share-based payments	62	(83)	1
Tax paid	-	(268)	(319)
Gain on disposal of discontinued operations excl. costs	-	-	(18,027)
	<u>(978)</u>	<u>617</u>	<u>1,281</u>
Changes in working capital			
(Increase) / decrease in trade and other receivables	(7)	438	(120)
Increase in trade and other payables	211	1,073	931
	<u>211</u>	<u>1,073</u>	<u>931</u>
Net cash (used in) / generated from operating activities	<u>(774)</u>	<u>2,128</u>	<u>2,092</u>
Cash flows from investing activities			
Purchase of intangible software assets	(132)	(494)	(831)
Purchase of property, plant and equipment	(22)	(10)	(64)
Disposal of subsidiary	-	-	26,426
Interest received	7	7	17
	<u>7</u>	<u>7</u>	<u>17</u>
Net cash (used in) / generated from investing activities	<u>(147)</u>	<u>(497)</u>	<u>25,548</u>
Cash flows from financing activities			
Interest paid	-	(91)	(91)
Lease payments	(76)	(63)	(170)
Repayment of loan to associate	100	-	50
Movement on rolling cash flow facility	-	-	(4,000)
Repayment of term loan	-	-	(1,750)
Share transactions by EBT	(19)	-	(43)
	<u>(19)</u>	<u>-</u>	<u>(43)</u>
Net cash generated from / (used in) financing activities	<u>5</u>	<u>(154)</u>	<u>(6,004)</u>
Net increase in cash and cash equivalents	<u>(916)</u>	<u>1,477</u>	<u>21,636</u>
Cash and cash equivalents at beginning of period	<u>23,976</u>	<u>2,340</u>	<u>2,340</u>
Cash and cash equivalents at end of period	<u>23,060</u>	<u>3,817</u>	<u>23,976</u>

Notes to the financial information
Six months to 30 September 2021

1. GENERAL

The interim financial information for the six months to 30 September 2021 is unaudited and was approved by the Directors of the Company on 1 December 2021. The condensed financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Company's operations are subject to some seasonality and also some cyclicity both in line with the housing market.

No dividend has been paid in the six months ended 30 September 2021 (six months to 30 September 2020: £nil).

2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the Group's most recent annual financial statements for the year ended 31 March 2021.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the UK Endorsement Board since January 2021 (previously the European Commission).

The financial information has been prepared using accounting policies that the Directors expect to be applicable as at 31 March 2022, with the exception of IAS 34.

The Directors have adopted the going concern basis in preparing the financial information. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the foreseeable future. They no longer consider that particular attention needs to be given to the impact of COVID-19 as the housing market is operating normally but they will continue to assess that it remains the case. The Directors note the substantial cash balance that the group holds and, while the group is currently making a loss as planned to support product development, they assess that the cash balance is sufficient to support these losses until the group returns to profitability. .

The condensed financial information for the period ended 31 March 2021 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

3. EXCEPTIONAL EXPENSES

Exceptional Administrative Expenses

	6 months to 30 Sep 2021 £'000s	6 months to 30 Sep 2020 £'000s	Year to 31 Mar 2021 £'000s
Write-off of capitalised development costs	-	-	1,457
	<u>-</u>	<u>-</u>	<u>1,457</u>

4. (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

From continuing and discontinued operations

Basic and diluted (loss) / earnings per share

	6 months to 30 Sep 2021 £	6 months to 30 Sep 2020 £	Year to 31 Mar 2021 £
Total basic (loss) / earnings per share	<u>(0.0236)</u>	<u>0.0018</u>	<u>0.2679</u>
Total diluted (loss) / earnings per share	<u>(0.0236)</u>	<u>0.0017</u>	<u>0.2536</u>

The (loss) / earnings used in the calculation of earnings per share are as follows:

	6 months to 30 Sep 2020 £'000s	6 months to 30 Sep 2019 £'000s	Year to 31 Mar 2020 £'000s
(Loss) / earnings used in the calculation of total basic and diluted (loss) / earnings per share	<u>(1,536)</u>	<u>115</u>	<u>17,378</u>

From continuing operations

Basic and diluted loss per share

	6 months to 30 Sep 2021 £	6 months to 30 Sep 2020 £	Year to 31 Mar 2021 £
Total basic loss per share	<u>(0.0237)</u>	<u>(0.0077)</u>	<u>(0.0282)</u>
Total diluted loss per share	<u>(0.0237)</u>	<u>(0.0077)</u>	<u>(0.0282)</u>

The loss used in the calculation of loss per share are as follows:

	6 months to 30 Sep 2020 £'000s	6 months to 30 Sep 2019 £'000s	Year to 31 Mar 2020 £'000s
Loss used in the calculation of total basic and diluted loss per share	<u>(1,530)</u>	<u>(500)</u>	<u>(1,827)</u>

The weighted average number of ordinary shares used in all of the calculations of (loss) / earnings per share were as follows:

Number of shares	6 months to 30 Sep 2021 Number	6 months to 30 Sep 2020 Number	Year to 31 Mar 2021 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>64,871,276</u>	<u>64,871,276</u>	<u>64,871,276</u>

Taking the Group's dilutive potential ordinary shares into consideration in respect of the Group's weighted average number of ordinary shares for the purposes of diluted earnings per share, is as follows:

Number of shares	6 months to 30 Sep 2021	6 months to 30 Sep 2020	Year to 31 Mar 2021
Potential dilutive effect of share options and warrants	<u>4,271,546</u>	<u>3,645,915</u>	<u>3,642,014</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>69,142,822</u>	<u>68,517,191</u>	<u>68,513,290</u>

SHARE CAPITAL

a) Share Capital

The Company has one class of Ordinary share with 0.4p nominal value per share which carries no right to fixed income nor has any preferences or restrictions attached.

No new shares were issued in the current or prior periods.

Issued and fully paid:

	30 Sep 2021 £'000s	30 Sep 2020 £'000s	31 Mar 2021 £'000s
Ordinary shares of 0.40p each	<u>259</u>	<u>259</u>	<u>259</u>

	30 Sep 2021 Number	30 Sep 2020 Number	31 Mar 2021 Number
At the beginning and end of the period	<u>64,871,276</u>	<u>64,871,276</u>	<u>64,871,276</u>

b) Share based payments

Options in issue vest in 3 equal tranches, three, four, and five years or in one tranche three year after date of grant. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

	Number of options	Weighted average exercise price £
Outstanding at 1 April 2021	4,200,360	0.78
Granted	500,000	0.79
Lapsed	(182,500)	1.33
Exercised	(63,254)	0.46
Outstanding at 30 September 2021	<u>4,454,606</u>	<u>0.76</u>