



Byotrol plc

AGM for year ended 31 March 2020

Q&A, 14 November 2020

Financials

When will you be putting out guidance for FY 2022?

Byotrol is trading well and we expect that to continue next year. However, as the economy and our markets remain volatile and somewhat difficult to predict, we would not expect our broker finnCap to release forecasts for FY 2022 until there is greater clarity on the likely out-turn.

Do you now intend to pay a dividend and if so when?

The share capital reconstruction approved by shareholders (but still subject to Court approval) will enable the Company to pay a dividend from retained earnings. However, in the near term, the Board consider that there will be opportunities for the Group to invest for future growth as opposed to paying a dividend. However, the Board will keep this policy regularly under review.

Why did you decide to not pursue a share consolidation?

Following the announcement of the potential share consolidation, the Board consulted widely with both institutional and private shareholders albeit that, with more than 500 shareholders, it was not possible to consult with all. The consensus of opinion was that the share consolidation was not favoured at present.

Sales and Business Development

In Solvay's recent results call, the CEO commented on how "FMCG companies and big brands" were accelerating qualification and the launch. What is Byotrol's understanding of how Actizone will be sold to consumers? Are we likely to see well-known brands launching "Actizone" products?

Actizone is being marketed globally by Solvay's Novincare sales force, as an ingredient, a mix of ingredients and as a finished formulation. We do expect Actizone to appear as a brand on some products, but we are not party to the specific commercial discussions that Solvay is having.

What sort of revenue streams can we expect over the coming years from the Solvay deal

We are still benefitting in cash terms from minimum guaranteed revenue from the original IP Agreement, though this was recognised as revenue in FY 2019. We expect this to be supplemented by 'royalty/commission' income in FY 2022, although the magnitude is at present completely dependent on how successful Solvay is with its sales and marketing efforts. We are encouraged by progress so far (as evidenced by recent Solvay public statements) but we have no visibility on numbers.

In Byotrol's recent InvestorMeetCompany presentation, David Traynor said of Solvay's Actizone: "They gave us usage rights. Anything they develop in this sphere we can brand Byotrol and sell it in our own right." How and when does Byotrol see these usage rights being exercised?

We are already selling Actizone under our brand (Byotrol 4 in 1) in our Professional business. Actizone is also the technology in our B2C (including pet) long lasting anti-microbial surface products.

Will you be expanding in Boots?

Yes. Our alcohol-free hand, anti-viral sanitisers are now being distributed into approximately 2500 Boots stores in the UK

Will you be expanding into alcohol-free hand sanitisers in Japan?

Not at present as the individual ingredients in our Invirtu formulation are not all approved by Japanese regulators. Japanese rules allow for very few biocidal chemicals to be used on skin, so the potential for innovation is currently limited. We are hopeful this will change as the world looks for new approaches to personal hygiene.

What is your current thinking on commercialising the seaweed technology?

This is a very exciting area for us in a broad number of potential markets and products. Our main work at present is on fully understanding the mode of action behind the excellent results we have been achieving, particularly against viruses. With that work completed it is likely we will be developing products for our own core infection control markets, plus seeking alliances elsewhere.

What are your current activities in China?

China has been low focus for us in the past year, hindered by lockdown and by the international supply chain situation. We will be looking at Asia again as travel restrictions ease next calendar year.

Other

What is the company's future PR strategy?

Our main focus this year so far has been on supplying customers speedily with existing products. This has kept us at full capacity, even with some new hires into the Group.

We have made some investments in Financial PR, to keep investors better informed on progress and we plan to continue this.

We are also now making – for us – sizeable investments in marketing and marketing strategy, including:

- Professional market research to help with finalising strategy in our new market environment
- Product proposition development (technologies and claims, based on market and customer insight).
- PR to support Invirtu alcohol-free hand sanitisers

We avoid generic PR spend unless we can see genuine financial payback, as this just reduces profits. We recognise that generic PR may help boost the share price in the short term but our experience is that this is generally temporary and actually does very little to bring in new sales and long-term customer relationships.