18 December 2018

Byotrol plc
("Byotrol", the "Group" or the "Company")

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

Byotrol plc ('Byotrol', the 'Group' or the 'Company') the AIM listed anti-microbial technology company, is pleased to present its unaudited interim results for the six months ended 30 September 2018.

Highlights

- Strong growth in both sales and gross profit compared to H1 2017
  - Sales at £1.44m (H1 2017 £0.93m)
  - Gross profit of £0.77m (H1 2017 £0.34m)
  - Operating costs increased by 32%, largely reflecting non-recurring acquisition costs of £0.12m and investment in sales and marketing and research and development
- Complementary acquisition of Medimark Scientific Limited ("Medimark") towards the end of the period for a total consideration of up to £4.5m:
  - Medimark is a profitable, growing business with broad sales, marketing and distribution expertise in infection control products
  - The acquisition brings with it management, sales expertise and customer relationships in animal and human hygiene, together with new products
- Byotrol's three strategic initiatives continue to progress well
- Post the period, the Company has filed a patent for a new naturally-based biocidal product with very strong anti-viral characteristics based on an extract from seaweed, with broad applicability across all markets
- Cash and cash equivalents at the end of the period of £3.55m
- Strong growth expected to continue in the second half. The Board remains confident in the outlook for full year, except for the US, which is expected to make a loss due to administrative delays to EPA approval of new product variants, which we now expect to be satisfactorily resolved in Q1 2019

Commenting on the results, David Traynor, Chief Executive of Byotrol, said:

"We are pleased with solid progress in the first half and delighted to now have Medimark as part of our Group. It is a transformational acquisition and the two teams are already working well together. We look forward to the full contribution from Medimark in the second half and to the numerous benefits that further co-operation and integration will bring. With our properly resourced and scaled sales team, healthy cash position and routes to market for our products now identified and becoming increasingly established we believe Byotrol has never been in a stronger and more exciting position."

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Notes to Editors:

Byotrol plc (BYOT.L), quoted on AIM, is a specialist anti-microbial technology company, operating globally in the Food, Industrial, Healthcare and Consumer sectors, providing low toxicity products with a broad-based and targeted efficacy across all microbial classes; bacteria, viruses, fungi, moulds, mycobacteria and algae.

Byotrol's products can be used stand-alone or as ingredients within existing products, where Byotrol can significantly improve their performance, especially in personal hygiene, domestic and industrial disinfection, odour control, food production and food management.

Byotrol develops and commercialises technologies that create easier, safer and cleaner lives for everyone.

For more information, please go to www.byotrol.co.uk

Chief Executive's Report

This was another six months of steady progress at Byotrol, with the added boost of a completed and highly complementary acquisition Medimark Scientific Limited ("Medimark") in late August 2018.

The Company is pleased to report that performance in the period under review is improved on that in the comparable period in 2017, both with and without the one month of added contribution from Medimark:

- Sales of £1,437k versus £934k in H1 2017
- Operating loss before share based charges of £464k versus £592k
- H1 results include non-recurring acquisition-related costs of £117k and US losses of £170k
- Cash and cash equivalents of £3,552k at period end.

The acquisition process took longer than anticipated and absorbed considerable management time, but the strategic fit between the two companies is compelling and we already seeing some of the benefits that the combination will bring. We are very encouraged by the team's complementary management skills, sales expertise and customer relationships in professional biocide-based markets and we have also now added two new technologies to our portfolio.

Byotrol's three strategic initiatives continue to progress well:

- In the US, the trial of Byotrol24 in Target stores is continuing and additional SKUs are being readied, which we are optimistic will in due course lead to larger trials, more retail outlets and opportunities in other channels, including Professional;
- Sales of Invirtu hand sanitisers have increased across all of our business units, with very little evidence of quality competition;
- We have just launched Actizone-based surface disinfectants into Professional and Petcare channels and initial customer feedback is very positive.

We are also now pleased to announce that we have filed a patent for a new naturally-based biocidal product with very strong anti-viral characteristics. This technology is based on an extract from a form of seaweed and we believe has broad applicability across all our markets, plus potentially in medical uses too. This is likely to be a slow-burn and we are being cautious on investment spend, but we are convinced it is a valuable asset – differentiated, efficacious and on-trend for consumers and businesses.

Much as we did in H1 in 2016 and H1 2017, we have reported improvements in performance compared to comparable periods and we remain confident in the outlook. Quite how positive the year end will be will depend on which larger deals we close before year end and what investments we choose to make for longer term benefit, with the US continuing to be hugely exciting but requiring a careful balance of expenditure vs reward. Your management team remains cautious on cash and has no desire in current markets to allow financing-risk to creep back into our hard-won financially stable business

Acquisition of UK infection control company Medimark Scientific Limited

Byotrol completed this acquisition on 24 August 2018. The Company had been in detailed conversations with the sellers' management team and shareholders for over 18 months prior to this, in which time the Company developed a promising supplier relationship in white-labelled alcohol-free hand sanitisers.

Medimark is a profitable and growing business with a broad sales, marketing and distribution expertise in infection control products for use on surfaces, instruments and hands for the Animal Health, Human Health, Laboratory, Environment and Retail markets.

In the year ended 31 March 2018, Medimark reported adjusted EBITDA of £380k on revenues of £2.7m. Consideration of up to £4.5m will be payable in respect of the Acquisition, which includes £0.4m of debt that Byotrol has assumed. The completion payment was £2.3m, comprising cash, repayment of directors' loans and £1.15m from 28,048,780 new ordinary shares ("Ordinary Shares") issued at 4.1p per share. An additional £1.8m of consideration will be payable subject to achieving EBITDA targets in FYE 31 March 2019 and FYE March 2020, to be paid half in cash and half in new Ordinary Shares.

At the time of writing, Medimark is on track to achieving its earn-out targets for the current financial year. It contributed sales of £257k and EBITDA of £57k in the period under review.

Results by segment

Professional products

Including one month of Medimark, H1 revenues increased to £669k from £546k and gross profit to £204k from £129k. Excluding Medimark, Byotrol's underlying H1 revenues fell from £546k to £412k, and gross profit to £76k from £129k.

We continue to service long-standing food manufacturing customers and those relationships remain strong. However, we still see bigger opportunities and higher margins in healthcare related segments, across human and animal markets, based on:

- Medimark's presence in veterinary and in human health markets, primarily in the UK but increasingly in export. We have been looking for some time for a sales-oriented partner for our Professional business and think in Medimark we have now secured exactly the resource needed.
- Sales of Invirtu alcohol-free hand sanitiser increased across all Professional customers. We have now secured three UK hospital trusts on very limited direct sales resource but are focussing mostly on white label and distributor relationships where capex and service investments are significantly lower. Momentum is now building with this product and competition to date is limited.
- Actizone-based surface disinfectants, which we have now started selling to UK facilities management, janitorial/sanitation and healthcare providers, again mostly via distributors. Again, we are very encouraged by responses to the early sales calls.

Petcare

H1 revenues increased by 15% to £320k from £278k in H1 2017, and gross profit by 29% to £136k from £105k. This continues to be a solid performer for Byotrol and a segment that should benefit further from Medimark's expertise in animal hygiene markets.

Growth in this period has been boosted by strong relationships in Continental Europe and Asia, where our products are recognised for efficacy and safety, across animal grooming and pet environment products. As resources allow, we intend to invest more in this business, especially into export.

Consumer

H1 revenues increased to £448k and gross profit to £427k from £110k in H1 2017, boosted by further revenue from the completion of work on the prior year sale of Actizone patents and IP to Solvay.

In the US, the trial of Byotrol24 continues in 150 Target supermarket stores and we are now readying new fragrance variants for launch in the new year (once we have received US EPA approval, which is first needed for even the slightest change in formulation or positioning, expected in Q1 2019). In parallel with the changes to fragrance, we are working with our supply chain partners to increase gross margins.

The US is going to be slower to reach breakeven than we had hoped, but we have been resisting the temptation to markedly increase marketing spend as we think is too high risk for a company of our size and resources. We still need to increase sales slightly to justify an expansion to 500 stores at Target but are optimistic that the additional variants will get us there.

Our presence in Target stores is generating incoming calls from other US retail outlets and from potential partners in Professional markets. The outlook for our US product remains very strong.

With the acquisition of Medimark now complete and the Professional segment on a stronger footing, the team now has the capacity and expertise to build Byotrol's consumer business, building on Target in the US and on Mcbride/Tesco and Boots in the UK. This will be a key focus over the next year.

Outlook

The Directors remain confident in our strategy, namely: development and ownership of differentiated, valuable, regulatory approved (and therefore protected) biocidal technologies; commercial exploitation in targeted markets (business, government and consumer); careful re-investment in adjacent technologies as resources allow. We note an increase in consolidation in this market over the last year and believe our strategy is positioning us nicely to participate in the changes in due course, as we have already done with the Medimark deal.

This time last year the team was focussed on: technology development (Actizone in finished product form, Invirtu); securing early US distribution of Byotrol24; completing the Actizone IP sale to Solvay; and making our Professional business fit for purpose. All those initiatives have now been completed.

Our focus now is on (a) monetising Actizone and Invirtu products (b) increasing US distribution within a sensible risk/reward profile and (c) maximising cost and revenue synergies through integrating Medimark, within the earnout framework and (d) keeping financially stable whatever the economic and political circumstances.

At the time of writing, we remain confident that the pace of growth seen in the first half will continue into the second. All parts of the business are currently performing to plan, except for the US. The outcome in the US will dictate the overall full year numbers for the Group and at present progress is encouraging, although the timing of the expanded trial has been subject to some delays due to the need for further EPA product approvals. However, management remain excited by this promising area and remain confident that it can be grown into a significant business.

Byotrol plc
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 6 month period ended 30 September 2018

	6 mths ended 30 September 2018	6 mths ended 30 September 2017 £	Year ended 31 March 2018 £
REVENUE	1,437,078	934,076	3,140,031
Cost of sales	(669,839)	(590,692)	(1,129,348)
GROSS PROFIT	767,239	343,384	2,010,683
Sales and marketing costs	(404,695)	(322,566)	(549,326)
Research and development costs	(267,626)	(194,905)	(450,561)
Other administrative costs	(558,983)	(417,472)	(1,094,461)
OPERATING LOSS BEFORE SHARE-BASED PAYMENTS DEPRECIATION AND AMORTISATION	(464,065)	(591,559)	(83,665)
Share based compensation	(36,664)	(38,727)	(67,337)
Expense on amendment of convertible loan note terms	-	(26,000)	(26,000)
Amortisation	(99,786)	(94,794)	(156,962)
Depreciation	(11,143)	(9,060)	(18,769)
OPERATING LOSS	(611,658)	(760,140)	(352,733)
Finance income	33,921	-	3,309
Finance costs	(3,586)	(44,841)	(24,540)
Research and development (R & D) tax credits	-	-	129,025
LOSS BEFORE TAX	(581,323)	(804,981)	(244,939)
Taxation	-	-	-
LOSS FOR THE FINANCIAL YEAR	(581,323)	(804,981)	(244,939)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Currency translation difference	(9,180)	(10,859)	2,919
Other comprehensive income/(expense)	(9,180)	(10,859)	2,919
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(590,503)	(815,840)	(242,020)
Basic and fully diluted loss per share – pence	(0.14)	(0.28)	(0.07)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	As at 30 September 2018 £	As at 30 September 2017 £	As at 31 March 2018 £
ASSETS			
Non-current assets			
Property, plant and equipment	60,446	35,007	44,478
Other intangible assets	4,724,682	675,461	487,078
Trade and other receivables	455,062	-	425,291
	5,240,190	710,468	956,847
Current assets			
Inventories	326,058	126,416	185,316
Trade and other receivables	1,552,369	695,617	2,025,626
Cash and cash equivalents	3,552,119	4,834,477	3,852,446
	5,430,546	5,656,510	6,063,388
	10,670,736	6,366,978	7,020,235
LIABILITIES			
Non-current liabilities			
Other payables	974,818	-	-
	974,818	-	-
Current liabilities			
Trade and other payables	2,673,182	542,833	593,660
	2,673,182	542,833	593,660
Equity			
Share capital	1,077,214	1,007,092	1,007,092
Share premium account	28,548,454	27,468,576	27,468,576
Merger reserve	1,064,712	1,064,712	1,064,712
Retained deficit	(23,667,644)	(23,716,235)	(23,113,805)
TOTAL EQUITY	7,022,736	5,824,145	6,426,575
TOTAL EQUITY AND LIABILITIES	10,670,736	6,366,978	7,020,235

	Share capital £	Share premium £	Merger reserve £	Convertible loan note reserve £	Retained earnings reserve £	Total equity £
At 1 April 2017	670,129	22,849,284	1,064,712	69,301	(23,008,423)	1,645,003
Loss for the period	-	-	-	-	(804,981)	(804,981)
Currency translation difference	-	-	-	-	(10,859)	(10,859)
Total comprehensive loss for the period	-	-	-	-	(815,840)	(815,840)
Share issue	309,820	4,647,293	-	-	-	4,957,113
Share issue costs	-	(380,858)	-	-	-	(380,858)
Share based payments	-	-	-	-	38,727	38,727
Conversion of convertible loan notes	27,143	352,857	-	(69,301)	69,301	380,000
Balance as at 30 September 2017	1,007,092	27,468,576	1,064,712	-	(23,716,235)	5,824,145
Profit for the period	-	-	-	-	560,042	560,042
Currency translation difference	-	-	-		13,778	13,778
Total comprehensive profit for the period	-	-	-	-	573,820	573,820
Share based payments	-	-	-	-	28,610	28,610
Balance as at 31 March 2018	1,007,092	27,468,576	1,064,712	-	(23,113,805)	6,426,575

	Share capital £	Share premium £	Merger reserve £	Other reserves £	Retained earnings reserve £	Total equity £
Loss for the period	-	-	-	-	(581,323)	(581,323)
Currency translation difference	-	-	-	-	(9,180)	(9,180)
Total comprehensive loss for the period	-	-	-	-	(590,503)	(590,503)
Share issue	70,122	1,079,878	-	-	-	1,150,000
Share based payments	-	-	-	-	36,664	36,664
Balance as at 30 September 2018	1,077,214	28,548,454	1,064,712	-	(23,667,644)	7,022,736

	6 mths ended 30 September 2018	6 mths ended 30 September 2017	Year ended 31 March 2018
	£	£	£
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period before tax	(581,323)	(804,981)	(244,939)
Adjustments for:			
Share based payments	36,664	38,727	67,337
Expense on amendment of convertible loan note terms	-	26,000	26,000
Depreciation	11,143	9,060	18,769
Amortisation	99,786	94,794	156,962
Finance income	(33,921)	-	(3,309)
Finance costs	3,586	44,841	24,540
Disposal of intangibles	-	-	198,474
Changes in working capital			
Decrease in inventories	19,113	74,379	15,479
Decrease in trade and other receivables	886,727	164,619	(1,590,681)
(Decrease) in trade and other payables	(83,930)	(230,337)	(156,414)
CASH GENERATED / (USED) IN OPERATING ACTIVITIES	357,845	(582,898)	(1,487,782)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire subsidiary (net of cash acquired)	(554,176)	-	-
Payments to acquire property, plant and equipment	(13,644)	-	(19,180)
Payments to acquire intangible assets	(81,736)	79,268	(151,527)
Finance income	4,150	-	3,309
NET CASH USED IN INVESTING ACTIVITIES	(645,406)	(79,268)	(167,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on issue of ordinary shares	-	4,957,112	4,957,113
Share issue costs	-	(380,858)	(380,858)
Interest paid	(3,586)	(19,841)	(22,636)
NET CASH INFLOW /(OUTFLOW) FROM FINANCING	(3,586)	4,556,413	4,553,619
Net increase/(decrease) in cash and cash equivalents	(291,147)	3,894,247	2,898,439
Cash and cash equivalents at the beginning of the financial year	3,852,446	951,088	951,088
Effect of foreign exchange rate changes	(9,180)	(10,858)	2,919
Cash and cash equivalents at the end of the financial year	3,552,119	4,834,477	3,852,446

1. Basis of preparation

The financial statements have been prepared in accordance with the AIM rules, international financial reporting standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts for the year ended 31st March 2018 and the applicable provisions of the Companies Act 2006. The interim financial statements are unaudited and were approved by the Directors on 17th December 2018. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The results for the year ended 31 March 2018 are in abbreviated form and have been extracted from the published financial statements. These were audited and reported upon without qualification by Mazars LLP and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. Statutory accounts for the financial year ended 31 March 2018 have been filed with the Registrar of Companies.

The Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups, in the preparation of these interim financial statements.

The Company is a limited liability company incorporated and domiciled in England & Wales and whose shares are listed on AIM, a market operated by The London Stock Exchange. The consolidated financial information of Byotrol plc is presented in Pounds Sterling (£), which is also the functional currency of the parent.

2. Going concern

The Group has continued to incur losses in the period to 30 September 2018, but had, at the period end, cash reserves and net assets of £3,552,119 and £7,022,736. Byotrol plc has prepared interim financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon the Group being able to generate recurring and sustainable revenues and free cash flow. The projections take into account the new business opportunities highlighted in the Chief Executive's Report, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board.

The Directors are satisfied that the Group can meet its operational requirements and discharge its liabilities as and when they fall due. Accordingly they continue to adopt the going concern basis in preparing the interim report and accounts.

In the event that the Group is unable to achieve its forecast cash inflows, the Directors have opportunities available to them which will enable them to reduce costs so that the business can continue to exist within its current funding arrangements. Based on this analysis, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting.

3. Segmental information

The Group has three reportable segments; being Professional (including food service, food manufacturing, industrial and health (human and animal), Consumer and Pet. This disclosure correlates with the information which is presented to the Group's Chief Decision Maker, the Board. The Group's revenue, result before taxation and net assets were all derived from its principal activities.

The first segment concerns the professional sector incorporating business to business sales into food and beverage, healthcare and facilities management. The second segment concerns the consumer sector and primarily revenue generated from licence agreements with third parties for the manufacture and sale of products incorporating Byotrol technology. The third sector is Petcare, where finished goods are manufactured and sold into the companion animal sector.

The Group operates in different geographic locations. The revenue generated from the different geographic locations is analysed separately into the information below.

	Continuing operations			
	Professional	Consumer	Pet	Total
6 months ended 30 September 2018	£	£	£	£
REVENUE				
United Kingdom	663,574	83,462	138,541	885,577
North America	2,313	364,629	2,462	369,404
Rest of World	3,536	-	178,561	182,097
Total revenue	669,423	448,091	319,564	1,437,078
Cost of sales	(465,258)	(20,630)	(183,951)	(669,839)
Gross profit	204,165	427,461	135,613	767,239

Centrally incurred income and expenditure not attributable to individual segments:	
Sales and marketing costs	(404,695)
Research and development costs	(267,626)
Other administrative costs	(441,346)
Costs directly attributable to acquisition of subsidiary	(117,637)
Depreciation and amortisation	(110,929)
Share based charges	(36,664)
Expense on amendment of convertible loan note terms	-
Finance income	33,921
Finance costs	(3,586)
Loss before tax	(581,323)

3. Segmental information (continued)

	Continuing operations			
6 months ended 30 September 2017	Professional £	Consumer £	Pet £	Total £
REVENUE				
United Kingdom	534,185	87,196	120,087	741,468
North America	601	22,401	-	23,002
Rest of World	12,052	-	157,554	169,606
Total revenue	546,838	109,597	277,641	934,076
Cost of sales	(417,983)	-	(172,709)	(590,692)
Gross Profit	128,855	109,597	104,932	343,384

Central income and expenditure not attributable to individual segments:

Sales and marketing costs	(322,566)
Research and development costs	(194,905)
Other administrative costs	(417,472)
Depreciation and amortisation	(103,854)
Share based charges	(38,727)
Expense on amendment of convertible loan note terms	(26,000)
Finance income	-
Finance Costs	(44,841)
	(804,981)

	Continuing operations			
Year ended 31 March 2018	Professional £	Consumer £	Pet £	Total £
REVENUE				
United Kingdom	890,584	172,450	282,535	1,345,569
North America	3,037	1,320,275	-	1,323,312
Rest of World	22,899	-	448,251	471,150
Total revenue	916,520	1,492,725	730,786	3,140,031
Cost of sales	(742,245)	-	(387,103)	(1,129,348)
Gross Profit	174,275	1,492,725	343,683	2,010,683

Central income and expenditure not attributable to individual segments:

Sales and marketing costs	(549,326)
Research and development costs	(450,561)
Other administrative costs	(1,094,461)
Depreciation and amortisation	(175,731)
Expense on amendment of convertible loan note terms	(26,000)
Share based payments	(67,337)
Finance income	3,309
Finance Costs	(24,540)
Research and development (R&D) tax credits	129,025
	(244,939)

4. Loss per share

The loss per ordinary share is based on the losses for the period of £581,323 (six months ended 30 September 2017: £804,981; twelve months ended 31 March 2018: £244,939) and the weighted average number of ordinary shares in issue during the period of 408,507,564 (six months ended 30 September 2017; 287,992,349, twelve months ended 31 March 2018: 345,229,785).

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the six months ended 30 September 2018 and for the comparative periods are identical to those used for the basic earnings per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

5. Taxation

No liability to UK corporation or overseas income taxes arises for the period due to losses incurred. The Directors have assessed the position in relation to deferred tax and concluded that no provision or asset should be created at this stage in respect of deferred tax in view of the timescale and uncertainty of the recovery of tax losses. This position will be reviewed again at 31 March 2019.

6. Business Combination

On 24th August 2018, the parent entity acquired 100% of the issued share capital of Medimark Scientific Limited.

Acquisition related costs of £117,637 that were not directly attributable to the issue of shares included in other administrative costs in the consolidated statement of comprehensive income and in the operating cashflow in the cashflow statement.

The fair values of the assets and liabilities acquired are still being reviewed and therefore for this interim report provisional assessments have been made.

7. Interim announcement

The interim report was released on 18 December 2018. It is also available on the Company's website, www.byotrol.co.uk