14 September 2021

Filta Group Holdings plc

(“Filta” or the “Company” or the “Group”)

Interim Results for the 6 months ended 30 June 2021

Filta Group Holdings plc (AIM: FLTA), a market-leading commercial kitchen services provider, is pleased to announce its unaudited Interim Results for the 6 months ended 30 June 2021.

Financial Summary

- Group Revenue increased 17% to £9.7m (H1 2020: £8.3m, H2 2020: £8.1m)
- Gross profit, up in line with increased trading levels, £3.9m (H1 2020: £3.4m, H2 2020: £3.5m)
- Adjusted EBITDA* increased by 500% to £1.3m (H1 2020: £0.2m, H2 2020: £0.9m)
- Cash inflow from operations doubled to £1.0m (H1 2020: £0.5m)
- Net debt reduced by 50% to £0.8m (31 December 2020: £1.6m)
- Cash balance of £4.2m (31 December 2020: £4.2m)
- Basic loss per share of 0.19p (2020: loss of 3.11p)
- Adjusted EPS** 3.19p (H1 2020: loss of 0.13p)
- The Board considers it would be prudent not to pay an interim dividend and to allow the trading recovery to continue to gather momentum. Nonetheless, if the current trading trend carries on through the remainder of the year, the Board expects to resume the payment of a final dividend.

Operational Highlights

- Strong performance through H1, despite ongoing lockdowns, with Q2 revenues and gross profit growing 29% and 25%, respectively, versus Q1
- 8 new franchise sales in the period, including a first in France
- 7 franchise resales as the Company continues to upgrade its network to underpin future growth
- 13 new Mobile Filtration Units (“MFUs”) sales, the principal driver of Fryer Management recurring revenue, added in the period and in line with pre COVID-19 demand
- The new Cyclone Grease Recovery Unit (“GRU”), introduced to the market in Q4 2020, has gained significant traction, resulting in 60% quarter-on-quarter revenue growth in H1
- Initiatives to drive innovation, efficiency and sustainability are accelerating the momentum of the business

*Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortisation, acquisition related costs and share based payment expense.

**Adjusted EPS are earnings per share before depreciation and amortisation, share based payment expense and non-recurring items.

Jason Sayers, CEO of Filta, commented:

“We delivered strong performance for the first half of the year, with underlying market fundamentals continuing to improve in our primary markets of North America, the UK and mainland Europe.

“In the US, we have seen impressive growth, while our larger customers, which include sports stadia and universities, remain on track to fully reopen during the third quarter of the year. The UK market has benefitted from the relaxation of restrictions and we have worked hard to develop new business opportunities in Europe, demonstrated by the first franchisee sale in France. We believe these and further potential opportunities will put us in good stead for when restrictions across Europe relax and trading returns to more normalised pre-COVID levels.

“With rising vaccination rates and the continued reopening of hospitality and leisure markets, we anticipate that our customers will experience increased consumer demand, allowing us to focus our efforts on capturing these growth opportunities. Internally, and in conjunction with our major customers, we have targeted bringing new initiatives to the market that will allow us to continue supporting their needs whilst providing us additional avenues for growth. In particular, we are committed to leading the way in addressing sustainability issues and in providing more cost effective and efficient solutions with innovations that are already generating significant customer interest.

"We are carrying good momentum into the second half of the year and, although we are mindful of continuing risks to the economic recovery in the countries in which we operate, Filta is developing initiatives focused on growing the core business and addressing one of the key industry concerns of sustainability. We are excited about the potential in our business pipeline and believe that we are well placed to deliver attractive growth and shareholder returns.”

Management will host a presentation for analysts today at 3pm (UK). For further details please email filta@yellowjerseypr.com.

On Thursday 16 September at 1pm (UK), the Company will host a presentation and Q&A session for private investors on the Investor Meet Company platform. Non-subscribers to Investor Meet Company can sign up to join the presentation via: https://www.investormeetcompany.com/filta-group-holdings-plc/register-investor.

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This announcement contains inside information.

Chief Executive's and Chairman's Statement
Overview

The first six months of the year have brought a steady increase in business and revenues as our industry has continued to emerge from lockdowns and social distancing restrictions. Our support for our franchise base since the outbreak of the pandemic has brought its rewards as the US business recovered at a rate well beyond our expectations. In the UK, where the majority of our revenues are derived from the provision of services direct to our customer base through Company-owned activities, the pick-up has been slower, reflecting a more cautious easing of restrictions, but is now gaining momentum with monthly revenues in June some 60% higher than in January. In mainland Europe, where the relaxing of social distancing restrictions have persisted longer than the UK, revenues remain suppressed, but there is an encouraging level of interest from potential new franchisees.

The resulting revenue for the six months was £9.7 million (H1 2020: £8.3 million) and a gross profit of £3.9 million (H1 2020: £3.4 million), giving an adjusted EBITDA of £1.3 million (H1 2020: £0.2 million). The reported profit before tax of £0.2 million (2020: loss of £0.8 million) is after incurring £1.0 million of non-cash or non-recurring charges (H1 2020: £0.9 million). It is encouraging that we have seen significant growth through H1, with Q1 revenue and gross profit increasing from £4.2 million and £1.7 million to £5.5 million and £2.2 million, respectively, for Q2.

In the early months of the year we remained focused on cash-protection, continuing to implement efficiency measures and taking advantage of the available government support schemes in the UK and the US, but also made plans for a post-COVID-19 world as we sought innovations, such as our new Cyclone GRU, and potential new customer genres to drive revenue in the future. In the six months the Group received £0.2 million (H1 2020: £0.5 million) in funding through the UK business support scheme and £0.2 million (H1 2020: £0.2 million) under the US scheme.

We generated an operating cash flow of £1.0 million (H1 2020: £0.5 million) and overall cash inflow, after the repayment of £0.8 million of debt, of £0.1 million (H1 2020: £0.2 million) during the six months. The Group's gross cash at 30 June 2021 was £4.2 million (31 December 2020: £4.2 million) and net debt, including lease liabilities, was £0.8 million (31 December 2020: £1.6 million).

Operating Review

Fryer Management
Fryer Management derives revenue from recurring franchise royalties, national accounts income, waste oil sales and other continuing income through our franchise network. Revenues in the six months were up by 31% at £5.5 million (H1 2020: £4.1 million) and gross profit was £2.1 million (H1 2020: £1.8 million), an outcome which reflects the strength of our franchise base. We added 13 MFUs during the period, of which two were sold in Europe, and these will begin contributing to revenue over the second half of the year and into future periods. Network revenue, which represents the total revenue of our North American franchisees for all services provided to customers, was up 31% in H1 over H1 2020. We are continuing to see improvement in the first half of Q3 as July represented the second highest month on record. Many of the major customers, including sporting and events venues and educational establishments, have not yet fully re-opened and there will, therefore, provide a further revenue uplift as they do.

Franchise Development
Franchise Development revenue includes the sales and resales of franchises as well as the additional territory sales to existing franchisees. Eight new franchise agreements, three in Europe, including our first in France, and five in North America represent a strong start to the year. In addition, as we have highlighted previously, we have embarked on an initiative to strengthen the franchise network by supporting the resale of existing locations to both current and new franchisees. This initiative allows us to replace incumbent franchisees, who may not have plans for future growth, by managing an orderly sale to a new franchisee with greater ambitions. The number and quality of our franchisees is key to the amount and reliability of the Fryer Management income in the future. Through the first half of the year we have closed on seven resales, generating commission income.

Site Services
FOG, Pump and Seal services, collectively Site Services, which are currently provided directly by our own operatives and by franchisees (in a sub-contract capacity), generate revenue from recurring maintenance fees, either under contract or otherwise as well as reactive callouts. This division delivered £2.8 million, or 29%, of the Group's total revenue in the six months. Moreover, the monthly revenue has grown steadily through the period and was 20% higher in Q2 than in Q1. Importantly, we expect our FOG revenues to continue to expand on the strong acceptance of our new Cyclone GRU which brings follow on service contracts. Additionally, as more sites are opened or added, we expect the revenues from each of these services to continue to grow.

Equipment Sales and Installation
This activity comprises FiltaFOG and FiltaPump Equipment Sales and Installation and represents the entry point for customers to our services. It delivered £0.8 million, or 8%, of Group revenue. We anticipated a slower recovery in this division as our customers remain more focused on preventative maintenance and less inclined to incur larger one-time outlays during the resumption phase of trading. However, we began to see a significant pick up in business in May that allowed us to deliver quarter-on-quarter growth of 59% and the demand has continued into the second half of the year.

New products
The Company has continued to innovate and seek additional products and services to add to its portfolio with the objective of driving additional income from our existing customer base and of opening up new customer opportunities. Our existing services provide strong environmental benefits, and our focus is on enhancing and leveraging our environmental credentials to help our customers in managing theirs. The launch and highly encouraging market acceptance of our Cyclone GRU, which is both more efficient and less costly to run than its predecessor models, is a perfect example of such advances.

Dividends
Whilst we have experienced significant improvement in our performance in the first half of 2021, there still remains ongoing uncertainty arising from the COVID-19 pandemic and, therefore, the Board considers that it would be prudent to withhold the interim dividend for 2021. However, the Board is keen to resume the payment of dividends, which are an important element of shareholder returns, and, provided that the current trading trend continues through H2, it anticipates that it will resume the payment of dividends in respect of the full year.

Outlook
We have seen an improving sales trend in recent months with quarter-on-quarter revenues growing 29% in Q2. As we look to the remainder of the second half of the year, whilst we are mindful of the ongoing wider macro-economic uncertainty caused by COVID-19, we believe that, with customers still in the process of re-opening their businesses, we are well placed to benefit from the acceleration in demand that should follow.

The Group is in a strong financial position and is a market leader in both of our major operating territories. We will continue to support our near-term financial performance with cost mitigations and cash actions where necessary or prudent, whilst pursuing attractive investment opportunities as they become available, in order to position ourselves to take full advantage of future growth opportunities.

Whilst we do not underestimate the challenges and uncertainties, nor how long they may remain, we believe that our business model, our multiple sources of revenue, many of which are long-term and recurring in nature, and our ability to adapt to changing circumstances, means that Filta is well placed to continue to grow and prosper as the impact of COVID-19 recedes.

Tim Worlledge
Non-executive Chairman
13 September 2021

Jason Sayers
Chief Executive Officer
13 September 2021

Filta Group Holdings plc

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2021

	Notes	Unaudited 6 months ended 30 June 2021 £	Unaudited 6 months ended 30 June 2020 £	Audited Year ended 31 December 2020 £
Revenue	3	9,690,686	8,296,948	16,401,621
Cost of sales		(5,768,456)	(4,912,536)	(9,484,035)
Gross profit		3,922,230	3,384,412	6,917,586
Other income		68,822	24,659	76,922
Distribution costs		(39,809)	(73,195)	(87,824)
Administrative expenses		(3,643,983)	(3,998,360)	(7,495,905)
Operating (loss)/profit		**307,260**	**(662,484)**	**(589,221)**
Analysed as:				
Adjusted EBITDA		1,292,473	222,222	1,053,569
Acquisition and restructuring related costs		(95,156)	(17,379)	(187,465)
Depreciation and amortisation		(663,919)	(668,482)	(1,370,258)
Share based payments, net of cash settled	6	(226,138)	(198,845)	(85,067)
		307,260	(662,484)	(589,221)
Finance costs, net		(100,725)	(119,889)	(277,010)
Profit/(loss) before tax		206,535	(782,373)	(866,231)
Income tax expense		(261,906)	(121,930)	(139,748)
Net loss attributable to owners		**(55,371)**	**(904,303)**	**(1,005,979)**
Other comprehensive Income				
Exchange differences on translation of foreign operations		(46,368)	130,960	(168,192)
Total other comprehensive (loss)/income		(46,368)	130,960	(168,192)
Loss and total comprehensive loss		(101,739)	(773,343)	(1,174,171)
Earnings/(loss) per share				
- Basic (pence)	2	**(0.19)**	**(3.11)**	**(3.46)**
- Diluted (pence)	2	**(0.19)**	**(3.11)**	**(3.46)**

Filta Group Holdings plc
Condensed consolidated statement of financial position
As at 30 June 2021

	Notes	Unaudited 30 June 2021 £	Audited 31 December 2020 £
Non-current assets			
Property, plant and equipment		1,190,229	1,251,656
Right of use asset		796,182	1,041,726
Deferred tax assets		788,190	796,414
Intangible assets		5,516,666	5,836,360
Goodwill		1,639,523	1,639,523
Deposits		11,270	11,398
Contract acquisition costs		365,571	419,913
Trade receivables	4	177,576	264,274
		10,485,207	11,261,264
Current assets			
Trade and other receivables	4	2,942,171	2,325,678
Contract acquisition costs		95,981	72,958
Inventories		1,358,192	1,604,451
Cash and cash equivalents		4,243,778	4,208,498
		8,640,122	8,211,585
Total assets		**19,125,329**	**19,472,849**
Current liabilities			
Trade and other payables	5	3,142,446	2,289,889
Borrowings		1,217,119	1,076,927
Lease liability		299,171	319,480
Deferred income		527,600	592,065
		5,186,336	4,278,361
Non-current liabilities			
Deferred tax liability		908,558	1,027,498
Borrowings		3,006,143	3,647,088
Lease liability		543,840	770,119
Deferred income		1,837,995	2,086,565
		6,296,536	7,531,270
Total liabilities		**11,482,872**	**11,809,631**
Equity			
Share capital		2,913,816	2,909,816
Share premium		3,730,633	3,679,085
Other reserves	6	258,861	233,431
Translation reserve		(747,635)	(701,267)
Retained profits		1,486,782	1,542,153
Total equity		7,642,457	7,663,218
Total equity and liabilities		**19,125,329**	**19,472,849**

Filta Group Holdings plc
Condensed consolidated statement of changes in equity
for the six months ended 30 June 2021

	Share Capital £	Share Premium £	Other Reserves £	Merger Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total Equity £
Balance at 1 January 2021	**2,909,816**	**3,679,085**	**573,118**	**(339,687)**	**(701,267)**	**1,542,153**	**7,663,218**
Loss for the year	-	-	-	-	-	(55,371)	(55,371)
Translation differences	-	-	-	-	(46,368)	-	(46,368)
Total comprehensive income					(46,368)	(55,371)	(101,739)
Dividends paid	-	-	-	-	-	-	-
Issue of share capital	4,000	51,600	-	-	-	-	55,600
Return of share premium	-	(52)	-	-	-	-	(52)
Equity consideration paid	-	-	-	-	-	-	-
Shares based payments	-	-	25,430	-	-	-	25,430
Balance at 30 June 2021	**2,913,816**	**3,730,633**	**598,548**	**(339,687)**	**(747,635)**	**1,486,782**	**7,642,457**

	Share Capital £	Share Premium £	Other Reserves £	Merger Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total Equity £
Balance at 1 January 2020	2,908,535	3,659,204	367,102	(339,687)	(533,075)	2,548,132	8,610,211
Loss for the year	-	-	-	-	-	(904,303)	(904,303)
Foreign exchange translation	-	-	-	-	130,960	-	130,960
Total comprehensive income	-	-	-	-	130,960	(904,303)	(773,343)
Dividends paid	-	-	-	-	-	-	-
Issue of share capital	1,281	19,881	-	-	-	-	21,162
Equity consideration paid	-	-	-	-	-	-	-
Share based payments	-	-	149,905	-	-	-	149,905
Balance at 30 June 2020	**2,909,816**	**3,679,085**	**517,007**	**(339,687)**	**(402,115)**	**1,643,829**	**8,007,935**
Loss for the year	-	-	-	-	-	(101,676)	(101,676)
Foreign exchange translation	-	-	-	-	(299,152)	-	(299,152)
Total comprehensive income	-	-	-	-	**(299,152)**	**(101,676)**	**(400,828)**
Dividends paid	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Equity consideration due	-	-	-	-	-	-	-
Share based payments	-	-	56,111	-	-	-	56,111
Balance at 31 December 2020	**2,909,816**	**3,679,085**	**573,118**	**(339,687)**	**(701,267)**	**1,542,153**	**7,663,218**

Filta Group Holdings plc
Condensed consolidated statement of cash flows
for the six months ended 30 June 2021

	Unaudited 6 months ended 30 June 2021 £	Unaudited 6 months ended 30 June 2020 £	Audited Year ended 31 December 2020 £
Operating activities			
(Loss)/profit before tax	206,535	(782,373)	(866,231)
Adjustments for non-cash operating transactions:			
Finance costs	100,725	119,889	277,010
Depreciation	78,361	38,658	172,560
Amortisation of intangible assets	425,665	467,630	867,269
Amortisation of right of use assets	159,892	162,194	330,429
(Gain)/loss on disposal of tangible fixed assets	(21,545)	(3,451)	(12,215)
Share based payment charge	226,138	198,845	85,067
	1,175,771	**201,392**	**853,889**
Movements in working capital:			
Decrease/(increase) in trade and other receivables	(510,720)	1,162,681	1,606,223
Increase in contract acquisition costs	31,319	(43,200)	(19,018)
(Decrease)/increase in trade and other payables	394,354	(628,625)	(795,266)
Decrease in cash settled share option liability	(14,700)	-	-
Increase in proceeds from government grants	208,328	-	-
(Increase)/decrease in inventories	246,258	(13,431)	155,505
(Decrease)/increase in deferred revenue	(313,036)	(26,732)	(351,609)
Cash flow from operations	**1,217,574**	**652,085**	**1,676,205**
Taxes paid	(211,769)	(162,307)	(393,249)
Net cash flow (used in)/generated from operations	**1,005,805**	**489,778**	**1,282,956**
Investing activities			
Purchase of property, plant, and equipment	(29,936)	(8,760)	(100,166)
Proceeds from disposals of property, plant, and equipment	23,807	3,525	13,831
Purchase of other intangible assets	(103,913)	(163,310)	(194,985)
Net cash (used in)/generated from investing activities	**(110,042)**	**(168,545)**	**(281,320)**
Financing activities			
Repayments of borrowings	(508,366)	(31,385)	(302,538)
Net proceeds from borrowings	-	54,759	1,200,000
Net proceeds from issue of share capital	38,800	-	21,162
Payment of lease liabilities	(244,514)	(95,376)	(231,005)
Dividends paid to shareholders	-	-	-
Interest paid	(81,588)	(95,643)	(232,463)
Net cash used in financing activities	**(795,668)**	**(167,645)**	**455,156**
Net change in cash and cash equivalents	**100,095**	**153,588**	**1,456,792**
Cash and cash equivalents, beginning of period	**4,208,498**	**2,891,014**	**2,891,014**
Exchange differences on cash and cash equivalents	(64,815)	168,523	(139,308)
Cash and cash equivalents at end of period	**4,243,778**	**3,213,125**	**4,208,498**

Filta Group Holdings plc
Notes to the condensed consolidated interim financial statements
for the six months ended 30 June 2021

1. **Accounting Policies**

Basis of preparation
The condensed consolidated financial statements for the six months ended 30 June 2021 and 2020 are unaudited and were approved by the Directors on 13 September 2021. They do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards as adopted by the EU and have been delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified and did not draw attention to any matters by way of emphasis of matter.

Applicable standards
These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, under the historical cost convention. They have not been prepared in accordance with IAS 34, the application of which is not required to the interim financial statements of AIM companies. The interim financial statements have been prepared in accordance with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2020.

Basis of consolidation
The Group’s financial statements consolidate the financial statements of Filta Group Holdings plc and its subsidiaries.

Going concern
The Board has undertaken a review of the Group's forecasts and associated risks and sensitivities, considering the expected impact of COVID-19 on trading in the period from the date of approval of the interim financial statements to December 2022. The Group had £4.2m of cash as of 30 June 2021, with debt of £5.1m which included £0.8m of IFRS 16 lease liabilities. The Group also has access to an undrawn £0.4m UK bank overdraft facility.

Throughout the first half of the year, activity levels have picked up resulting in improved revenue and profits. Notwithstanding this increased activity the Board is mindful that a degree of uncertainty due to the ongoing impact of the pandemic remains. However, given the analysis performed on the forecasts, the strength of performance in H1 and into the early months of H2, the level of cash in the business and additional borrowing availability, our geographical and service diversification, as well as our ability to manage our cost base, the Board has concluded that the Group has adequate resources to continue in operational existence for the period through December 2022. Accordingly, the financial statements are prepared on a going concern basis.

2. **Earnings per share**

The calculation of earnings per share is based on the following earnings and number of shares:

	Unaudited 6 months ended 30 June 2021 £	Unaudited 6 months ended 30 June 2020 £	Audited Year ended 31 December 2020 £
Earnings attributable to equity holders of the Company	(55,371)	(904,303)	(1,005,979)
Weighted average number of shares			
Basic	29,108,992	29,096,123	29,097,146
Dilutive effect of share options and awards	-	-	-
Diluted	29,108,992	29,096,123	29,097,146

3. Segmental Analysis

The Company continues to have four reportable segments as follows:

The Site Service's segment consists of our preventive maintenance and reactive services, including our Seal replacement service. The Equipment Sales & Installation segment represents the provision of design, sale and installation solutions. The Franchise Development and Fryer Management segments encompass our franchise model and consist of the sale of franchises and the ongoing recurring revenue on royalties and other supplied services, respectively. The Group also has three geographic segments: United Kingdom, North America and Europe.

The segments represent components of the Company for which separate financial information is available that is utilised on a regular basis by the chief operating decision maker (which takes the form of the Board of Directors), in determining how to allocate resources and evaluate performance. The segments are determined based on several factors, including client base, homogeneity of products, technology, delivery channels and similar economic characteristics.

Revenue and non-current assets by origin of geographical segment for all entities in the Group is as follows:

<u>Revenue</u>

	Unaudited 6 months ended 30 June 2021 £	Unaudited 6 months ended 30 June 2020 £	Audited Year ended 31 December 2020 £
United Kingdom	3,778,283	4,014,968	8,154,425
North America	5,707,206	4,051,751	7,762,771
Europe	205,197	230,229	484,425
Total	**9,690,686**	**8,296,948**	**16,401,621**

<u>Non-current assets</u>

	Unaudited As at 30 June 2021 £	Audited As at 31 December 2020 £
United Kingdom	8,510,068	8,972,757
North America	1,701,764	1,882,302
Europe	273,375	406,205
Total	**10,485,207**	**11,261,264**

Product and services revenue analysis

Revenue

	Unaudited 6 months ended 30 June 2021 £	Unaudited 6 months ended 30 June 2020 £	Audited Year ended 31 December 2020 £
Franchise Development	608,744	521,204	1,038,287
Fryer Management	5,494,941	4,131,325	7,812,833
Equipment Sales & Installation	766,259	755,572	1,377,210
Site Services	2,820,742	2,888,847	6,173,291
Total	**9,690,686**	**8,296,948**	**16,401,621**

No customer has accounted for more than 10% of total revenue during the periods presented.

4. Trade and other receivables

Trade and other receivables consist of the following:

Group	Unaudited 6 months ended 30 June 2021 £	Audited Year ended 31 December 2020 £
Trade receivables, net	2,600,433	2,039,735
Prepayments and other receivables	244,071	258,937
Franchise payment plans	275,243	291,280
	3,119,747	**2,589,952**

Accounts receivable include amounts that the Filta Group has agreed may be settled over extended repayment terms.

5. Trade and other payables

Group	Unaudited 6 months ended 30 June 2021 £	Audited Year ended 31 December 2020 £
Trade payables	1,420,027	1,294,512
Taxes and social security	691,598	531,763
Accruals and other payables	1,030,821	463,614
	3,142,446	**2,289,889**

Analysis of trade and other payables
These are classified as short term and are expected to be settled within 12 months from the reporting date.

6. Share option scheme

The Company maintains an EMI Share Option Scheme to incentivise executives and employees of Filta Group Holdings and its subsidiaries. For U.K. employees, Options have been awarded over a total of 2,497,500 ordinary shares, equivalent to 8.5% of the Company's current issued share capital. The options vest, subject to the satisfaction of certain conditions, over a period of 4 years from the date of grant. All options issued will have met or will meet the vesting conditions between 2021 and 2025 and are exercisable at any time after vesting and within 10 years from the grant date.

Additionally, all qualifying U.S. employees have been awarded share acquisition rights (SARs). The SARs are conditional bonuses whose value will be calculated by reference to the amount by which the price of the Company's ordinary shares has risen above the base price at the date of exercise, thus providing holders of SARs the same reward value as if the SARs were share options. The qualifying conditions and timing of vesting are identical to those within the share option scheme for UK employees. All SARs are settled in cash when exercised. A total of 872,500 SARs have been awarded.

In the ordinary course of business, an option will normally only be exercisable to the extent it has fully vested, and any applicable non-market performance conditions have been satisfied or waived. Options shall lapse to the extent unexercised on the tenth anniversary of the date of grant or such earlier date as specified by the Board at the date of grant.

As at 30 June 2021, a total of 1,711,500 (2020: 1,550,000) were outstanding, having a range of exercise prices from 0.97p to 2.30p (2020: 0.97p to 2.30p) and a weighted average exercise price of 1.62p (2020:1.81p). These outstanding awards have a weighted average contractual life of 7.17 years (2020: 7.73 years).

Movement in the number of share options and SARs outstanding during the year, including grants, exercises and forfeitures were as follows:

	Share Options	Share acquisition rights	Total
Outstanding at 1 January 2020	**1,175,000**	**515,000**	**1,690,000**
Granted on 15 July 2020 (0.965p)	300,000	132,500	432,500
Total granted during the year	**300,000**	**132,500**	**432,500**
Exercised during the year	-	-	-
Total exercised during the year	**-**	**-**	**-**
Forfeited during the year (0.97p)	(15,000)	(20,000)	(35,000)
Forfeited during the year (1.74p)	-	-	-
Forfeited during the year (2.15p)	(195,000)	(22,500)	(217,500)
Forfeited during the year (2.30p)	(15,000)	-	(15,000)
Forfeited during the year (1.46p)	(120,000)	(15,000)	(135,000)
Forfeited during the year (0.965p)	(22,500)	(7,500)	(30,000)
Total forfeited during the year	**(367,500)**	**(65,000)**	**(432,500)**
Total outstanding at 31 December 2020	**1,107,500**	**582,500**	**1,690,000**
Granted on 1 June 2021 (1.55p)	212,500	72,500	285,000
Total granted during the year	**212,500**	**72,500**	**285,000**
Exercised during the year	(40,000)	(20,000)	(60,000)

Total exercised during the year	**(40,000)**	**(20,000)**	**(60,000)**
Forfeited during the period (0.97p)	(7,500)	-	(7,500)
Forfeited during the year (2.15p)	(75,000)	-	(75,000)
Forfeited during the year (2.30p)	(7,500)	-	(7,500)
Forfeited during the year (1.46p)	(67,500)	-	(67,500)
Forfeited during the year (0.965p)	(31,000)	-	(31,000)
Forfeited during the year (1.55p)	(15,000)	-	(15,000)
Total forfeited during the period	**(203,500)**	**-**	**(203,500)**
Total outstanding at 30 June 2021	**1,076,500**	**635,000**	**1,711,500**
Exercisable at 30 June 2021	**192,500**	**207,500**	**400,000**

During the period ended 30 June 2021 the Company recognised total expense; net of cash settled awards of £226,138 (2020: £198,845) related to the fair value of the share-based payment arrangements. This included £42,230 (2020: £149,905) related to equity-settled share options and £183,908 (2020: £48,940) from cash-settled SARs.

These amounts were determined using the Black Scholes model, with the following assumptions for each type of award granted:

Stock Options	
Weighted average fair value	0.886p
Weighted average exercise price	165.0p
Expected life of options (years)	8.4
Risk free rate	1.70%
Dividend yield	0.0%
Volatility	53.0%

Share Appreciation Rights	
Weighted average fair value	0.986p
Weighted average exercise price	151.7p
Expected life of options (years)	7.7
Risk free rate	1.25%
Dividend yield	0.0%
Volatility	62.6%

7. Dividends

The Board is not recommending the payment of an interim dividend in respect of the period ended 30 June 2021. It does, however, anticipate that, should the business continue to progress favourably in H2, the Group will be in a position to pay a full year dividend.

8. Date of approval of interim financial statements

The unaudited consolidated interim financial statements were approved by the Board on 13 September 2021. Electronic copies are available on the Filta Group Holdings plc website, www.filtaplc.com.