



24 September 2020

## **Byotrol plc**

### **PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2020**

#### **TRADING UPDATE**

Byotrol plc (AIM: BYOT), the specialist infection prevention and control company is pleased to present its preliminary unaudited results for the year ended 31 March 2020 and provide a further update on current trading and the outlook for the current financial year.

#### **Summary**

The Directors were pleased with developments in the year, with good progress in financial performance and in all strategic initiatives.

The Directors are similarly pleased with performance to date and expect results for the year to 31 March 2021 to exceed current market expectations.

#### **Financial highlights**

Our results to the year were marginally above expectations across all key financial measures. Headlines are:

- Revenue at £6.07m (FY19: £5.66m)
- IP sales included in revenue £0.78m (FY19: £1.93m)
- Gross profit at £2.89m (FY19: £3.61m, including IP profit of £1.93m)
- Adjusted EBITDA at £0.26m (FY19: £1.08m)
- Pro forma cash £2.01m (FY19: £2.80m), net cash £1.42m (FY19: £2.55m)
- Cash resources supporting organic growth plans

#### **Operational highlights**

The Group also made steady progress operationally, including:

- Substantial increase in revenues from product sales compared to revenue from one-off transactions, increasing stability of the Group

- Acceleration of the earn-out relating to the acquisition of Medimark Scientific, resulting in an aggregate payment of £2.76m for a business that added over £3m in sales and c.£0.5m to EBITDA in the year, plus extensive sales and marketing expertise and leadership in human and animal health businesses
- New and/or upgraded agreements pre and post year end with first class collaborators in surface care and hand hygiene in EU and US

### **Current trading and outlook**

Byotrol continues to perform well amidst the coronavirus pandemic, which the Directors believe will permanently increase global demand for antiviral and hygiene products and technologies. Trading remains strong across all key areas of the business and supply chains are now considerably easier than in March and April. Costs remain under control and certain costs, including those relating to exhibitions and travel, have been significantly reduced, at least in the short term.

Our forward order book now sits at £1.1m, reflecting a modest summer lull in purchasing activity and to some extent the evolution of the customer base. More sales are now being settled from stock, in which we have invested substantially since year end. We are also engaged in discussions with a small number of potential licensees with regard to IP licenses, although some of these are at an early stage.

As a result of the above, the Directors now expect Byotrol's profitability to exceed expectations set in recent trading updates.

### **Commenting on the results, John Langlands, Chairman of Byotrol plc, said:**

We were pleased with Byotrol's progress in the year. The coronavirus pandemic has accelerated and magnified the business opportunities that we had already identified and now greatly increases the financial returns to be made. We remain confident that our technology-led positioning is the right approach in this market environment - including post coronavirus – and we remain confident in our financial outlook.

### **Enquiries:**

#### **Byotrol plc**

David Traynor - Chief Executive Officer

Nic Hellyer – Chief Financial Officer

01925 742 000

#### **finnCap**

Geoff Nash/Kate Bannatyne - Corporate Finance

Richard Chambers – ECM

020 7220 0500

#### **Flagstaff Strategic and Investor Communications**

Tim Thompson/Andrea Seymour/Fergus Mellon

[byotrol@flagstaffcomms.com](mailto:byotrol@flagstaffcomms.com)

020 7129 1474

## **Presentation**

A copy of the results presentation provided to investors and analysts will be available on Byotrol's website in due course.

## **Audited results**

Byotrol also announces that its auditors have informed the Company that they may not have completed their internal clearance processes in time for the release of the final audited results on or before 30 September 2020 pursuant to AIM Rule 19. Whilst the Company is hopeful that the final results will be available by that date, pursuant to the guidance published by the London Stock Exchange in respect of the temporary measures for the publication of annual audited reports for AIM companies, Byotrol intends to utilise if needed the additional three month period to prepare and publish the audited results for the year. The Board confirms that there are not expected to be any material differences between the preliminary results in this announcement and the audited final results to be published in due course.

*This announcement is released by Byotrol plc and, prior to publication, the information contained herein was deemed to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014. Such information is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person who arranged for the release of this announcement on behalf of Byotrol plc was Nic Hellyer, Chief Financial Officer.*

### *Notes to Editors:*

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

*Byotrol's products can be used stand-alone or as ingredients within existing products, where they 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 [byotrol.co.uk](http://byotrol.co.uk)*

## Chairman's statement

Our strategy continues to be that of a technology-led company focusing on regulatory-approved specialist infection prevention and control technologies, commercialised by sales of products, licences and technology. This was another good year for the Group in delivering that strategy. Market conditions have obviously changed significantly since the coronavirus pandemic emerged and we believe that our markets have undergone a structural change. We remain confident that our positioning remains the right strategy for this new environment and that the pandemic will accelerate and increase the magnitude of changes that we had already been positioning for. Our team has responded very well to the crisis and we are already seeing the financial benefit in the current financial year.

### Results and financing

Revenue for the year was £6.1m and adjusted EBITDA<sup>1</sup> £0.26m. Product sales increased from £3.5m in 2019 to £5.3m and the associated gross profit from £1.5m to just over £2.1m. We also recognised revenue and gross profit from IP agreements of £0.78m, lower than the prior year (which benefited from one large IP agreement with Solvay SA). These types of agreements will remain a key part of our commercial strategy, especially in markets that we are unable easily to access directly or where we can work with clear leaders in their field, and we reported two similar deals just after the year end, one in human hospital healthcare in the UK and another in the US. The recognition as upfront revenue of the stream of future fixed royalty payments which typically result from such deals can make it difficult for investors to appreciate the performance of the business in cashflow terms. I would therefore encourage shareholders to read the detail in the Financial Review section to gain a clearer understanding of our financial profile.

At the year-end we had cash resources<sup>2</sup> of £1.7m. Combined with positive cashflow since year end, we are well resourced to finance ongoing operations and steady growth.

### Acceleration of earn-out and completion of acquisition of Medimark

We acquired the Medimark business in August 2018, with the total consideration being dependent on two years of earnout payments linked to stretch targets for EBITDA. The business traded profitably from the date of acquisition, but at the end of calendar year 2019, was thought likely to fall short of the original expectations. As a result, the vendors of Medimark agreed in January 2020 to accelerate the completion of the earn-out and accept a final payment of £0.45m (of which £0.29m was in cash and the remainder in shares), thus finalising the formal integration and enabling work on synergies across the Group to progress. The final agreement resulted in the total cost of the acquisition being approximately £2.8m.

We are very pleased with the performance of the Medimark team and see many potential synergies once the release of lockdown allows us fully to complete the integration process.

### Impact of coronavirus

I am pleased to report that none of our staff have had to be treated for Covid-19 and have been able to work from home with minimal attendance at our offices. During the crisis the team has successfully dealt with internal and external lockdowns, extreme ebbs and flows of the supply chain and newer, larger and faster requirements from customers. I am pleased with how the team has responded to these challenges.

---

<sup>1</sup> i.e. earnings before interest, tax, depreciation, amortisation and exceptional and other adjusting items – see Note 8

<sup>2</sup> i.e. gross cash less financial debt

Group sales first started to increase in February 2020, principally from our agent in Japan. Sales then started to accelerate in Europe in March. The impact on FY20 sales was therefore small; however, sales have continued at a high level since the year end. It is clearly the case that the pandemic has boosted demand and interest in anti-microbial products, especially anti-virals. Business-wise this is all extremely favourable for Byotrol as that demand is now focused on sanitising products that are supported by comprehensive, detailed scientific and regulatory validation, set in law and increasingly policed by UK and EU regulators. The market is in a transition phase at the moment as the new regulations bite and we remain confident that our business will benefit as enforcement increases.

### **US operations**

As reported in our last financial statements, the Directors concluded in 2019 that the risk/reward of Byotrol going alone into the US was less attractive than for other markets and that we should find a suitable partner. Having conducted a formal search process in conjunction with US advisers, we further concluded in January 2020 that we would make best returns by working with pragmatic, success-incentivised entrepreneurs rather than in, for example, a corporate alliance. This led to a new license agreement post year end over Byotrol24 surface sanitiser with Integrated Resources Inc., a newly-formed associate of our hand sanitiser licensee in the US.

### **Board and employees**

The Byotrol team has performed extremely well this year, especially during the pandemic. We have managed to service our clients very effectively throughout, despite most of our own staff being locked down and our labs having to work on rota with skeleton staff only. I would like to thank them all for their efforts, commitment and enthusiasm this year. I would further like to thank our suppliers, especially our manufacturing partners, who have been putting in extraordinary efforts to satisfy demand for our products. We are pleased with the relationships we now have in place.

I would also like to announce a change at Board level, to be formalised at the next AGM. After 11 years with Byotrol, Dr Till Medinger will be stepping down as a non-executive director. We have enjoyed working with Till and recognise fully how important his advice and guidance has been through some turbulent times at Byotrol, thankfully now in the past. Our sincere thanks go to Till and our best wishes for his retirement.

Till will be replaced as non-executive director by Dr Trevor Francis, currently Chief Technology Officer. Trevor has been pivotal in all aspects of the Group's restructuring and whilst we respect his wish to retire from an executive role, we are delighted that he is staying with us at Board level. We know he will be a very active in his new position.

Trevor's management role in Byotrol will now pass to Dr Huw Evans, who has been with Byotrol for 5 years, prior to which he was a 28 year R&D executive at Unilever, including 20 years at director level. Huw has already been very successfully running our day-to-day technical operations for the last year, so the transition should be seamless.

### **AGM**

The Company's AGM is expected to be held on a date to be confirmed in November 2020. In accordance with current restrictions on gatherings of more than 6 people, it is expected that the AGM will be held fully or partly virtually (with attendance and voting occurring electronically), without any requirement for a physical location for the meeting; however, a decision on this will be made in due course depending on whether requirements or

legislation changes. The Company values the participation of smaller and retail shareholders and In any event due consideration will be given to enabling participation at the AGM, possibly by way of a prior Q&A facility.

In addition to the normal business of the AGM, the Board also intends to propose resolutions to reduce the share premium account and other reserves in order to create a positive retained earnings balance and hence distributable reserves which would enable the Company to pay a dividend if and when deemed appropriate. In addition, the Board is also considering taking the opportunity to consolidate the share capital in order that the Company has fewer shares in issue but each share having a higher nominal value.

Further announcements and communication regarding the AGM and these other matters will be made in due course.

### **Prospects**

We remain steadfast in our belief that the winners in our industry will be those that are science-led, validated by regulators and fully aware of the complexities and risk/rewards of using biocides. Towards the end of calendar 2019, we were starting to see the benefits of that approach and were trading profitably in product sales with less reliance on one-off agreements.

Coronavirus has accelerated and magnified the changes that we were already seeing and we believe greatly increases the financial returns to be made. However, we also see the new environment as increasing the good that the team can do for society and the environment, and as a result we will continue to invest and research into new and better ways to control and prevent infections. These things together are extraordinarily motivating for the team and I believe will benefit all stakeholders in due course.

The new financial year has started very well and should deliver excellent results, marking a significant step in Byotrol's history as it moves towards being a sustainably profitable business. We currently see many opportunities and are constantly reviewing where we should best focus our efforts to maximise returns in the long-term.

The Board remains confident in our positioning and very optimistic for Byotrol's prospects.

**John Langlands**  
**Chairman**

## Chief Executive's statement

### The year in overview

We are pleased with the improvement in quality and reliability of income this year, with continued increase in trading income (product sales and multi-year royalty and commission) compared to our historic performance and a decrease in reliance on one-off income. This was a key target for the team this year and, with Medimark fully part of the Group, the portents are good for continuing this trend, although monetisation of technical development will remain a key part of our commercial model.

The Board was already pleased with progress of the Group prior to the coronavirus outbreak, with all major targets being met. The impact of the pandemic has accelerated and magnified the trends in our industry, greatly to our benefit, although the financial impact of this will only be seen in FY21. We remain confident that our strategy is the right one for the new world too.

### The impact of coronavirus

Shareholders will be aware that our strategy is to take advantage of regulatory change in our markets in a similar way to many pharmaceutical and pesticide firms which went through similar industry change - by taking a very scientific approach to our industry and developing and commercialising unique, high-performance and trusted technologies that are approved (and then protected) under national and supra-national regulatory rules. We then seek to monetise those technologies by way of IP sale and alliances, license agreements and finished product sale, in both business and consumer markets.

We were already seeing the benefits of this strategy in late 2019 as weaker competition started to fade away and as larger customers became more rigorous on demanding data and regulatory support for product claims. We viewed this process as a slow-moving supply shock to the industry, favouring high quality science-led technologies. By early March 2020 it was becoming clear that coronavirus was an exceptionally dangerous virus with no current cure and would need multiple and extraordinary actions to prevent its spread and to deal with the consequences, many of which remain in place. This produced a large and immediate positive demand shock for our industry, especially for those companies with high performance anti-viral capability such as us. These two forces have together created a highly favourable business climate for Byotrol, which we have since been seeking to benefit from, in a calm, professional and ethical way.

Our team's initial focus was on satisfying demand from ultimate end users in emergency services and critical health services, then for all existing customers and then from new enquiries. In parallel with this we have been working on positioning for a post-coronavirus world, with less hype, but with more understanding of the importance of high-quality infection control and prevention products amongst individuals, governments and corporations worldwide.

### Markets

#### *Professional*

Full year revenues increased to £5.19m from £2.71m and gross profit to £2.47m from £1.09m, including the first full year contribution from Medimark. Income from IP licensing and sales for the year was £0.78m. Gross margin for product sales in Professional across the enlarged Group declined marginally to 38%, though this improves substantially once 100% gross margin IP income is factored in.

With the full integration of Medimark staff and customers into the Group, we are now seeing encouraging growth in everyday healthcare-related areas for both animals (veterinary sector) and humans (community health), plus continued sales into facilities management, travel and leisure and into a limited number of long-standing food manufacturing customers.

Our product mix for finished goods remains focused on surface care products, representing 29% of sales in the year, but our alcohol-free hand sanitisers continue to grow rapidly, even more so since the pandemic started. We are considering range extensions in this area as we clearly have a valuable base proposition, good long term customers and an increasingly recognised brand '*Invirtu*'.

For markets where we are unable to compete effectively with our own resources, we have continued to enter into licensing agreements with high-quality partners, especially those able to manufacture products themselves. We completed two such agreements prior to year-end, one with Tristel plc, fellow infection control and prevention specialists, with an exceptionally strong business based on chlorine dioxide chemistries, and one with Advanced Hygienics LLP in the US. The Tristel agreement relates to three specific surface care technologies targeted for use in hospitals in UK and Ireland, two of which will be dispensed from Tristel's proprietary 'Cache' system of innovative packaging solutions. The agreement has a duration of 10 years, is exclusive in hospitals in the UK and Ireland and non-exclusive elsewhere and will pay to Byotrol a combination of product supply payments, royalties and fees, based on success but with meaningful minimum guarantee payments to Byotrol each year.

The agreement with Advanced Hygienics represented an extension of an existing alcohol-free hand sanitising agreement and introduced multi-year minimum guaranteed royalties. We understand this business has been performing well during the pandemic. All existing alliances - including the well-publicised agreement with Solvay - ran to expectations in the year under review and we remain hopeful that they will bear financial fruit for the Group during and post the pandemic.

### *Consumer*

We have now combined our consumer and petcare activities into one team. Although the bulk of our resources this year were focussed on our Professional business, we continued to make progress in some new consumer initiatives, including the following:

- new petcare customer, Manna Pro UK, launched its first Byotrol surface care product, under leading stain and odour brand "Simple Solution" in the UK via retailers Pets at Home and Amazon
- established European partner Beaphar has introduced Byotrol surface care products into its UK range, completing the roll out plan for distribution throughout Beaphar's network
- Pets at Home, completed a range review on the small animal category, launching several new Byotrol products and approved the use of Invirtu hand sanitiser in stores and at head office for colleagues and the general public; and
- Byotrol entered the consumer floorcare category via two new partnerships with heritage British brand, Swan and RK Wholesale, under the licensed Tower brand. Byotrol formulations are used in conjunction with floorcare appliances to clean and sanitise carpets and floorcoverings with "better than leading brand" performance; further product launches are planned for 2020/21



Finally, Byotrol's alcohol-free hand sanitiser sales under Boots' own-brand were starting to increase significantly towards year end. This trend continued post year end and we expect to report substantial sales of this product in the new financial year.

Revenues from product sales increased to £0.88m from £0.79m in the previous year and gross profit also increased, to £0.42m from £0.36m as a result of an improved product mix. We did not generate any income from IP transactions or licenses in the consumer segment in the year under review.

### **Supply chain and regulatory environment**

Prior to the coronavirus pandemic we had been working hard to improve our supply chain. We are pleased to report that this initiative has substantially reduced non-conformances and returns. As the pandemic took hold, the team has dealt with many extraneous shocks to the new processes and substantially increased despatch rates

The research and development team has also been working throughout the crisis, formally supporting coronavirus-specific product claims on top of their normal day-to-day responsibilities. We continue to research into natural-based anti-viral chemistries, of which extracts from seaweed is our leading contender.

The coronavirus pandemic has encouraged some new suppliers into our market, keen to make a quick return. We have seen several misleading product claim and commentaries, but we believe that increasing enforcement of regulation and product claims in our markets will lead to their removal in due course.

We continue to follow developments on Brexit very carefully and have taken all necessary steps to ensure there is minimal impact on our business, even in the event of no trade agreement between the UK and EU. With around 10% of our enlarged business comprising exports to the EU, newly imposed tariffs would probably have a modest impact on our performance in the short term.

### **Outlook**

Post year end we completed two further IP agreements, with Integrated Resources LLP (who took out a license over Byotrol24 in the US) and SC Johnson Professional Limited in alcohol-free hand sanitisers, sold under the SC Johnson Professional brand. The latter is a multi-year license agreement focused on the UK and Irish health services, superseding a pre-existing, short-dated supply and manufacturing agreement. We expect the strength of our technology to lead to further such deals in the future.

For product sales the outlook for Byotrol is also highly positive. Sales have of course increased as a result of the coronavirus pandemic and will probably ease somewhat eventually, but it is clear to us that:

- business and consumers will now take more proactive responsibility for protecting individuals against infection risk, leading to sustained demand for anti-microbials, especially anti-virals
- there is now a further acceptance of the role of regulators as opinion leaders on safe and efficacious anti-microbial chemistries, for which we are well-positioned; and
- competitors with weaker performance chemistries continue to withdraw from our market in UK and Europe as regulations take hold, increasing opportunities for us, either organically or by selective acquisition

Byotrol has been positioning for such trends for many years and expects them to favour technologies like ours, presenting exceptional growth opportunities for the Group at home and abroad.

**David Traynor**  
**Chief Executive Officer**

## Financial Review

Our results for the year show further success in monetising the Group's proprietary technologies as well as continuing progress in the product side of the business. The latter has benefited from a full year contribution from the Medimark business (acquired in August 2018) which diversified the Group's product range and brought a significant new customer base. Furthermore, following the renegotiation and acceleration in January of earnout payments potentially due in respect of that acquisition, the various businesses within the Group are now fully aligned and well-placed to benefit from cross-product selling opportunities as well as cost savings and other efficiencies in the supply chain. Clearly the Group has experienced significantly increase sales volumes since the outbreak of coronavirus (which was declared as a pandemic by the WHO on March 11); however, this increase did not materially affect the results for FY20.

## Income Statement

### Revenue

As part of the continued evolution of the Group we have simplified our reporting segments into two: Professional (Byotrol and Medimark products for use within businesses and institutions) and Consumer (Byotrol and Medimark products for individual consumers, including their pets):

#### *Professional*

Revenues increased to £5.19m from £2.71m, with gross profit increasing from £1.09m to £2.47m. Included in the FY20 figure is £0.78m of royalty and licensing income (2019: nil). Excluding this, revenue from this division increased by around 63%, reflecting both a full year contribution from Medimark (against a seven month contribution in the comparable period) as well as increased demand for our surface care products and hand sanitisers.

#### *Consumer*

Total revenue in the Consumer segment decreased to £0.88m from £2.95m; however, included in the FY19 figure is £2.16m of income from royalties, licensing and the sale of intellectual property – revenue from product sales in this division increased by around 11%, due to both new customers as well as increasing sales from existing customers.

#### *Finance income*

In addition to the above, notional finance income arose from the imputed cost of funds on long-term contracts (£33,000 in 2020; 2019: £20,000). This has been added back to adjusted EBITDA in the calculation set out in Note 8.

### Cost of sales

Cost of sales of £3.18m (2019: £2.06m) represents the direct manufacturing costs of products and the cost of logistics (warehousing, transport etc). Given the mix of Byotrol's activities, gross margin across the sales mix is not a particularly meaningful measure of performance and is better considered on a segmental by product basis. In the Professional segment (excluding royalties, IP etc.), the gross margin declined marginally to 38%. For the Consumer business (again excluding royalties, IP etc.) the gross margin increased to 48% (2019: 45%). In the

absence of other factors, we would expect gross margins across the business to benefit in due course from the greater scale and pricing power of the Group as enlarged by the acquisition of Medimark, as well as an increasing rationalisation of the product portfolio; however, with the constraints on the supply chain resulting from the impact of the coronavirus pandemic we have seen some pressure on gross margins over the course of FY21 to date, albeit we expect this effect to be short-term.

### **Overhead expenses and research and development**

The acquisition of the Medimark business brought some 13 additional staff and management and FY20 shows the full year effect of this; however, with certain cost savings and efficiencies costs have been broadly maintained at around £2.78m (2019: £2.73m). Of this, some £1.59m (2019: £1.53m) related to staff costs. Given the improving financial performance of the business, we intend to target investment in our staff and the infrastructure of the business to support high quality products, a high level of customer service and to provide a strong, scalable platform for continued organic growth.

Expensed research and development costs remained broadly constant at £0.41m (2019: £0.44m). The Group continues to invest in the research and development of further anti-microbial products and has 9 employees in its research and development department. Furthermore, the Group continues to collaborate with respected research institutions (typically universities) to supplement the internal resource. This continued investment is essential for the maintenance of the Group's market position and for future growth.

### **Exceptional items**

Exceptional items of £0.38m in 2020 comprise principally the gain relating to the adjustment of liabilities arising from the renegotiation of the potential earnout payment in respect of the acquisition of Medimark, which renegotiation resulted in a payment of approximately £290,000 in cash and the issue of 9.4m new Ordinary shares in full and final settlement of the potential amounts outstanding under the terms of the sale and purchase agreement. This reduced the aggregate payment made in respect of the acquisition to approximately £2.76m and a gain of £0.44m arose based on the elimination of the liability recognised at the last reporting date after taking into account the cost of unwinding the discount to that date.

### **Finance income and expense**

Finance income arises both from interest receivable on interest-bearing deposits as well as notional interest arising on contracts with a "Significant Financing Component" as defined by IFRS 15. The increase in the latter from £20,000 to £33,000 relates principally to a full year of finance income accruing on the Solvay contract, the revenue for which was recognised in FY19.

Finance expense of £0.13m (2019: £0.08m) comprises mainly the non-cash cost of amounts arising from the discounting of liabilities related to contingent consideration relating to the acquisition of Medimark to their expected value at the relevant reporting date. The balance comprises cash interest on the Group's factoring facility, bank charges and an element of lease expenses now recognised as interest under IFRS 16. As noted above, the renegotiation and acceleration of potential earnout payments due in respect of the Medimark acquisition has eliminated the liabilities recognised and hence no further finance expense will accrue. In addition, given the improving cash flow of the Group, the usage of the factoring facility has been considerably reduced in FY21, and we would expect limited, if any, further use assuming trading conditions remain favourable.

## Implementation of IFRS 16

The Group adopted *IFRS 16 Leases* for the financial year ending 31 March 2020 and chose to use the modified retrospective approach to adoption which means there are no restatements to the prior year figures. IFRS 16 introduces a single lessee accounting model, whereby the Group recognised lease liabilities and "right of use" assets at 1 April 2019 for leases previously classified as operating leases. Within the income statement rental expense is replaced by depreciation and interest expense.

The Group has very few operating leases which fall under IFRS 16 (one property lease and a small number of vehicle leases). The adoption of IFRS 16 has resulted in the recognition of aggregate right of use assets of £69,000 with corresponding liabilities of £70,000 as at 31 March 2020. The effect on net profit is negligible; however, in order to allow users of the accounts to see how the impact of IFRS 16 has affected adjusted EBITDA, we present a reconciliation below:

|  | Adjusted EBITDA<br>Year to<br>31 March 2020<br>£'000 | Adjusted EBITDA<br>Year to<br>31 March 2019<br>£'000 |
|--|--|--|
| Consistent with FY 2019 presentation and accounting policy | 216  | 1,079  |
| Changes due to IFRS 16                                     | 42   | -  |
| Consistent with FY 2020 presentation and accounting policy | <u>258</u>   | <u>1,079</u>   |

## Profitability

Adjusted EBITDA decreased by 76% in the year to £0.26m (2019: £1.08m), this fall being due largely to the £1.93m income from IP sales recognised in FY19 compared to similar income of £0.78m in FY20. Similarly the Group made a pre-tax loss of £43,000 (2019: £0.34m profit). After a tax credit of £0.38m (2019: £11,000) this resulted in statutory EPS of 0.08p (2019: 0.08p) and 0.06p on an adjusted basis (2019: 0.16p).

## Taxation

Taxable profits arising in the year to 31 March 2020 were wholly off-settable against tax losses brought forward and accordingly no taxation was payable. Significant tax losses remain available to the Group; historically the Group has not recognised any deferred tax asset on these losses due to the unpredictability of the timing of future profit streams. Given the significant improvement in the trading position of the Group, the Board reassessed the appropriateness of recognising such an asset on the basis of forecast profits against which the losses can be offset and now consider it appropriate to recognise losses incurred to date as a deferred tax asset. Accordingly a deferred tax asset of £0.43m has been recognised (2019: £nil)

A tax credit also arises from the amortisation of a deferred tax liability relating to the intangible assets acquired as a result of the acquisition of Medimark.

## Statement of Financial Position

### Goodwill and other intangible assets

#### *Goodwill, customer relationships and brands*

The intangible assets acquired as part of the Medimark Acquisition comprised principally customer relationships, various brand, as well as other IP relating to the capitalised value of efficacy testing and other relevant licensing activities. Net of accumulated amortisation for the year, the net book value of the customer relationships and brands acquired was approximately £2.04m at the year end (2019: £2.28m). Goodwill arising on acquisition was £0.50m, which remains unchanged.

#### *Development costs*

Development costs represent the capitalised value of work undertaken (either internally or externally by appropriate consultants) to develop and protect patents, know-how and other similar assets when they pass the criteria for capitalisation under the Group accounting policy. The amortised balance at 31 March 2020 was £0.94m (2019: £0.85m) after capitalised expenditure of £0.25m and amortisation and impairment of £0.16m.

#### *Patents and licenses*

The Group continues to protect its IP by registering patents when relevant. Following expenditure of £46,000 and amortisation of £61,000, the book value of such patents and licenses was £0.22m (2019: £0.23m).

### Property, plant and equipment

Expenditure of £24,000 on property, plant and equipment relates principally to £21,000 (2019: £20,000) spent on laboratory equipment to support the needs of the business. Depreciation in the year amounted to £28,000 (excluding amounts relating to Right-to-Use assets now recognised under IFRS 16) (2019: £24,000); as a result the aggregate net book value of property, plant and equipment remained broadly constant at £54,000 (2019: £58,000).

### Inventories

Inventories comprise raw materials, work in progress and finished goods held at the Group's third-party contract manufacturers for sale to customers. Total inventory held at the year end fell from £0.42m in 2019 to £0.29m in 2020, principally as a result of the sales upturn in the last month of the year referred to above. Given the rapid turnover of inventory, write offs in the year were minimal.

### Trade receivables

Trade receivables arising from product sales increased significantly to £1.22m (2019: £0.93m), largely due to the sharp upturn in sales experienced in the last month of the year in the then early stages of the coronavirus pandemic.

Trade receivables also arise for the Group where the consideration for the sale or license of IP (on a "right to use" basis) is structured as a series of fixed sums payable over several years. Usually there are sales-based royalties over and above these fixed sums; however, these are recognised in the period that they arise – the

fixed sums are recognised on the transfer of the IP at their present value (as discounted at an imputed cost of funds). Amounts recognised in the year relating to such transactions amounted to £0.78m, arising from new and amended contracts with various partners both domestically and internationally, including the licence and product supply agreement with Tristel plc announced on 23 March 2020 (2019: £1.93m relating solely to the sale of certain IP to Solvay). Of the total trade receivables relating to IP transactions, £0.55m was due in one year (of which £0.30m was the result of a deferred income payment due on 31 March but received on 1 April) (2019: £0.28m) and £0.71m was due after one year (£0.18m). Of this balance, £0.32m was due to be collected within 2-5 years and £0.39m after 5 years (2019: £0.18m and £nil respectively).

The Group has stringent credit control policies and will not contract with customers who present an undue credit risk. In addition, the Group may request pro forma (i.e. advance) payments from new customers or existing customers who wish to increase the volume of business they do with the Group above a pre-agreed credit limit. As a result, the impairment charge for the year was minimal at £35,000 (including the expected credit loss provision required by IFRS 9 of £25,000) (2019: £41,000).

### **Trade and other payables**

Trade payables fell marginally in the year from £0.84m to £0.83m whilst accruals and deferred income rose slightly from £0.31m to £0.37m. Within this figure is a reduction in accrued expenses offset by an increase in deferred income as the Group required customers to pay upfront for increased (or new) order volumes.

### **Other financial liabilities**

Other financial liabilities in 2019 comprised amounts recognised in regard to contingent payments potentially due in respect of the Medimark Acquisition. As a result of the renegotiation referred to above, these were eliminated and hence the balance at 31 March 2020 was nil.

## **Statement of Cash Flows**

### **Cash flow and financing**

Operating cash outflow for the year was £0.46m (2019: £0.33m inflow), albeit that £0.3m of this difference was due to a single payment relating to an IP sale which was received one day after the year end and thus appeared in working capital. Expenditure capitalised as development of intangible assets was broadly consistent with the previous year (2020: £0.30m; 2019 £0.28m), as was expenditure on tangible assets (2020: £24,000; 2019 £23,000). As detailed further in Note 7, the renegotiation and resulting acceleration of the payments due to the vendors of Medimark resulted in a cash outflow of £0.29m in final settlement of the obligations resulting from this acquisition. As a result of these cash flows, gross cash fell from £2.80m at the end of 2019 to £1.71m at the end of 2020 (£2.01m as adjusted on a pro forma basis for the payment referenced above). The Group continued to make use of its invoice discounting facility in the year, drawdown on which rose from £0.25m to £0.30m at the year end.

## Summary

The Group finished the year in sound financial health, with no further liabilities due in respect of the Medimark acquisition and with only modest debt. Our continuing investment in intellectual property, enhanced by the trading relationships acquired as part of the Medimark acquisition, positioned us well for the considerable upturn in demand at the very end of the year which has continued to date with a corresponding strengthening of our financial position.

**Nic Hellyer**

**Chief Financial Officer**



## Group Statement of Comprehensive Income

For the year ended 31 March 2020

|   | Note | 2020<br>£'000<br><i>(unaudited)</i> | 2019<br>£'000<br><i>(audited)</i> |
|---|------|-------------------------------------|-----------------------------------|
| <b>Revenue</b>  | 5    | <b>6,069</b>                        | <b>5,660</b>                      |
| Cost of sales   |      | (3,179)                             | (2,055)                           |
| <b>Gross profit</b>   |      | <b>2,890</b>                        | <b>3,605</b>                      |
| Adjusted administrative expenses  | 6, 8 | (2,920)                             | (3,018)                           |
| <b>Adjusted operating profit/(loss)</b>   |      | <b>(30)</b>                         | <b>587</b>                        |
| Exceptional items   | 7    | 382                                 | -                                 |
| Amortisation of acquisition-related intangibles   |      | (279)                               | (147)                             |
| Share-based payments  | 12   | (47)                                | (60)                              |
| <b>Operating profit</b>   |      | <b>26</b>                           | <b>380</b>                        |
| Finance income  | 13   | 59                                  | 41                                |
| Finance expense   | 14   | (128)                               | (80)                              |
| <b>Profit/(loss) before taxation</b>  |      | <b>(43)</b>                         | <b>341</b>                        |
| Income tax credit   | 15   | 377                                 | 11                                |
| <b>Profit for the year</b>  |      | <b>334</b>                          | <b>352</b>                        |
| <b>Other comprehensive income/(expense):</b><br><i>Items that may be reclassified subsequently to profit or loss:</i> |      |                                     |                                   |
| Exchange differences on translation of foreign operations   |      | 7                                   | 7                                 |
| <b>Other comprehensive income, net of tax</b>   |      | <b>7</b>                            | <b>7</b>                          |
| <b>Total comprehensive income for the year</b>  |      | <b>341</b>                          | <b>359</b>                        |
| <b>Earnings per share</b>   |      |                                     |                                   |
| Attributable to the owners of the Byotrol Group (basic)   | 16   | 0.08p                               | 0.08p                             |
| Attributable to the owners of the Byotrol Group (diluted)   | 16   | 0.08p                               | 0.08p                             |

## Group Statement of Financial Position

For the year ended 31 March 2020

|  | Note | 2020<br>£'000<br><i>(unaudited)</i> | 2019<br>£'000<br><i>(audited)</i> |
|--|------|-------------------------------------|-----------------------------------|
| <b>Assets</b>                            |      |                                     |                                   |
| <b>Non-current assets</b>                |      |                                     |                                   |
| Intangible assets                        | 19   | 3,691                               | 3,862                             |
| Tangible assets                          | 20   | 54                                  | 58                                |
| Right-of-use assets                      | 21   | 69                                  | -                                 |
| Deferred tax assets                      | 22   | 431                                 | -                                 |
| Trade receivables                        | 24   | 714                                 | 176                               |
|  |      | 4,959                               | 4,096                             |
| <b>Current assets</b>                    |      |                                     |                                   |
| Inventories                              | 23   | 285                                 | 416                               |
| Trade and other receivables              | 24   | 2,185                               | 1,796                             |
| Cash and cash equivalents                |      | 1,712                               | 2,797                             |
|  |      | 4,182                               | 5,009                             |
| <b>TOTAL ASSETS</b>                      |      | <b>9,141</b>                        | <b>9,105</b>                      |
| <b>Liabilities</b>                       |      |                                     |                                   |
| <b>Non-current liabilities</b>           |      |                                     |                                   |
| Lease liabilities                        | 25   | 31                                  | -                                 |
| Deferred tax liabilities                 | 22   | 394                                 | 441                               |
| Other financial liabilities              | 26   | -                                   | 297                               |
|  |      | 425                                 | 738                               |
| <b>Current liabilities</b>               |      |                                     |                                   |
| Trade and other payables                 | 27   | 1,319                               | 1,193                             |
| Short term borrowings                    | 28   | 296                                 | 245                               |
| Lease liabilities                        | 25   | 39                                  | -                                 |
| Other financial liabilities              | 26   | -                                   | 520                               |
|  |      | 1,654                               | 1,958                             |
| <b>TOTAL LIABILITIES</b>                 |      | <b>2,079</b>                        | <b>2,696</b>                      |
| <b>NET ASSETS</b>                        |      | <b>7,062</b>                        | <b>6,409</b>                      |
| <b>Issued share capital and reserves</b> |      |                                     |                                   |
| Share capital                            | 29   | 1,101                               | 1,077                             |
| Share premium                            | 29   | 28,423                              | 28,282                            |
| Other reserves                           | 29   | 1,065                               | 1,065                             |
| Retained earnings                        |      | (23,527)                            | (24,015)                          |
| <b>TOTAL EQUITY</b>                      |      | <b>7,062</b>                        | <b>6,409</b>                      |

## Group Statement of Cash Flows

For the year ended 31 March 2020

|   | 2020<br>£'000<br><i>(unaudited)</i> | 2019<br>£'000<br><i>(audited)</i> |
|---|-------------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>                     |                                     |                                   |
| <b>Profit for the year</b>                                      | <b>334</b>                          | <b>352</b>                        |
| <i>Adjustments for:</i>   |                                     |                                   |
| Finance income  | (59)                                | (41)                              |
| Finance costs   | 128                                 | 80                                |
| Depreciation of tangible non-current assets                     | 28                                  | 24                                |
| Amortisation and impairment of intangible non-current assets    | 467                                 | 538                               |
| Income tax (credit) recognised in profit or loss                | (377)                               | (11)                              |
| Fair value adjustment on contingent consideration               | (363)                               | -                                 |
| Share-based payments  | 47                                  | 60                                |
|   | <hr/>                               | <hr/>                             |
| <b>Operating cash flows before movements in working capital</b> | <b>205</b>                          | <b>1,002</b>                      |
| (Increase)/decrease in trade and other receivables              | (995)                               | (841)                             |
| (Increase)/decrease in inventories                              | 131                                 | (70)                              |
| Increase/(decrease) in trade and other payables                 | 202                                 | 239                               |
|   | <hr/>                               | <hr/>                             |
| <b>Cash generated from operating activities</b>                 | <b>(457)</b>                        | <b>330</b>                        |
| Income tax paid   | -                                   | -                                 |
|   | <hr/>                               | <hr/>                             |
| <b>Net cash generated from operating activities</b>             | <b>(457)</b>                        | <b>330</b>                        |
| <b>Cash flows from investing activities</b>                     |                                     |                                   |
| Development of intangible assets                                | (295)                               | (283)                             |
| Acquisition of property, plant and equipment                    | (24)                                | (23)                              |
| Cash outflow on acquisition of businesses net of cash acquired  | (290)                               | (1,131)                           |
|   | <hr/>                               | <hr/>                             |
| <b>Net cash used in investing activities</b>                    | <b>(609)</b>                        | <b>(1,437)</b>                    |
| <b>Cash flows from financing activities</b>                     |                                     |                                   |
| Movement in invoice discounting facility                        | 51                                  | 16                                |
| Repayments of principal on lease liabilities                    | (39)                                | -                                 |
| Finance income  | 6                                   | 41                                |
| Finance costs   | (42)                                | (13)                              |
| Interest expense on lease liabilities                           | (3)                                 | -                                 |
|   | <hr/>                               | <hr/>                             |
| <b>Net cash generated by/(used in) financing activities</b>     | <b>(27)</b>                         | <b>44</b>                         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     | <b>(1,093)</b>                      | <b>(1,063)</b>                    |
| Foreign exchange differences                                    | 8                                   | 7                                 |
| Cash and equivalent at beginning of period                      | <b>2,797</b>                        | 3,853                             |
|   | <hr/>                               | <hr/>                             |
| <b>Cash and cash equivalents at end of period</b>               | <b>1,712</b>                        | <b>2,797</b>                      |

## Group Statement of Changes in Equity

For the year ended 31 March 2020

|  | Share capital | Share premium | Merger reserve | Retained earnings | Total        |
|--|---------------|---------------|----------------|-------------------|--------------|
|  | £'000         | £'000         | £'000          | £'000             | £'000        |
| <b>Balance at 1 April 2018</b>                                 | <b>1,007</b>  | <b>27,468</b> | <b>1,065</b>   | <b>(24,434)</b>   | <b>5,106</b> |
| Profit after taxation for the period                           | -             | -             | -              | 352               | 352          |
| Share-based payments   | -             | -             | -              | 60                | 60           |
| <i>Other comprehensive income:</i>                             |               |               |                |                   |              |
| Exchange differences   | -             | -             | -              | 7                 | 7            |
| <i>Transactions with owners:</i>                               |               |               |                |                   |              |
| Shares issued by Byotrol Plc as part of a business combination | 70            | 814           | -              | -                 | 884          |
| <b>Balance at 31 March 2019</b>                                | <b>1,077</b>  | <b>28,282</b> | <b>1,065</b>   | <b>(24,015)</b>   | <b>6,409</b> |
| Effect of change of accounting policy (IFRS 16)                | -             | -             | -              | (1)               | (1)          |
| <b>Balance at 1 April 2019 as restated</b>                     | <b>1,077</b>  | <b>28,282</b> | <b>1,065</b>   | <b>(24,016)</b>   | <b>6,408</b> |
| Profit after taxation for the period                           | -             | -             | -              | 334               | 334          |
| Share-based payments   | -             | -             | -              | 47                | 47           |
| <i>Other comprehensive income:</i>                             |               |               |                |                   |              |
| Deferred tax on share-based payment transactions               | -             | -             | -              | 101               | 101          |
| Exchange differences   | -             | -             | -              | 7                 | 7            |
| <i>Transactions with owners:</i>                               |               |               |                |                   |              |
| Shares issued by Byotrol Plc as part of a business combination | 24            | 141           | -              | -                 | 165          |
| <b>Balance at 31 March 2020</b>                                | <b>1,101</b>  | <b>28,423</b> | <b>1,065</b>   | <b>(23,527)</b>   | <b>7,062</b> |

## Notes to the Financial Statements

As at 31 March 2020

*As this summary announcement is extracted from the full financial statements, certain references may refer to notes which are not included herein, and the Notes section is not reproduced in full.*

### 5 Revenue and segmental analysis

An analysis of revenue (and the related gross profit) by product or service and by geography is given below.

#### Revenue by type

| To 31 March 2020             | Professional<br>£'000 | Consumer<br>£'000 | Total<br>£'000 |
|------------------------------|-----------------------|-------------------|----------------|
| Product sales                | 4,410                 | 882               | 5,292          |
| Royalty and licensing income | 777                   | -                 | 777            |
| <b>Total revenue</b>         | <b>5,187</b>          | <b>882</b>        | <b>6,069</b>   |

| To 31 March 2019              | Professional<br>£'000 | Consumer<br>£'000 | Total<br>£'000 |
|-------------------------------|-----------------------|-------------------|----------------|
| Product sales                 | 2,710                 | 793               | 3,503          |
| Royalty and licensing income  | -                     | 226               | 226            |
| Sale of intellectual property | -                     | 1,931             | 1,931          |
| <b>Total revenue</b>          | <b>2,710</b>          | <b>2,950</b>      | <b>5,660</b>   |

#### Gross profit

| To 31 March 2020              | Professional<br>£'000 | Consumer<br>£'000 | Total<br>£'000 |
|-------------------------------|-----------------------|-------------------|----------------|
| Product sales                 | 1,693                 | 420               | 2,113          |
| Royalty and licensing income  | 777                   | -                 | 777            |
| Sale of intellectual property | -                     | -                 | -              |
| <b>Total gross profit</b>     | <b>2,470</b>          | <b>420</b>        | <b>2,890</b>   |

| To 31 March 2019              | Professional<br>£'000 | Consumer<br>£'000 | Total<br>£'000 |
|-------------------------------|-----------------------|-------------------|----------------|
| Product sales                 | 1,093                 | 355               | 1,448          |
| Royalty and licensing income  | -                     | 226               | 226            |
| Sale of intellectual property | -                     | 1,931             | 1,931          |
| <b>Total gross profit</b>     | <b>1,093</b>          | <b>2,512</b>      | <b>3,605</b>   |

## Revenue by geography

The Group recognises revenue in three geographical regions based on the location of customers, as set out in the following table:

|                | 2020<br>£'000 | 2019<br>£'000 |
|----------------|---------------|---------------|
| United Kingdom | 5,230         | 2,701         |
| North America  | 352           | 2,025         |
| Rest of World  | 487           | 934           |
|                | <b>6,069</b>  | <b>5,660</b>  |

Management makes no allocation of costs, assets or liabilities between these segments since all trading activities are operated as a single business unit.

## Customer concentration

The Group has no customers representing individually over 10% of revenue each (2019: nil).

## License revenue and finance income

License contracts (and certain other contracts relating to the sale of IP) typically provide for fixed payments to be made by customers over a given term (typically between three and five years but which may extend longer). Under IFRS 15, in order to reflect the time value of money, such contracts are recognised as the capitalised value of the income stream plus notional interest accruing for the year on the credit deemed to be extended to the customer (on a reducing balance basis). For the financial year 2020 this figure amounts to license revenue of £0.78m and related notional interest income of £33,000 (2019: 1.93m and £20,000).

## 6 Operating expenses

Profit for the year has been arrived at after charging/(crediting):

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Amortisation and impairment of intangible non-current assets | 466           | 538           |
| Depreciation of tangible non-current assets                  | 28            | 24            |
| Auditor's remuneration                                       | 30            | 56            |
| Staff costs (see note 10)                                    | 1,587         | 1,440         |
| Research & development costs                                 | 405           | 436           |
| Research and development (R & D) tax credits                 | (120)         | (124)         |
| Short-term lease expenses                                    | 90            | 82            |
| Realised foreign exchange (gains)/losses                     | (7)           | 1             |

## Financial effect of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current period. The Group has adopted the modified retrospective approach to the application of IFRS 16 and accordingly the prior year is not restated and hence there is no effect shown.

### *Impact on profit/(loss) for the period*

|  | Year to<br>31 March 2020<br>£'000 |
|--|-----------------------------------|
| (Increase) in depreciation             | (39)                              |
| (Increase) in finance costs            | (3)                               |
| Decrease in administrative expenses    | 42                                |
| <b>Effect on profit for the period</b> | <b>-</b>                          |

### *Impact on earnings per share for the period*

There is no effect on EPS (to the nearest 0.01p).

### *Impact on consolidated statement of cash flows*

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group as under the Standard lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (such payments have no material effect on these financial statements);
- Cash paid for the interest portion of lease liabilities as part of financing activities; and
- Cash payments for the repayment of the principal portions of leases liabilities as part of financing activities.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, for the year ended 31 March 2020, the net cash generated by operating activities has increased by £42,000 and net cash used in financing activities increased by the same amount.

For lease liabilities on the balance sheet at 31 March 2020 the Group has used a weighted average interest rate of 3.3%.

## 7 Exceptional items

Exceptional items of £0.38m in 2020 (2019: £57,000) comprise the gain on the adjustment of liabilities relating to contingent consideration, i.e. the potential earnout payment in respect of the acquisition of Medimark Scientific Limited ("Medimark", the "Acquisition"), less certain other costs related to the Acquisition.

Medimark was acquired pursuant to a sale and purchase agreement ("SPA") dated 22 August 2018. Consideration of up to £4.5m was payable in respect of the Acquisition, including up to £1.8m of consideration which was payable, partly in cash and partly by the issue of new ordinary shares, contingent on the achievement of certain stretch EBITDA targets in the two years following the Acquisition. Following the completion of the

measurement period at 31 March 2019 the contingent consideration potentially due for the earnout years 2019 and 2020 was valued at £817,000 (as discounted to the then present value at an imputed cost of funds). This was based on a probability-weighted analysis of the potential outturns for Medimark's EBITDA for the relevant years which determined the amount payable, based on the Board's expectations at that time of the future trading performance of Medimark and how this would be accounted for as EBITDA under the terms of the SPA. At 30 September 2019 the value of this liability was revised downwards to £752,000, a £65,000 decrease (net of the unwinding of the present value discount).

On 29 January 2020, the Group completed negotiations with the four individuals who were the vendors of Medimark and agreed a payment of approximately £290,000 in cash and the issue of 9,363,034 new Ordinary shares in the Company in full and final settlement of the potential amounts outstanding under the terms of the SPA. This reduced the aggregate payments recognised in respect of the Acquisition to approximately £2.76m. Accordingly a gain of £0.44m arose based on the elimination of the contingent liability after taking into account the cost of unwinding the discount to that date. This exceptional gain has arisen through the issue of equity as well as the payment of cash; however, it is not practical to ascribe separate values to each component of the gain.

## 8 Non-GAAP profit measures

Reconciliation of operating profit to adjusted earnings before interest, taxation, depreciation and amortisation:

| Year to 31 March                             | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| <b>Operating profit</b>                      | <b>26</b>     | <b>380</b>    |
| <i>Adjusted for:</i>                         |               |               |
| Amortisation and depreciation                | 534           | 562           |
| Revenue recognised as interest under IFRS 15 | 33            | 20            |
| <b>Exceptional items:</b>                    |               |               |
| - acquisition expenses                       | -             | 118           |
| - gain on adjustment of contingent liability | (443)         | -             |
| - audit expenses relating to 2019            | 61            | (61)          |
| Total exceptional items                      | <b>(382)</b>  | <b>57</b>     |
| Expensed share-based payments                | 47            | 60            |
| <b>Adjusted EBITDA</b>                       | <b>258</b>    | <b>1,079</b>  |

The criteria for adjusting operating income or expenses in the calculation of adjusted EBITDA are that they are material and either (i) arise from an irregular and significant event or (ii) are such that the income/cost is recognised in a pattern that is unrelated to the resulting operational performance. Materiality is defined as an amount which, to a user, would influence decision-making based on, and understandability of, the financial statements.

Exceptional items are treated as exceptional by reason of their nature and are excluded from the calculation of adjusted EBITDA (and adjusted earnings per share in Note 16) to allow a better understanding of comparable year-on-year trading and thereby an assessment of the underlying trends in the Group's financial performance. These measures also provide consistency with the Group's internal management reporting. Exceptional items in 2020 comprise the gain on the adjustment of contingent liabilities relating to the potential earnout payment in respect of the Medimark Acquisition, plus certain accountancy and audit work which was necessary to negotiate and implement the renegotiation and final settlement (see Note 7).



Adjustment for share-based payment expense is made because, once the cost has been calculated for a given grant of options, the Directors cannot influence the share-based payment charge incurred in subsequent years relating to that grant; also the value of the share option to the employee differs considerably in value and timing from the actual cash cost to the Group.

## 10 Staff costs

| Year to 31 March                               | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Wages and salaries                             | 1,544         | 1,346         |
| Social security contributions                  | 184           | 153           |
| Other pension costs                            | 51            | 34            |
| Less: amounts capitalised as intangible assets | (192)         | (93)          |
|  | <b>1,587</b>  | <b>1,440</b>  |

The average number of persons employed by the Company during the period was:

| Year to 31 March         | 2020      | 2019      |
|--------------------------|-----------|-----------|
| Directors                | 3         | 2         |
| Research and development | 9         | 7         |
| Sales                    | 10        | 12        |
| Administration           | 11        | 7         |
|                          | <b>33</b> | <b>28</b> |

## 11 Directors' remuneration and transactions

The Directors' emoluments in the year ended 31 March 2020 were:

|                                | Basic<br>salary or fee<br>2020<br>£'000 | Benefits<br>in kind<br>2020<br>£'000 | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|--------------------------------|---|--------------------------------------|------------------------|------------------------|
| <b>Executive Directors</b>     |   |                                      |                        |                        |
| T. Francis                     | 83                                      | -                                    | <b>83</b>              | 99                     |
| N. Hellyer                     | 55                                      | 5                                    | <b>60</b>              | -                      |
| D. Traynor                     | 132                                     | 3                                    | <b>135</b>             | 134                    |
| <b>Non-Executive Directors</b> |   |                                      |                        |                        |
| S. Gogarty                     | 31                                      | -                                    | <b>31</b>              | 6                      |
| J. Langlands                   | 40                                      | -                                    | <b>40</b>              | 40                     |
| T. Medinger                    | 24                                      | -                                    | <b>24</b>              | 24                     |
|                                | <b>365</b>                              | <b>8</b>                             | <b>373</b>             | <b>303</b>             |

Nic Hellyer was appointed to the board on 28 May 2019.

The remuneration of the executive Directors is decided by the Remuneration Committee. Included in the above, Sean Gogarty carried out consultancy work for the Group for which he received fees of £5,667. Save as disclosed, no Director had a material interest in any contract of significance with the Group in either year.

## 12 Share-based payments

The Company has granted equity-settled share options to certain directors and employees. Exercise prices of options granted are set to be equal to or more than the market value of the shares at the date of grant. Options granted have a life of 10 years.

### *Options outstanding*

At 31 March 2020 there were options outstanding over 36,939,500 (2019: 41,448,250) ordinary shares of 0.25p each which are exercisable at prices in the range from 2.0p to 17.5p under the Company's various share option schemes, at various times until 21 July 2025. Options outstanding at 31 March 2020 had a weighted average exercise price of 3.70p (2019: 4.90p) and a weighted average remaining contractual life of 3.7 years (2019: 4.1 years).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

|   | No. of options    |                   | Average exercise price |              |
|---|-------------------|-------------------|------------------------|--------------|
|   | 2020              | 2019              | 2020                   | 2019         |
| Outstanding at the beginning of the year  | 41,448,250        | 39,339,250        | 4.90p                  | 5.19p        |
| Granted during the year                   | 4,000,000         | 5,000,000         | 2.00p                  | 2.04p        |
| Forfeited/cancelled during the year       | (8,508,750)       | (2,891,000)       | 8.90p                  | 3.77p        |
| Exchanged for shares                      | -                 | -                 | -                      | -            |
| <b>Outstanding at the end of the year</b> | <b>36,939,500</b> | <b>41,448,250</b> | <b>3.70p</b>           | <b>4.90p</b> |

Options outstanding at the end of the year have a weighted average remaining contractual life of 3.7 years.

The exercise prices of options outstanding fall in the following ranges:

| Range      | Number of options |
|------------|-------------------|
| 2.0 – 3.0p | 9,000,000         |
| 3.1 – 4.0p | 18,909,500        |
| 4.1 – 5.0p | 7,470,000         |
| 6.0 – 7.0p | 1,260,000         |
| 17.5p      | 300,000           |
|            | <b>36,939,500</b> |

### Options issued during the year

The fair values of share options issued in the year was derived using a Black Scholes model. The following key assumptions were used in the calculations:

| Scheme                    | EMI Scheme<br>21 January 2020 | Executive Scheme<br>15 May 2019 |
|---------------------------|-------------------------------|---------------------------------|
| Exercise price            | 2.00p                         | 2.10p                           |
| Share price at grant date | 1.63p                         | 2.65p                           |
| Risk free rate            | 0.39 - 0.50%                  | 0.73 - 0.77%                    |
| Volatility                | 60%                           | 55%                             |
| Expected life             | 1.5 - 4.5 years               | 3.2 – 5.2years                  |
| <b>Fair Value</b>         | <b>0.47 - 0.66p</b>           | <b>1.15 – 1.27p</b>             |

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The number of options exercisable at 31 March 2020 is 14,933,725 (2019: 7,200,000).

The Group recognised the following expense related to share based payments:

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Charged to Consolidated Statement of Comprehensive Income | 47            | 60            |

Of this amount, £21,000 (2019: £48,000) relates to costs of share options issued to subsidiary employees.

The share price per share at 31 March 2020 was 5.43p (31 March 2019: 2.40p)-

## 13 Finance income

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Interest receivable on interest-bearing deposits                               | 26            | 21            |
| Notional interest accruing on contracts with a significant financing component | 33            | 20            |
| <b>Total finance income</b>  | <b>59</b>     | <b>41</b>     |

## 14 Finance expense

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Interest and finance charges paid or payable on borrowings                             | 45            | 13            |
| Interest on lease liabilities under IFRS 16  | 3             | -             |
| Acquisition-related financing expense (unwinding of discount on financial liabilities) | 80            | 67            |
| <b>Total finance expense</b>   | <b>128</b>    | <b>80</b>     |

## 15 Taxation

### Tax on profit on ordinary activities

| Year to 31 March   | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| <b>Current tax</b>   |               |               |
| UK corporation tax charge/(credit) on profit for the current year      | -             | 13            |
| UK corporation tax charge/(credit) on Other Comprehensive Income       | -             | -             |
| Total current income tax   | -             | <b>13</b>     |
| <b>Deferred tax</b>  |               |               |
| (Recognition) of deferred tax asset arising from temporary differences | (330)         | -             |
| (Reversal) of deferred tax liability                                   | (47)          | (24)          |
| Total deferred income tax  | <b>(377)</b>  | <b>(24)</b>   |
| <b>Total income tax expense/(credit) recognised in the year</b>        | <b>(377)</b>  | <b>(11)</b>   |

## 16 Earnings

### Reported earnings per share

Basic earnings per share ("EPS") amounts are calculated by dividing net profit or loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

The following sets out the earnings and share data used in the basic and diluted earnings per share computations:

| Year to 31 March  | 2020<br>£'000      | 2019<br>£'000      |
|---|--------------------|--------------------|
| <b>Profit attributable to equity holders of the parent:</b>                     |                    |                    |
| Profit attributable to ordinary equity holders of the parent for basic earnings | <b>334</b>         | <b>352</b>         |
| Weighted number of ordinary shares in issue                                     | 432,424,400        | 419,742,597        |
| Effect of dilutive potential ordinary shares                                    | 703,183            | 191,327            |
|   | <b>433,127,583</b> | <b>419,933,924</b> |
| <b>Earnings per share attributable to shareholders - basic</b>                  | <b>0.08p</b>       | <b>0.08p</b>       |
| <b>Earnings per share attributable to shareholders - diluted</b>                | <b>0.08p</b>       | <b>0.08p</b>       |

The Group has one category of security potentially dilutive to ordinary shares in issue, being those share options granted to employees where the exercise price (plus the remaining expected charge to profit under IFRS 2) is less than the average price of the Company's ordinary shares during the period in issue. The weighted average number of shares for the calculation of diluted earnings per share is computed using the treasury share method.

## Adjusted earnings per share

Adjusted earnings per share is calculated as follows:

|  | 2020         | 2019         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>Profit attributable to ordinary equity holders of the parent for basic earnings</b> | <b>334</b>   | <b>352</b>   |
| Adjusting items:   |              |              |
| - exceptional items (see note 7)   | (382)        | 57           |
| - share-based payments   | 47           | 60           |
| - finance expense on liabilities relating to contingent consideration                  | 80           | 67           |
| - amortisation of acquisition-related intangibles                                      | 243          | 147          |
| - deferred tax credit arising from acquisition-related intangibles                     | (47)         | (24)         |
|  | <hr/>        | <hr/>        |
| <b>Adjusted earnings attributable to owners of the Parent</b>                          | <b>275</b>   | <b>659</b>   |
| <br>   |              |              |
| Weighted number of ordinary shares in issue  |              |              |
| - basic  | 432,424,400  | 419,742,597  |
| - diluted  | 433,127,583  | 419,933,924  |
| <br>   |              |              |
| <b>Adjusted earnings per share attributable to shareholders</b>                        |              |              |
| - basic  | <b>0.06p</b> | <b>0.16p</b> |
| - diluted  | <b>0.06p</b> | <b>0.16p</b> |

The criteria for inclusion of adjusting items in the calculation of adjusted EPS are the same as those relating to the calculation of adjusted EBITDA as set out in Note 8. Additionally, finance expense on liabilities relating to contingent consideration are non-cash costs reflecting the time value of money in arriving at the fair value of such liabilities and the effluxion of time over the period for which they are outstanding. Amortisation of acquisition-related intangibles (and the associated tax credit) relates to the amortisation of intangible assets in respect of customer relationships and brands which are recognised on a business combination and are non-cash in nature.

An adjustment has been made to the reported 31 March 2019 weighted average number of shares in issue (basic and diluted) to correct an error in the underlying calculation. Net assets and profits are unaffected by this adjustment.

## 19 Intangible assets

Intangible assets comprise capitalised development costs (in relation to internally generated technology, products and processes and those acquired through business combinations), acquired customer relationships, acquired brands, patents and licenses, and goodwill.

An analysis of goodwill and other intangible assets is as follows:

| <b>Year to 31 March<br/>2020</b>       | Development<br>costs<br>£'000 | Patents and<br>licenses<br>£'000 | Customer<br>relationships<br>£'000 | Brands<br>£'000 | Framework<br>access rights<br>£'000 | Goodwill<br>£'000 | <b>Total<br/>£'000</b> |
|--|-------------------------------|----------------------------------|------------------------------------|-----------------|-------------------------------------|-------------------|------------------------|
| <b>Cost</b>                            |                               |                                  |                                    |                 |                                     |                   |                        |
| At 1 April 2019                        | 958                           | 734                              | 1,861                              | 567             | 114                                 | 502               | <b>4,736</b>           |
| Additions                              | 249                           | 46                               | -                                  | -               | -                                   | -                 | <b>295</b>             |
| <i>At 31 March 2020</i>                | <u>1,207</u>                  | <u>780</u>                       | <u>1,861</u>                       | <u>567</u>      | <u>114</u>                          | <u>502</u>        | <b><u>5,031</u></b>    |
| <b>Amortisation and<br/>impairment</b> |                               |                                  |                                    |                 |                                     |                   |                        |
| At 1 April 2019                        | (109)                         | (504)                            | (113)                              | (34)            | (114)                               | -                 | <b>(874)</b>           |
| Amortisation charge                    | (119)                         | (61)                             | (186)                              | (57)            | -                                   | -                 | <b>(423)</b>           |
| Impairment charge                      | (43)                          | -                                | -                                  | -               | -                                   | -                 | <b>(43)</b>            |
| <i>At 31 March 2020</i>                | <u>(271)</u>                  | <u>(565)</u>                     | <u>(299)</u>                       | <u>(91)</u>     | <u>(114)</u>                        | <u>-</u>          | <b><u>(1,340)</u></b>  |
| <b>Net carrying amount</b>             |                               |                                  |                                    |                 |                                     |                   |                        |
| <i>At 31 March 2020</i>                | <b>936</b>                    | <b>215</b>                       | <b>1,562</b>                       | <b>476</b>      | <b>-</b>                            | <b>502</b>        | <b>3,691</b>           |
| <i>At 1 April 2019</i>                 | <b>849</b>                    | <b>230</b>                       | <b>1,748</b>                       | <b>533</b>      | <b>-</b>                            | <b>502</b>        | <b>3,862</b>           |

| <b>Year to 31 March<br/>2019</b>                 | Development<br>costs<br>£'000 | Patents and<br>licenses<br>£'000 | Customer<br>relationships<br>£'000 | Brands<br>£'000 | Framework<br>access rights<br>£'000 | Goodwill<br>£'000 | <b>Total<br/>£'000</b> |
|--|-------------------------------|----------------------------------|------------------------------------|-----------------|-------------------------------------|-------------------|------------------------|
| <b>Cost</b>                                      |                               |                                  |                                    |                 |                                     |                   |                        |
| At 1 April 2018                                  | 378                           | 826                              | -                                  | -               | 114                                 | -                 | <b>1,318</b>           |
| Additions  | 226                           | 57                               | -                                  | -               | -                                   | -                 | <b>283</b>             |
| Created as a result of a<br>business combination | -                             | -                                | -                                  | -               | -                                   | 502               | <b>502</b>             |
| Acquired as part of a<br>business combination    | 501                           | -                                | 1,861                              | 567             | -                                   | -                 | <b>2,929</b>           |
| Disposal   | (147)                         | (149)                            | -                                  | -               | -                                   | -                 | <b>(296)</b>           |
| <i>At 31 March 2019</i>                          | <u>958</u>                    | <u>734</u>                       | <u>1,861</u>                       | <u>567</u>      | <u>114</u>                          | <u>502</u>        | <b><u>4,736</u></b>    |
| <b>Amortisation or<br/>impairment</b>            |                               |                                  |                                    |                 |                                     |                   |                        |
| At 1 April 2018                                  | (79)                          | (497)                            | -                                  | -               | (56)                                | -                 | <b>(632)</b>           |
| Charge for the year                              | (177)                         | (156)                            | (113)                              | (34)            | (58)                                | -                 | <b>(538)</b>           |
| Disposal   | 147                           | 149                              | -                                  | -               | -                                   | -                 | <b>296</b>             |
| <i>At 31 March 2019</i>                          | <u>(109)</u>                  | <u>(504)</u>                     | <u>(113)</u>                       | <u>(34)</u>     | <u>(114)</u>                        | <u>-</u>          | <b><u>(874)</u></b>    |
| <b>Net carrying amount</b>                       |                               |                                  |                                    |                 |                                     |                   |                        |
| <i>At 31 March 2019</i>                          | <b>849</b>                    | <b>230</b>                       | <b>1,748</b>                       | <b>533</b>      | <b>-</b>                            | <b>502</b>        | <b>3,862</b>           |
| <i>At 1 April 2018</i>                           | 299                           | 329                              | -                                  | -               | 58                                  | -                 | 686                    |

## 20 Tangible assets

| <b>Year to 31 March 2020</b> | Computer<br>equipment<br>£'000 | Plant and<br>machinery<br>£'000 | <b>Total<br/>£'000</b> |
|------------------------------|--------------------------------|---------------------------------|------------------------|
| <i>Cost</i>                  |                                |                                 |                        |
| At 1 April 2019              | 69                             | 114                             | <b>183</b>             |
| Additions                    | 3                              | 21                              | <b>24</b>              |
|                              | <hr/>                          | <hr/>                           | <hr/>                  |
| <i>At 31 March 2020</i>      | 72                             | 135                             | <b>207</b>             |
| <i>Depreciation</i>          |                                |                                 |                        |
| At 1 April 2020              | (44)                           | (81)                            | <b>(125)</b>           |
| Charge for the year          | (16)                           | (12)                            | <b>(28)</b>            |
|                              | <hr/>                          | <hr/>                           | <hr/>                  |
| <i>At 31 March 2020</i>      | (60)                           | (93)                            | <b>(153)</b>           |
| <i>Net carrying amount</i>   |                                |                                 |                        |
| <b>At 31 March 2020</b>      | <b>12</b>                      | <b>42</b>                       | <b>54</b>              |
| <i>At 1 April 2019</i>       | 25                             | 33                              | 58                     |

| <b>Year to 31 March 2019</b>               | Computer<br>equipment<br>£'000 | Plant and<br>machinery<br>£'000 | <b>Total<br/>£'000</b> |
|--|--------------------------------|---------------------------------|------------------------|
| <i>Cost</i>                                |                                |                                 |                        |
| At 1 April 2018                            | 52                             | 94                              | 146                    |
| Additions                                  | 3                              | 20                              | 23                     |
| Acquired as part of a business combination | 14                             | -                               | 14                     |
|  | <hr/>                          | <hr/>                           | <hr/>                  |
| <i>At 31 March 2019</i>                    | 69                             | 114                             | <b>183</b>             |
| <i>Depreciation</i>                        |                                |                                 |                        |
| At 1 April 2018                            | (28)                           | (73)                            | (101)                  |
| Charge for the year                        | (16)                           | (8)                             | (24)                   |
|  | <hr/>                          | <hr/>                           | <hr/>                  |
| <i>At 31 March 2019</i>                    | (44)                           | (81)                            | <b>(125)</b>           |
| <i>Net carrying amount</i>                 |                                |                                 |                        |
| <b>At 31 March 2019</b>                    | <b>25</b>                      | <b>33</b>                       | <b>58</b>              |
| <i>At 1 April 2018</i>                     | 27                             | 3                               | 30                     |



## 21 Right-of-use assets

The Group has adopted IFRS 16 in the year. On transition to IFRS 16, the Group recognised an additional £108,000 of right-to-use assets and £109,000 of lease liabilities, recognising the difference in retained earnings as follows (the corresponding impact on profit and loss is set out in Note 6):

|   | As at 31 March<br>2019<br>£'000 | IFRS 16<br>adjustments<br>£'000 | As at 1 April<br>2019<br>£'000 |
|---|---------------------------------|---------------------------------|--------------------------------|
| Right-of-use assets                               | -                               | 108                             | 108                            |
| <b>Net impact on total assets</b>                 | <b>-</b>                        | <b>108</b>                      | <b>108</b>                     |
| Lease liabilities                                 | -                               | (109)                           | (109)                          |
| <b>Net impact on total liabilities</b>            | <b>-</b>                        | <b>(109)</b>                    | <b>(109)</b>                   |
| Retained earnings                                 | -                               | 1                               | 1                              |
| <b>Net impact on total liabilities and equity</b> | <b>-</b>                        | <b>(108)</b>                    | <b>(108)</b>                   |

Right-of-use assets comprise leases over office buildings and vehicles as follows:

|   | Office<br>buildings<br>£'000 | Vehicles<br>£'000 | Total<br>£'000 |
|---|------------------------------|-------------------|----------------|
| <b>Cost</b>                                     |                              |                   |                |
| At 1 April 2019                                 | -                            | -                 | -              |
| Effect of change of accounting policy (IFRS 16) | 103                          | 47                | 150            |
| Additions in the period                         | -                            | -                 | -              |
| <i>At 31 March 2020</i>                         | <u>103</u>                   | <u>47</u>         | <u>150</u>     |
| <b>Depreciation</b>                             |                              |                   |                |
| At 1 April 2019                                 | -                            | -                 | -              |
| Effect of change of accounting policy           | (29)                         | (13)              | (42)           |
| Charge for the period                           | (23)                         | (16)              | (39)           |
| <i>At 31 March 2020</i>                         | <u>(52)</u>                  | <u>(29)</u>       | <u>(81)</u>    |
| <b>Net carrying amount</b>                      |                              |                   |                |
| <i>At 31 March 2020</i>                         | <b>51</b>                    | <b>18</b>         | <b>69</b>      |
| <i>At 1 April 2019</i>                          | -                            | -                 | -              |

## 22 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

### Recognised deferred tax assets

|  | Business combinations<br>£'000 | Tax losses<br>£'000 | Share-based payments<br>£'000 | Total<br>£'000 |
|--|--------------------------------|---------------------|-------------------------------|----------------|
| At 1 April 2018                          | -                              | -                   | -                             | -              |
| Recognised on business combinations      | 13                             | -                   | -                             | 13             |
| Recognised in profit or loss             | -                              | -                   | -                             | -              |
| Recognised in other comprehensive income | -                              | -                   | -                             | -              |
| Recognised directly in equity            | -                              | -                   | -                             | -              |
| Utilised against current tax charge      | (13)                           | -                   | -                             | (13)           |
| <i>At 31 March 2019</i>                  | -                              | -                   | -                             | -              |
| At 1 April 2019                          | -                              | -                   | -                             | -              |
| Recognised on business combinations      | -                              | -                   | -                             | -              |
| Recognised in profit or loss             | -                              | 330                 | -                             | 330            |
| Recognised in other comprehensive income | -                              | -                   | -                             | -              |
| Recognised directly in equity            | -                              | -                   | 101                           | 101            |
| Utilised against current tax charge      | -                              | -                   | -                             | -              |
| <i>At 31 March 2020</i>                  | -                              | 330                 | 101                           | 431            |

Deferred income tax assets have only been recognised to the extent that it is considered probable that they can be recovered against future taxable profits based on profit forecasts for the foreseeable future. The deferred income tax assets at 31 March 2020 above are expected to be utilised in less than one year.

At 31 March 2020 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3.57m (2019: £3.26m).

### Deferred tax liabilities

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| At 1 April   | 441           | -             |
| Recognised on business combinations                              | -             | 465           |
| Recognised in profit or loss                                     | (47)          | (24)          |
| At 31 March  | 394           | 441           |
| <i>Comprising:</i>   |               |               |
| Amounts recognised on intangible assets arising on consolidation | 394           | 441           |
|  | 394           | 441           |

## 23 Inventories

|                                     | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables       | 71            | 22            |
| Finished goods and goods for resale | 214           | 394           |
|                                     | <u>285</u>    | <u>416</u>    |

Included above are inventories of £nil (2019: £nil) carried at net realisable value. Inventories recognised as an expense during the year ended 31 March 2020 amounted to £2.41m (2019: £1.72m). These are included in cost of sales in the Consolidated Statement of Comprehensive Income.

Write-downs of inventories to net realisable value amounted to £13,000 (2019: £7,000). These were recognised as an expense during the year ended 31 March 2020 and included in cost of sales in the Consolidated Statement of Comprehensive Income. No earlier write downs were reversed during the current or preceding period.

## 24 Trade and other receivables

| At 31 March   | 2020<br>£'000       | 2019<br>£'000       |
|---|---------------------|---------------------|
| Trade receivables – product sales                         | 1,223               | 932                 |
| Prepayments   | 264                 | 273                 |
| Other receivables   | 132                 | 293                 |
| Other tax repayable                                       | 19                  | 23                  |
| Current portion of long-term trade receivables (IP sales) | 547                 | 275                 |
| <b>Total other assets</b>                                 | <u><b>2,185</b></u> | <u><b>1,796</b></u> |

### *Aged analysis of trade receivables*

| At 31 March 2020                          | Current<br>£'000 | 0-30 days<br>£'000 | 31-60 days<br>£'000 | 61-90 days<br>£'000 | 91-120 days<br>£'000 | Over 120 days<br>£'000 | Total<br>£'000      |
|---|------------------|--------------------|---------------------|---------------------|----------------------|------------------------|---------------------|
| Gross                                     | 953              | 207                | 8                   | 25                  | -                    | 65                     | <b>1,258</b>        |
| Specific impairment                       | -                | -                  | -                   | -                   | -                    | (10)                   | <b>(10)</b>         |
| Additional expected credit loss provision | (7)              | (2)                | (1)                 | (2)                 | -                    | (13)                   | <b>(25)</b>         |
|   | <u>946</u>       | <u>205</u>         | <u>7</u>            | <u>23</u>           | <u>-</u>             | <u>42</u>              | <u><b>1,223</b></u> |

### *Non-current trade receivables*

Non-current trade receivables arise most typically for the Group in sales or licenses of IP and/or know-how where the consideration is structured as a series of fixed payments (i.e. "minimum guaranteed amounts"; in addition to such payments there are usually royalty or similar payments due relating to some measure of (for example) sales made by the purchaser of the IP using the relevant products and/or in the relevant geography). Such payments may extend over several years. Under IFRS 15, if the contract is a "right to use" contract, then

the upfront and fixed payments are recognised on transfer of the license or IP at their aggregate present value using an imputed cost of funds. Longer term contracts which give rise to such assets may contain continuing obligations on the part of Byotrol (for example, to provide updates or improvements to the IP transferred to the extent achieved) but such obligations are typically immaterial to the contract overall.

| <i>Current portion of long-term trade receivables</i> | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | £'000       | £'000       |
| At 1 April  | 275         | -           |
| Recognised in the period, net of cash received        | 96          | 275         |
| Transfer from non-current trade receivables           | 176         | -           |
| <b>At 31 March</b>                                    | <b>547</b>  | <b>275</b>  |

| <i>Due after one year</i> | <b>2020</b> | <b>2019</b> |
|---------------------------|-------------|-------------|
|                           | £'000       | £'000       |
| At 1 April                | 176         | -           |
| Recognised in the period  | 714         | 176         |
| Transfer to current       | (176)       | -           |
| <b>A 31 March</b>         | <b>714</b>  | <b>176</b>  |

No impairments have been made in respect of long-term trade receivables recognised as at the balance sheet date.

The Directors have reconsidered the presentation of certain assets shown as contract assets in the financial statements for the year ended 31 March 2019 and have concluded that they are better presented as trade receivables; accordingly these assets (amounting to £0.18m non-current and £0.27m current assets) have been represented as trade receivables above.

## 25 Lease liabilities

Lease liabilities comprise liabilities arising from the committed and expected payments on leases over office buildings and vehicles.

| <b>Amounts due in less than one year</b> | Office buildings<br>£'000 | Vehicles<br>£'000 | <b>Total</b><br>£'000 |
|--|---------------------------|-------------------|-----------------------|
| At 1 April 2019                          | -                         | -                 | -                     |
| Effect of change of accounting policy    | 23                        | 16                | <b>39</b>             |
| Leases taken on in the period            | -                         | -                 | -                     |
| Repayments of principal                  | (23)                      | (16)              | <b>(39)</b>           |
| Transfer from long-term to short-term    | 24                        | 15                | <b>39</b>             |
| <b>At 31 March 2020</b>                  | <b>24</b>                 | <b>15</b>         | <b>39</b>             |

| <b>Amounts due in more than one year</b> | Office<br>buildings<br>£'000 | Vehicles<br>£'000 | <b>Total</b><br>£'000 |
|--|------------------------------|-------------------|-----------------------|
| At 1 April 2019                          | -                            | -                 | -                     |
| Effect of change of accounting policy    | 53                           | 17                | <b>70</b>             |
| Leases taken on in the period            | -                            | -                 | -                     |
| Transfer from long-term to short-term    | (24)                         | (15)              | <b>(39)</b>           |
|  | <hr/>                        | <hr/>             | <hr/>                 |
| <b>At 31 March 2020</b>                  | <b>29</b>                    | <b>2</b>          | <b>31</b>             |

## 26 Other financial liabilities

| <b>As at 31 March</b>   | <b>2020</b><br>£'000 | <b>2019</b><br>£'000 |
|---|----------------------|----------------------|
| Contingent consideration relating to the Medimark Acquisition |                      |                      |
| - potentially due within one year                             | -                    | 520                  |
| - potentially due after one year                              | -                    | 297                  |
|   | <hr/>                | <hr/>                |
|   | -                    | <b>817</b>           |

The contingent consideration potentially due to the vendors of Medimark was settled on 28 January 2020 (see Note 7).

## 27 Trade and other payables

| <b>At 31 March</b>                    | <b>2020</b><br>£'000 | <b>2019</b><br>£'000 |
|---------------------------------------|----------------------|----------------------|
| <i>Due within a year</i>              |                      |                      |
| Trade payables                        | 828                  | 842                  |
| Social security and other taxes       | 119                  | 45                   |
| Accruals and deferred income          | 372                  | 306                  |
|                                       | <hr/>                | <hr/>                |
| <b>Total trade and other payables</b> | <b>1,319</b>         | <b>1,193</b>         |

The average credit period taken for trade purchases is between 30 and 60 days. Most suppliers do not charge interest on trade payables for the first 30 days from the date of the invoice. The Group has risk management policies in place to ensure that all payables are paid within the appropriate credit time frame. The Directors consider that the carrying amount of trade payables approximates to their fair value.

Accruals comprise around £0.16m of accrued expenses plus £0.21m of customer payments received in advance.

## 28 Loans and borrowings

Loans and borrowings comprise:

| <b>At 31 March</b>           | <b>2020</b><br>£'000 | <b>2019</b><br>£'000 |
|------------------------------|----------------------|----------------------|
| <i>Current liabilities</i>   |                      |                      |
| Invoice discounting facility | 296                  | 245                  |
|                              | <hr/>                | <hr/>                |
|                              | 296                  | 245                  |

## 29 Share capital and reserves

### Share capital and share premium

Share capital represents the nominal value of ordinary shares issued and fully paid. Share premium represents the excess of funds raised from the placing of equity shares over the nominal value of the shares after deducting directly attributable placing costs.

| <i>Ordinary shares of 0.25p each (issued and fully paid)</i>     | £'000        | Number             |
|--|--------------|--------------------|
| At 1 April 2018  | 1,007        | 402,836,471        |
| Issued as consideration for business combination during the year | 70           | 28,048,800         |
|  | <hr/>        | <hr/>              |
| <b>At 31 March 2019</b>  | <b>1,077</b> | <b>430,885,271</b> |
| Issued as consideration for business combination during the year | 24           | 9,363,034          |
|  | <hr/>        | <hr/>              |
| <b>At 31 March 2020</b>  | <b>1,101</b> | <b>440,248,305</b> |

## 32 Capital commitments and contingent liabilities

Other than as disclosed above, as at 31 March 2020 the Group had no material capital commitments (2019: nil) nor any contingent liabilities (2019: nil).

## 33 Events after the reporting date

There have been no events subsequent to the reporting date which would have a material impact on the financial statements.

## **General**

### *Audited accounts*

The financial information set out above does not comprise the Group or the Company's statutory accounts. The Annual Report and Financial Statements for the year ended 31 March 2019 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements ("Annual Report") for the year ended 31 March 2019 was qualified by reference to the auditor's inability to perform all their planned audit procedures with regard to certain bank accounts for which they could not obtain satisfactory third party confirmation, but otherwise did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The audit for the year ended 31 March 2020 has yet to be completed and audited accounts will be published in due course.

### *Related party transactions*

Other than as disclosed above, no related party transactions have taken place during the year that have materially affected the financial position or performance of the Company or the Group.

### *Principal risks and uncertainties*

The principal risks and uncertainties facing the Group together with actions being taken to mitigate them and future potential items for consideration will be set out in the Strategic Report section of the Annual Report and Financial Statements for 2020.

### *Presentation of figures*

Figures are rounded to the nearest £0.1m, £0.01m or £'000 (or in the case of EPS, nearest 0.01p) as the case may be. Percentage increases or decreases stated above are based on the figures as rounded. Minor differences may arise in tabulation and figures presented elsewhere due to rounding differences.

This announcement was approved by the Board of Directors on 23 September 2020.

[END]