Byotrol Plc

Annual Report
and
Financial Statements

for the year ended 31 March 2022

Registered number: 05352525

COMPANY INFORMATION

Directors

Dr Trevor Francis (Non-executive Director)
Sean Gogarty (Non-executive Director)
John Langlands (Non-executive Chairman)
Christopher Sedwell (Chief Financial Officer)
David Traynor (Chief Executive Officer)

Auditor

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Solicitors

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Share Capital

The ordinary share capital of Byotrol Plc is admitted to trading on AIM, a market operated by London Stock Exchange Group plc. The shares are quoted under the trading ticker BYOT

The ISIN number is GB00B0999995 and the SEDOL number is B099999

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Website

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Board of Directors

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About Byotrol

Byotrol is dedicated to improving lives around the world by developing and commercialising market-leading infection control and prevention products. We specialise in high performance, sustainable and regulatory-approved antimicrobial technologies and products, especially those which challenge traditional sanitisation and cleaning methods.

Our technologies are utilised across professional and consumer markets, in products for both surfaces and skin, in environments where good hygiene is of the greatest importance. Byotrol's laboratories are based at Thornton Science Park, a University of Chester campus in the North-West of England, where the Group also hosts its commercial operations.

Byotrol's territories of sale have grown significantly in recent years and our products are now sold and used throughout Europe, North America, South Africa and Asia. Byotrol is active in the following market sectors:

- **Professional**

  - Human Health
  - Animal Health
  - Facilities Management
  - Food & Beverage

- **Consumer**

  - Household
  - Skin Care
  - Pet Care

Byotrol believes in scientific excellence, superior hygiene, the responsible use of biocides and, above all, easier, cleaner, safer lives for everyone.

Byotrol's corporate history

1990's Byotrol's first antimicrobial technology was invented and patented

2005 The Company floated on the London AIM market

2007 Byotrol Consumer Products set up in joint venture with Byotrol plc and WhatIf Ventures

2010 First consumer hand sanitiser launched in Boots

2011 Consumer household surface care range launched in Tesco

2013 Byotrol plc acquired remaining share of Byotrol Consumer Products from WhatIf Ventures

2014 Actizone patent granted in the UK

2016 PAS 2424 long-lasting antimicrobial test method developed in conjunction with the BSI

2017 Byotrol launches new *Invirtu* alcohol free hand sanitiser: the US Environmental Protection Agency grant approval of Byotrol's proprietary 24-hour germ-kill surface sanitiser

2018 Byotrol acquires Medimark Scientific Limited, a leading provider of biocide-based infection control products for the animal and human healthcare markets

2019 Byotrol sells patents and underlying IP to Solvay SA, whilst retaining rights to sell *Actizone* in finished product form; completes licences with two key suppliers into UK NHS – with SC Johnson Professional on alcohol free hand sanitisers; and with Tristel on (non-sporicidal) anti-microbial surface care chemistries

2020 Byotrol accelerates earnout payments relating to Medimark Scientific, allowing final integration of the two companies

2021 Byotrol achieves significant profitability; licences technology to transfer US operations to third party

2022 Byotrol centralises its commercial operations into Thornton Science Park, alongside the existing laboratory facilities

Board of Directors

Executive Directors

David Traynor - Chief Executive Officer

David was appointed to the Board of Byotrol plc as CEO in 2013. At that time, he was a partner of venture capital firm Whatif Ventures and the MD of our 50% owned subsidiary Byotrol Consumer Products. Prior to that he had a 16 year career in investment banking, across a broad range of international capital raising, mergers and acquisitions and advisory roles.

He is also a part-time, Non-Executive Chairman of Void Technologies Limited, a venture capital-backed polymer technology company which he co-founded before joining the board of Byotrol.

David has an MBA from London Business School and a BA from Oxford University.

Christopher Sedwell - Chief Financial Officer

Chris began his financial career at Deloitte, qualifying as an ACA in 2003 and FCA in 2013. He was most recently a Portfolio Finance Director with The FD & CFO Centre, working with numerous SMEs to provide finance consultancy, improving reporting systems and processes.

For the preceding six years he was Finance Director of ConvaTec Limited, a FTSE 250 listed medical products and technologies business. Prior to this, he was Head of Finance & Administration at Iceland International, a part of the UK supermarket chain Iceland Foods Group.

Non-executive Directors

John Langlands – Chairman[(i)(ii)]

John was Chief Executive of British Polythene Industries ("BPI"), one of the largest polythene film producers and waste polythene recyclers in Europe from 2003 to 2016. Following a period of successful growth, BPI was acquired by RPC Group in August 2016 and John retired in January 2017.

John had joined BPI in 1994 as Finance Director after similar roles at Eclipse Blinds, Scottish Enterprise and United Wire Group. John was appointed as the Non-executive Chairman of Byotrol in February 2017. He has served on various committees for the Institute of Chartered Accountants of Scotland, the London Metal Exchange and the Bank of England.

John has an LLB from Dundee University and Qualified as a Chartered Accountant in 1976 with KPMG.

Dr Trevor Francis – Non-executive Director

Trevor is a former Vice President of Global R&D at Unilever with over 28 years in the Consumer Goods industry. His multi-national experience working in various roles in Research and Development and previously in Manufacturing saw him lead a number of new innovations in Homecare that were successfully commercialised in various regions.

Trevor left Unilever in 2005 and established his own technology consultancy company. This in turn led him to work with Byotrol where he has worked in a number of different roles before being appointed to the Executive Board in 2014. At the end of 2021, Trevor retired from Executive duties and was appointed as a Non-Executive Director of the Byotrol Plc Board.

Trevor has a Doctorate in Applied Chemistry from Queen's University of Belfast and prior to joining Unilever as a management trainee, he carried out post-doctoral research at DWI Aachen, Germany.

Sean Gogarty (i)(ii)

Sean has a wealth of experience developing and running branded businesses, gained particularly from a 20-year career at Unilever, where his roles included Global CEO Unilever Baking, Cooking and Spreads, and Global Category SVP Household Cleaners. In the latter role, he led the rapid growth of a number of well-known household brands, including Domestos, Cif, Lysoform and Sunlight, from a sales value of E800m to over E2.5bn.

Having started his career in the media sector before moving into industry, Sean also has a strong track record of advising a range of leading PE firms and companies on developing business strategies, brand portfolio plans and organisational structures.

(i) Member of Audit Committee
(ii) Member of Remuneration Committee

Chairman's Statement

For the year ended 31 March 2022

Dear Shareholder

Our markets continue to grow from pre-pandemic levels, although growth does remain uneven and exposed to external shocks. Our results this year reflect that profile, with increased sales, gross profit and gross margin compared to pre-covid, but obviously some way below that achieved during the covid-inflated previous year.

Our confidence in Byotrol's strategy remains undiminished and as expected we are seeing many examples of competitors withdrawing from some of our markets as biocide regulations bite in the UK and EU. We continue to invest in technical performance and regulatory approvals to secure our competitive position.

Results

Revenue for the year was £6.3m, compared to £11.2m in the previous year and £6.0m in the prior year, itself inflated by 3 months of covid demand. Product sales fell to £5.2m, compared to £10.2m and IP sales were unchanged at £1.1m. This resulted in Adjusted EBITDA of £39k compared to £1.78m in 2021.

We continued to invest judiciously in upgrading systems and our team over the year, with operating costs up by around 20% compared to pre-covid, but down 5% compared to the previous financial year.

We completed an internal restructuring during the year related to the long-overdue integration of Medimark Scientific, resulting in an exceptional charge of £225k. We have also made exceptional provisions of £214k for stock taken on during the pandemic that is now slow moving and £147k relating to a historic IP agreement. After making these charges and non-cash provisions the loss before tax was £1.25m compared to a profit of £1.0m in the previous year.

Financing

At the year end we had no borrowings (2021 nil) and cash of £1.1m (2021 £1.6m). In order to ensure that we could continue to invest in the business to deliver growth, and as equity markets remained very difficult for new issuance, the Board decided to issue convertible loan notes. This raised £1m in July with £0.5m coming from Directors, demonstrating their confidence in the long-term outlook for the business.

Strategy

We continue with our strategy of satisfying increasingly complex needs for infection control products by developing and commercialising a variety of high performance biocidal technologies, grounded in excellent science, supported by strong data and structured to receive regulatory approval in the relevant markets.

During the pandemic the team was necessarily active in multiple business segments across both B2B and B2C. This was profitable activity and certainly provided us with a lot of extra resources. As the pandemic has tailed-off the team has been working hard to focus on fewer technologies and fewer products in a smaller number of market segments, which should in turn lead to improved profitability and stronger market shares. This process will carry on into the new financial year.

One key change that shareholders will note in future is that we will increasingly target product claims outside of our historic "long-lasting" positioning. This is because we have now formalised agreements with a number of partners to commercialise our long-lasting technologies in the US (Integrated Resources and its customers), globally in B2B and B2C (Solvay SA and its customers), UK hospitals (Tristel plc) and a number of smaller partners elsewhere in the world. We will of course be supporting those partners where we can – as we will only make money if they do – but we are now freeing up resources to pursue other technical niches such as natural and sustainable products, of which our seaweed technologies is one exciting prospect.

Board and employees

During the year we were pleased to welcome two key new employees to the leadership team. Chris Sedwell FCA joined the Board in December 2021 as an Executive Director and our first full-time CFO. Chris joined us from a consulting role in SMEs and prior to that a Finance Director at ConvaTec. We were also very pleased to hire Vivan Pinto in Janaury 2022 from Johnson & Johnson as Chief Growth Officer (CGO), taking over much of the revenue-generating side of the business. Both have made strong starts within the Company.

Those senior changes, plus the covid-delayed integration of the Medimark team into the Company have in turn led to a relatively high staff turnover in the last year, which the core team have born with a great deal of professionalism and good humour. The team now numbers 40, compared to 39 a year ago, and I thank the team for their professionalism and committment during the transition.

AGM

The Company's AGM is expected to be held on or around 22nd September in London. We held our first post-covid AGM in public last year in London and found the Q&A section informative and enjoyable. We do value the participation of smaller and retail shareholders in these meetings and we continue to encourage your attendance – please do join us if you can.

Prospects

Our prospects remain excellent. We performed very well during the pandemic and have used the extra resources and skills generated then to improve the Company at all levels.

We now need to focus on the markets and technologies that offer the greatest, sustainable long-term returns and then invest carefully to maximise profits for the lowest risk profile. Your Board remains highly confident that we are on the right path to doing that and remain optimistic about future growth and profitability.

John Langlands
Chairman

Chief Executive Officer's Statement

For the year ended 31 March 2022

Dear Shareholder

Now that the world is returning to a degree of normality following the covid pandemic, Byotrol has returned to its steady pre-covid progress, but with added excitement about the many increased opportunities in our markets and our positioning within them.

Our sales for the year were below that of the covid-inflated years but were still solid (albeit stop-start) across product sales and intellectual property. We are seeing underlying longer term demand in our markets steadily increasing and we subscribe to market analyst projections of 10% future market growth, double that of pre-covid.

That underlying growth is obscured in our results by the vestiges of oversupply as covid-related demand dissipates, and as international supply chain challenges persist. There remains an element of excess stock in the system with overstocked competitors cost-cutting but these pressures are now beginning to subside.

Having run a very lean business pre-covid, we have utilised the extra resources generated during the pandemic to upgrade the quality of our systems and teams and will now gradually return to our lean approach, but with increased investment in sales and marketing, and team.

Financial highlights of the year, compared to the fully covid-driven FY 2021 and partially covid-driven FY 2020 are;

- Sales £6.3m (versus £11.2m in 12m to 31 March 2021, and £6.0m in 12m to 31 March 2020)
- Gross profit pre-exceptional charges £3.0m (versus £4.9m and £2.9m respectively)
- Operating costs from continued business: £3.3m (versus £3.5m and £2.7m respectively)
- Adjusted EBITDA: £0.04m (versus £1.78m and £0.47m respectively)
- Cash at year end; £1.1m (versus £1.6m and £1.7m respectively)
- Debt free

Operational highlights:

- Restructuring of team and concentration of activities in Chester, including
  - Recruited our first full time CFO and our first full time CGO, both with blue-chip backgrounds and experience
  - Reorganised our technical team to concentrate on innovation rather than testing, under a new CTO
  - Consolidated the Byotrol and Medimark sales and marketing functions, under the new CGO
  - Post year end, closed the Sevenoaks office, previously the HQ of Medimark, with staff now based at Byotrol's head offices in Chester and trading activity similarly transferring across to Byotrol.
- Increased investment in systems, including upgraded reporting and accounting, IT and HR systems and processes
- Launched a programme to reduce inefficiencies in the business, including reducing skus from over 200 to 170, and substantially concentrating our proactively-served customer base.

We are currently projecting costs for the new financial year to increase by around 4% but we expect payback on this through increased gross margin and other operational gains.

Strategy

We continue to focus on technologies and chemical formats that satisfy infection prevention needs and that have the innovation and uniqueness that should generate sustainable and high returns. Our products have to date been exclusively biocidal-based chemistries in a variety of formats.

Our longer-term positioning has always been based on offering technologies that require regulatory approval from the relevant national regulators via a complex process that weaker competitors cannot support. We continue in that vein and are pleased to see this is now working for us with competitors now focussing on fewer and fewer markets. This has been complicated a little by the UK now choosing to diverge from the EU biocide regulations and introducing its own regime, but the strategy remains in place and we are busy securing approvals for our core chemistries in both EU and UK markets, plus other international markets on a case-by-case basis.

Markets

Professional

We report full year revenues in Professional of £5.1m, compared to £9.4m in the covid-inflated prior year, and £5.2m in the previous year, itself inflated by 3 months of covid. Gross profit amounted to £2.6m, compared to £4.1m and £2.5m respectively

Within this, IP sales (including royalties from licensing) were £1.1m, split £0.2m in actual cash received and the balance recognised in revenue as discounted future guaranteed payments.

The gross margin from product sales in this segment in the year was 37.1% versus 36.8% in the prior year, reflecting good management of supply chain relationships despite the turmoil

Licensing and IP Sales

- We are pleased to report that we have now invoiced our first commission from Solvay SA on its sales of Actizone 24 hours surface sanitiser. This was a modest sum, but an important first step. Solvay continues with its global launches of Actizone – both in its own right and via global FMCGs - boosted by receiving full approval from the US EPA for long-lasting germ kill claims.
- In October and March this year we sold our own long-lasting germ kill product (Byotrol24) in the US to Integrated Resources Inc ("IRI") for gross cash of $1.4m over four years, plus ongoing royalty payments and a share of upside if the formulation is sold on. Post year-end we signed, in conjunction with IRI, a sub-licence over Byotrol24 to an internationally-recognised brand in US institutional markets
- Other existing licensees across Professional and Consumer (Tristel, SC Johnson, Tutlewax, Byoworks), largely performed to our reduced expectations given the unusual post-pandemic market environment.
- Our alcohol-free hand-sanitiser licensee Advanced Hygienics LLC ("AH") in the US has struggled over recent years with competition from alcohol-based sanitisers, and no support from US regulators. We feel it prudent to write down the value of that license from US$0.15m to zero, although we will keep the agreement open as AH restructures.

Consumer

We report full year revenues in Consumer of £1.2m, compared to £1.8m in the covid-inflated prior year, and £0.8m in the previous year, itself inflated by 3 months of covid. Gross profit amounted to £0.4m, compared to £0.7m and £0.4m respectively

The gross margin from product sales in this segment in the year was 36.6% versus 39.4% in the prior year, reflecting some challenges with our consumer manufacturing base in China.

Consumer is still under-resourced within the Company and consumer-oriented marketing relatively limited. However all core customers have remained solid in performance and we have had some success in new listings for floor care sanitisers (dispensed by Swan and RK Wholesale branded domestic cleaning machines) and on-line listings for Hycolin24 surface sanitiser at Amazon and Ocado.

Since year end we have hired new leadership for our consumer business, both at strategy and national account manager level, and also within group marketing, which supports our consumer marketing efforts.

Research and Development

Our R&D team remains at the core of Byotrol's positioning and we continue to invest heavily in its activities.

The team performed a largely support role during the pandemic, solidifying and validating product claims against coronavirus, testing and approving new formulations and formats where supply chain conditions demanded. In the past year, the team under the new leadership of Dr Chris Plummer, has shifted its focus to:

- Developing and validating the performance of next generation surface sanitiser, approved for EU and UK animal health markets. This will form the basis of Byorol's biggest ever product launch, planned for November 2022
- Developing and validating the performance of a fogging disinfection technology for large indoor spaces, with product claims of 30 day efficacy. This is particuarly targeted to overseas facilites management markets
- Developing natural based sanitisers for surfaces and human skin, seeking sustainable technologies that either meet the performance of non-naturals or exceed the performance of currently used naturals.
- Securing partners for the commercialistion of the anti-viral properties of seaweed, where we now have a data-supported explanation for the mode of action underlying the extraordinary performance characteristics. Securing partners is a slow process, but progress is encouraging with two analytical programmes already underway with globally-recognised names in FMCG and pharmaceuticals.

All of these projects are proceeding in a very encouraging manner.

Balance Sheet

Our balance sheet remains healthy, with cash at year end of £1.1m (£1.6m) and stock, post provisions, at £0.4m (£1.1m), the latter reflecting the exceptional provision of £0.2m against slow moving inventory dating back to the height of the pandemic. Both indicators are below the previous year as a result of post covid adjustments but are still both ahead of historical norms for our business.

As annnounced on 28 July, post year-end we raised £1m by way of convertible loan notes, from directors and their families and from existing significant shareholders. This extra cash allows for continued investment in the business without increasing our risk profile and without being reliant on future capital markets health, especially in the event of more external economic and political shocks.

In the year we added a further £0.5m to capitalised development costs to reflect ongoing investment in regulatory, IP and patent assets. This should underpin the Company's valuation as the regulatory environment continues to tighten.

Outlook

We expected product sales and income from royalties to fall this year relative to the pandemic period. We also expected a difficult trading environment as overstocking across the industry worked through. These expectations became reality and our results show the impact of those pressures.

Nevertheless we remain completely confident in our products and our future performance and have been investing hard to secure future growth and profits in the rapidly changing industry environment we operate in. We have therefore been reviewing strategy and processes across product and customer concentration, core versus non core technology platforms, sector focus, export opportunities and of course our teams across all levels. We have introduced a lot of change and believe there are many efficiencies to accrue. Extra resources generated from sales during the pandemic have given us a one-off opportunity to upgrade and solidify our business for long-term gain.

The opportunity remains vast in this market and the profit potential substantial. We continue to be very excited about our future and look forward to further progress in the year ahead.

David Traynor
Chief Executive Officer

Strategic Report - Key Performance Indicators

For the year ended 31 March 2022

Introduction

The Directors consider that revenue and gross margin, adjusted EBITDA[1] and profit before tax, the related margins as a percentage of revenue, and cash generation are key performance indicators ("KPIs") in measuring Group financial performance. We track revenue as it is an indicator of the Group's overall size and complexity, gross profit as it is a primary indicator of the profitability of our products and services, and adjusted EBITDA as it is a key measure of the Group's effectiveness in converting revenue to earnings, excluding the effects of certain non-operational and/or exceptional transactions. We track cash generation as ultimately this drives shareholder returns.

Key Performance Indicators

	2022	**2021**	***Var***
Revenue	£6.3m	£11.2m	*(£4.9m)*
Gross profit pre -exceptionals	£3.04m	£4.86m	*(£1.82m)*
*Trading gross profit margin**	*37%*	*37%*	-
Adjusted EBITDA[1]	£0.04m	£1.78m	*(£1.74m)*
Adjusted EBITDA margin[2]	*0.6%*	*15.8%*	*(15.2%)*
Cash (used in)/generated from operating activities	(£0.28m)	£0.58m	*(£0.86m)*
Net cash at year-end	£1.1m	£1.6m	*(£0.5m)*

The above figures show results for continuing operations only
** i.e. excluding royalty and licensing income and income arising from the sale of intellectual property*

[1] i.e. earnings before interest, tax, depreciation, amortisation and exceptional and other adjusting items – see Note 7

[2] i.e. adjusted EBITDA as a percentage of revenue

Strategic Report - Principal Risks and Uncertainties

For the year ended 31 March 2022

Introduction

Our aim is to recognise and address the key risks and uncertainties facing the Group at all levels of our business.

There are a number of risk factors that could adversely affect the Group's execution of its strategic plan and, more generally, the Group's operations, business model, financial results, future performance, solvency, or the value or liquidity of its equity. The Board is committed to addressing these risks by implementing systems for effective risk management and internal control.

The Board continually assesses the principal risks and uncertainties that could threaten Byotrol's business, business model, strategies, financial results, future performance, solvency or liquidity. The items listed below represent the known principal risks and uncertainties but does not list all known or potential risks and uncertainties exhaustively. Where possible, steps are taken to mitigate risks.

Principal risk	Mitigation
Regulatory and technology	
The industry in which Byotrol operates undergoes continual change reflecting technical developments as industry and government standards and working practices change and emerge. The ability to continue to market the Group's products is inextricably linked to the Group's ability to achieve and maintain regulatory and legal approvals in those countries where the Group has a presence The Group's intangible asset base is founded upon its patent and regulatory approvals. Patent applications and approvals continue to be sought worldwide to protect the intellectual property portfolio. As the products are based upon existing approved biocides, regulatory issues are still complex but not as complex as with a newly-designed chemical compound. The markets in which Byotrol operates are competitive and rapidly evolving. The Group's existing products may become less competitive or even obsolete if competitors introduce new products and/or customer behaviour or requirements change. Within the EU the regulatory environment continues to change significantly - at the core of this change are the Biocidal Products Regulations, under which the EU is intending to harmonise the market in Europe for biocidal active substances and products containing them. This means that industry participants will be required to (a) register all their formulations with the EU and (b) use only active ingredients specifically approved by the EU authorities. Within the UK, as the post-Brexit industry environment evolves, it is becoming clear that the UK will operate its own regulatory protocol. At present it would appear that the UK protocol will largely mirror the EU protocol although there is a possibility over time that these diverge. Nevertheless, it also means that for	The Group employs highly qualified senior management who monitor closely developments in technology that might affect its research capability and product evolution. The Group monitors regulatory risks regularly and makes extensive use of consultants and patent lawyers to ensure appropriate actions and protections. The Executive Board members, supported by senior managers and such specialist advisers, take responsibility for maintaining legal compliance. New products and features are assessed against their target markets and in response to customer feedback. The Group's management is pro-active in responding to changing market conditions and sees the changes as an opportunity to build market share and benefit from consolidation within the biocides industry. To address the increasing complexity of the EU and UK regulatory regimes, a Regulatory Manager has been recruited, supported by the Technical team. A key part of the remit of the Regulatory Manager has been to provide detailed analysis of the Biocidial Products Regulations ("BPR") in both the UK and Europe, allowing senior management and Exec Board members to determine which sectors and territories to register our portfolio in future years, harnessing both technical and competitive advantage.

Byotrol's product sales into European countries that separate registrations will be required for the different product type sectors. This is creating extra regulatory work and will undoubtedly lead to further complexity for the Group.	
Supply chain risk The Group's ability to continue to manufacture and supply its products in a timely manner is a prerequisite to maintaining its sales growth rate, gross margin and profitability. This area of risk is kept under constant review, including identifying multiple routes of supply for key materials and services related to the production of the Group's products. The Group's supply chain was placed under considerable stress during the coronavirus pandemic yet coped extremely well and emerged from that stronger. This has highlighted the need to continue to establish relationships and build volume with higher quality manufacturers. It is recognised that a significant disruption to the supply chain could significantly threaten Byotrol's ability to do business, particularly in the short term, and could result in significant financial loss.	The Group continues to consolidate its Supply Chain function, not only to allow the Group's Supply Chain to establish much better and clearer relationships with both finished product manufacturers and raw materials suppliers, but also to improve the timeliness of the information it is able to share with is customers. This will remain a key area for improvement and focus over the next 12 months and will include the appointment of a new Director of Supply Chain, along with simplification of our routes to market to generate further efficiencies internally within our Supply Chain process. The Group continues to embed its improved quality management system, led by an experienced Quality Manager.
Attracting and retaining skilled people Attracting and retaining the best skilled people at all levels of the business is critical. This is particularly the case in ensuring we have access to a diverse range of views and experience and in attracting specific expertise at both managerial and operational levels where the market may be highly competitive. Failure to attract new talent, or to develop and retain the Group's existing employees, could impact the Group's ability to achieve the Group's strategic growth objectives. As we continue to grow and diversify into new areas, this risk will continue to be a focus for the Board.	Our business model has created a pipeline of opportunities for staff at every level of the business. This will continue to be the case as the Group develops. The Group's focus on competency at all levels of the business continues to ensure that we develop the Group's people and enable them to successfully manage the changing profile of the Group's business. During the past year, a significant restructure of the business has taken place, encompassing our key sales and technical functions, as well as bringing in a Chief Commercial Officer and full-time appointment of a CFO, all with a view of ensuring the resource foundations are in place to support future growth. Incentive programmes are also in place to ensure that key individuals are retained.

Risk	Mitigation
Economic, international trade and market conditions The Group is generally exposed to economic, trade and market risk factors, such as global or localised economic downturn/recession, changing international trade relationships, foreign exchange fluctuations, consolidation or insolvency of existing or prospective customers or competitor products, all of which could threaten Byotrol's performance and prospects.	Mitigation against the short-term impact of such risks is provided through a large spread of customers to whom we sell a diverse product range. Byotrol's margins provide a level of protection against volatile economic or market situations, and we continue to monitor the segments in which we operate to anticipate the impact of changing economic, trade and market conditions. Our policy of ongoing product development helps us to maintain our competitive advantage. In the immediate term, we are not immune to the cost price inflationary pressures currently being seen across markets and industries. We have established clear lines of communications with our key suppliers to understand the impact on our own cost-base and are mitigating the impact of this with price increases across our portfolio where necessary. We undertake regular reviews of margins to support our understanding of cost price trends.
Credit risks The Group's principal financial assets are cash and receivables. Credit risk is primarily attributable to its trade receivables, which are diversified across a large number of mostly low value customer accounts (with a few exceptions where the Group has entered into long-term arrangements with purchasers or licencees of IP). In addition, operations in new markets may have a higher than average risk of political or economic instability, and may carry increased credit risk. In each case the risk to the Group is its ability to collect its debts.	Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers; by requiring where appropriate payment for goods in advance; and by closely monitoring customer balances due to ensure they do not become overdue. In addition, careful consideration is given to operations in new markets before the Group enters that market. The Group will continue to assess the impact of market conditions and potential impact of these on credit risk, taking necessary action to minimise such risk wherever appropriate. The Group did not enter into derivative transactions during the year. It is the Group's policy that no speculative trading in financial instruments will be undertaken.
Liquidity risks Fluctuations in working capital may leave the Group with inadequate cash resources to fund its operations.	Group cash balances are monitored on a daily basis to ensure that the Group has sufficient funds to meet its needs. Cash flow forecasts are generated weekly and reviewed regularly by management. The Directors have prepared projected cash flow information for the coming year. The projections take into account the business opportunities highlighted in the Chief Executive's Statement, the

	timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board. On the basis of these projections, the Group has sufficient working capital facilities for the foreseeable future.

Strategic Report – Financial review

For the year ended 31 March 2022

Introduction

Whilst FY21 saw a record performance for the business, it also saw many customers and the wider market for infection control sitting on high levels of inventory. As the peak of the Coronavirus pandemic has passed, the unwind of this has seen prolonged irregularity in ordering patterns whilst inventory levels across the market corrected to more normal levels. The impact of this is seen in our top-line performance for FY22, which is on a comparable level to that seen in FY20 (largely pre-pandemic) but which nonetheless forms a more stable basis upon which future growth of the business will be measured.

Income Statement

Revenue

Professional

Revenues for product sales decreased by 52% to £4.03m from £8.33m, with gross profit similarly reducing from £3.07m to £1.50m; reflecting the impact of excess inventory in the market. Royalty and licensing activities generated a further £1.1m of income (2021: £1.1m).

Consumer

Revenues for product sales reduced by 35% to £1.18m from £1.80m, with gross profit falling from £0.71m to £0.43m.

Finance income

In addition to the above, notional finance income arose from the imputed cost of funds on long-term contracts (£0.04m in 2022; 2021: £0.05m). This has been added back to adjusted EBITDA in the calculation set out in Note 7.

Cost of sales

Cost of sales of £3.29m (2021: £6.36m), before exceptional items (see 'Inventories' below) represents the direct manufacturing costs of products and the cost of logistics (warehousing, transport etc). The reduction on the prior year reflects the fall in year on year sales. Given the mix of Byotrol's activities, gross margin across the sales mix, whilst flat against the prior year, 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 showed a minor improvement of 0.3% to 37.1% (2021: 36.8%) primarily due to a sales mix change favouring higher margin products in our core animal care segment . For the Consumer business (again excluding royalties, IP etc.) the gross margin fell to 36.6% (2021: 39.4%): in this segment the Group's activities are smaller and margins can vary considerably depending on the customer mix in any given year, though as noted earlier we have experienced some challenges with our consumer manufacturing base in China.

Overhead expenses and research and development

Overhead costs, before exceptional items, saw a reduction on the prior year to £3.31m from £3.49m, with the second half of the year reflecting the savings achieved from the restructuring programme completed around mid-year.

Staff costs for the year totalled £2.21m (2021: £1.86m) with the first half of the year bearing the higher weighting of cost up until the point of restructuring. The increase upon the prior year is also impacted by the exceptional £0.23m incurred as part of the restructuring programme (see Note 7). Additionally, a further £0.07m was incurred in professional fees relating to strategic hires made during the year to implement the strategy for future growth.

Cash research and development costs increased to £0.49m (2021: £0.39m) with the Group continuing to invest in the research and development of further anti-microbial products and has 10 (2021: 9) employees in its research and development department.

During the year, the Group received £0.20m from it's UK Innovate grant in conjunction with Liverpool University to investigate the mode of action of seaweed extracts in achieving the excellent anti-viral performance we have discovered in our own lab testing to 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 reduction in the latter from £0.05m to £0.04m relates to a number of contracts signed in the year as well as in previous years.

Total finance expense of £0.02m was incurred in the year (2021: £0.04m) relating to bank charges and an element of lease expenses now recognised as interest under IFRS 16.

Profitability

Adjusted EBITDA decreased to £0.04m (2021: £1.78m). This was due to the combination of the fall in income as the Group navigated the after-effects of the Covid pandemic on the marketplace as documented above, plus strong investment into the business to set the foundations for sustained and future growth. The Group's pre-tax loss was £1.25m (2021: profit £1.03m), though is after absorbing £0.59m of exceptional charges and £0.58m amortisation/depreciation. After a tax charge of £0.10m (2021 £0.06m) this resulted in statutory EPS of -0.30p (2021: 0.22p) and -0.07p on an adjusted basis (2021: 0.29p).

Taxation

Given the loss made in the year, the tax charge for the period reflects the movement in Deferred taxation (see Note 14). Significant tax losses remain available to the Group; however, given the uncertainty of timing of realisation of these losses, the deferred tax asset relating to such assets was largely derecognised with a resulting deferred tax charge of £0.10m (2021: £0.08m)

A non-cash tax credit continues to arise 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 acquisition of the Medimark business in 2018 comprised principally customer relationships, various brands, 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 £1.53m at the year end (2021: £1.79m). 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 2022 was £1.28m (2021: £1.12m) after capitalising expenditure of £0.37m and amortisation of £0.21m. Some £0.17m of this expenditure related to the Group's activities in developing the biocidal properties of seaweed along with a new plant-based technology, with the remainder related to various programmes in support of existing technologies (or extensions thereto) used by the Group either in response to specific customer requirements or regulatory developments.

Patents and licences

The Group continues to protect its IP by registering patents when relevant. During the year, certain patents in geographies where it was felt the likely benefits of retaining the patents were outweighed by the cost of maintaining them were allowed to expire. The book loss arising from this abandonment was £0.02m. Following this, expenditure of £0.12m and amortisation of £0.04m, the book value of such patents and licences was £0.19m (2021: £0.13m).

Property, plant and equipment

Expenditure of £0.02m was incurred in the year (2021: £0.06m), of which £0.02m was on computer equipment including investment in a new R&D safety management system. Depreciation in the year amounted to £0.03m (2021: £0.03m) with the current year's charge reflecting the investment in the prior year in new laboratory equipment such as the virology lab. During the year, a review of the tangible fixed assets register was undertaken resulting in the removal of fully written down items with an initial book cost of £0.04m.

Excluding amounts relating to Right-to-Use assets now recognised under IFRS 16 of £0.03m (2021: £0.03m), the aggregate net book value of property, plant and equipment decreased to £0.07m (2021: £0.08m).

Inventories

Inventories comprise raw materials, work in progress and finished goods held at the Group's third-party warehouses and contract manufacturers for sale to customers. Total inventory held at the year-end reduced significantly to £0.40m from £1.10m at the end of 2021. As noted in the prior year accounts, additional inventory was taken on in FY21 to cover expected demand as the business moved into FY22 and as such the prior year inventory balance represented a high point. As FY22 progressed it became clear there was significant over-stocking in the market in a number of the segments we operate in, and ordering in these areas has become increasingly irregular. As a result, and combined with a strategic decision to narrow our focus to operating more efficiently in a post Covid-pandemic marketplace, we have taken an exceptional provision of £0.21m against slow moving lines. This provision is reflected within the total of £0.40m at the end of the year.

Trade receivables

Trade receivables arising from product sales increased to £1.20m (2021: £0.88m), driven by an increase in ordering seen in the final quarter together with an unwind of some supply chain challenges that had slowed our delivery times across the third quarter and into the final one.

Trade receivables also arise for the Group where the consideration for the sale or licence 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). Of the total trade receivables relating to IP transactions, £0.50m was due in one year (2021: £0.40m) and £1.56m was due after one year (2021: £1.25m). Of this balance, £1.13m was due to be collected within 2-5 years and £0.43m after 5 years (2020: £0.75m and £0.50m respectively).

On reviewing our non-current royalty receivables relating to IP transactions, we identified a concern around the future prospects of one of our long-standing partners. In view of this, an exceptional provision of £0.15m was made against the full remaining sum whilst the agreement remains under scrutiny.

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 £0.02m (including the expected credit loss provision required by IFRS 9 of £0.004m) (2021: £0.02m).

Trade and other payables

Trade payables increased in the year from £0.74m to £0.99m due to timing of inventory receipts late in the final quarter as supply chain issues resolved themselves – contributing to the strong sales late in the year as already noted in trade receivables. Accruals and deferred income reduced slightly to £0.16m (2021: £0.18m).

Statement of Cash Flows

Cash flow and financing

Net cash flow used in operating activities for the year was £0.29m (2021: £0.61m in flow), primarily driven by reduced sales in the year. Expenditure capitalised as development of intangible assets of £0.49m increased over the previous year (2021 £0.39m). In addition, and as already noted, exceptional costs of £0.23m were paid out as part of the restructuring programme in the year.

Since the year-end, the Group successfully issued a convertible bond in July 2022 for £1m to support the ongoing activities of the business and investing for future growth (see Note 32).

Strategic Report – Financial review (cont.)

For the year ended 31 March 2022

Summary

Despite the obvious challenges for the business during FY22, we nevertheless took the opportunity to invest in restructuring the business and making key strategic hires to deliver a clear and focused strategy for sustained growth. The business remains in good financial health and is well positioned to deliver on its plans.

Chris Sedwell
Chief Financial Officer

Strategic Report – Companies Act 2006 s.172 statement

For the year ended 31 March 2022

The Board acknowledges its responsibilities under the Companies Act 2006 (the "Act") and below sets out the requirements of the Act and in particular section 172(1), and the key processes and considerations that demonstrate how the Directors discharge their duties and promote the success of the Company. References to the Company include the wider Group where relevant.

Factors (a) to (f) below, are all taken into account during the decision-making process:

(a) The likely consequences of any decision in the long term

Supporting each key decision, the Board is given access to management papers which set out the potential outcome of decisions. The papers include diligence on the financial impact via forecasts, as well as non-financial factors and how the decision fits with the strategy of the Company. Strategy is reviewed in detail each year, where necessary in conjunction with external consultants, and this strategic thinking is intrinsic to future decision-making processes. Where appropriate, the Board delegates responsibility to a sub-committee of Directors for areas such as M&A, investor relations and so on.

(b) The interests of the Company's employees

As noted above, the Directors actively consider the interest of employees in all major decisions. The Directors' Report and Corporate Governance report set out in greater detail Byotrol's policy towards its employees. Value is created through innovation and customer service, which is a product of motivated employees. They are of central importance to Byotrol's success, and the Directors believe that the Byotrol culture and core values create an environment for engaged and successful employees.

The Group also operates option schemes for the majority of the Group's employees to encourage employee engagement in promoting the success of the Company and maximising shareholder return.

The health of the Group's employees is of course paramount, and the Directors have made every effort to facilitate working from home and also a safe "return to work" policy and other practices to ensure continuing good health during the recent coronavirus pandemic.

(c) The need to foster the Company's business relationships with suppliers, customers and others

The Directors have identified the key stakeholders (employees, customers and clients) of the Group and regularly review their interests, concerns and expectations to ensure adequate communication and engagement is ongoing with each group.

d) The impact of the Company's operations on the community and environment

The Company takes its responsibility within the community and wider environment seriously and acknowledge that more can be done. As a UK-based business with modest travel requirements for staff, the Company has a relatively low carbon footprint in terms of its operations but acknowledges improvements can always be made.

(e) The desirability of the Group maintaining a reputation for high standards of business conduct

The Directors and the Group are committed to high standards of business conduct and governance. The Group has fully adopted the QCA Corporate Governance Code. Additionally, where there is a need to seek advice on particular issues, the Board will seek advice from its lawyers and/or nominated advisers to ensure the consideration of business conduct, and its reputation is maintained.

(f) The need to act fairly between members of the Company

The Directors regularly meet with investors and strive to give equal access to all investors and potential investors. Through its advisers, the Directors seek and obtain feedback from meeting with the investors and incorporate such feedback into their decision-making processes where appropriate. Where conflicting needs arise, advice is sought from the wider Board and, as necessary, from advisers. Through the careful balancing of stakeholder needs, Byotrol seeks to promote success for the long-term benefit of shareholders.

As noted in the Corporate Governance Report, the Board meet at least 6 times a year with papers circulated in advance to allow the Directors to fully understand the performance and position of the Company, alongside matters arising for decision. Each decision that is made by the Directors is supported by analyses of the possible outcomes so that an educated decision can be made based upon the likely impact on the Company, so a decision can be made which best promotes the success of the Company and what impact there may be on the wider stakeholder group. In addition to formal Board meetings, there are regular (at least 2 or 3 times in a month) calls where the majority of the Board is present, such that all Directors can be fully appraised of relevant matters.

Decisions of the Board take into account not just short-term, but also medium- and long-term consequences, which are carefully considered and balanced, having regard to the needs and priorities of the business, its customers, partners, employees and other stakeholders. Executive directors also participate in regular "Operations Group" meetings.

Key decisions taken during the year

In August 2021, a programme commenced to restructure our technical and commercial operations. As part of this, we have centralised our sales activities alongside our existing technical team and laboratory at Thornton Science Park, driving improved information sharing across these disciplines. This is proving invaluable, not only for key upcoming product launches but also in understanding the impact of future regulation changes on our product offering to customers, as well as our positioning in the market place.

The Board has also appointed a Chief Growth Officer and full time Chief Financial Officer to underpin the long term strategy of the Group and provide the tools to support its execution.

The Group has also taken the decision to focus its strategy on fewer platforms, simplify its routes to market and review the number of products it currently offers in the marketplace. This is all with a view to drive operational efficiences that in turn will support a more focused plan for delivering longer term sustainable growth.

Strategic Report – Companies Act 2006 s.172 statement

For the year ended 31 March 2022

The Strategic Report was approved by the Board of Directors on

Signed on behalf of the Board

David Traynor
Director

Chris Sedwell
Director

Corporate Governance Review

For the year ended 31 March 2022

Statement of compliance with the 2018 QCA Corporate Governance Code

Chairman's introduction

High standards of corporate governance are a key priority for the Board of Byotrol and, in line with the London Stock Exchange's changes to the AIM Rules requiring all AIM-quoted companies to adopt and comply with a recognised corporate governance code, the Board has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework. It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to the Group's business.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it has complied with the principles of the QCA Code.

John Langlands
Non-Executive Chairman

QCA principles

SECTION 1: DELIVER GROWTH

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Our strategy is discussed further in the Chief Executive's statement. As evidenced by continuing progress in winning contracts from new customers as well as new business from existing customers, Byotrol has an increasing reputation in the biocide and infection control industry. To deliver this growth and hence promote long-term value for shareholders, the Board has established a clear business model encompassing (a) development and ownership of differentiated antimicrobial technologies; and (b) monetisation of those technologies by way of product sales, licences and commercial alliances. It has identified the following key areas of operation to focus on improving on the Group's performance:

- a sales strategy, which encompasses all critical areas progressively to open up new vistas and enable the Group to address larger market opportunities while positioning it as a key player in its chosen space; and

- a selective acquisition-led growth strategy where and when appropriate to expand the business model

The chief internal challenges in executing the business model are (i) ensuring quality and timely supply of our products to customers, which we do through regular audits of our manufacturing base; and (ii) ensuring regulatory approval for our products, which we maintain through use of consultants as well as dedicated internal resource. The main current external risks are the prospect of uncertain economic conditions globally and cost price inflation, both of which we comment on earlier in this Report, and general macro-economic conditions as they impact our sector, which we review as part of regular leadership meetings. Chief financial risks (which if not controlled will limit growth) are managed via (i) ongoing credit analysis of counterparties (ii) regular review of aged debtors and creditors and (iii) daily monitoring of Group cash balances. The Company always seeks to maintain a strong capital base to enhance investor, creditor and market confidence.

Corporate Governance Review (cont.)

Principle 2: Seek to understand and meet shareholder needs and expectations

Introduction

The Company remains committed to listening to and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what analysts and investors think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows and our regular reporting, remotely and utilising virtual presentations when necessary.

Institutional shareholders

The Directors actively seek to build a relationship with institutional shareholders. Shareholder relations are managed by the CEO and CFO who make presentations to institutional shareholders and analysts each year immediately following the release of the full-year and half-year results, as well as for any significant strategic developments. The Non-executive Chairman is also available to meet investors if required.

Private shareholders

In normal times private shareholders have had access to Byotrol presentations through various investor events throughout the year which they can attend; whilst this has been curtailed in the last two years because of restrictions on group events, the Directors have addressed this in the year through online events attended by the CEO and CFO. Private shareholders are also encouraged to contact the company directly with any enquiries they may have.

Likewise in normal times shareholders are encouraged to attend the annual general meeting ("AGM") at which the Group's activities and results are considered, and questions answered by the Directors. The AGM is the main forum for dialogue with such shareholders and the Board. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders.

Analyst research

We have not commissioned any "paid for" research from third party analysts and have no current intention of doing so. The Company's broker, finnCap Limited, produces research on the Group which is generally available free of charge from their internet portal, linked via the "Investors" section of the Group website.

Report and accounts

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation, under the guidance of its audit committee. The Directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Board

At every Board meeting, the CEO and CFO provide a summary of the content of any engagement they have had with investors to ensure that major shareholders' views are communicated to the Board as a whole. The Board is also provided with brokers' and analysts' reports when published. This process enables the Chairman and the other non-executive Directors to be kept informed of major shareholders' opinions on strategy and governance, and for them to understand any issues or concerns.

The non-executive directors are available to discuss any matter stakeholders might wish to raise, and the Chairman attends meetings with investors and analysts, as well as professional advisers, as required.

Investors may also make contact requests through the Company's broker, finnCap Limited.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for longer-term success

To be successful in the antimicrobial markets, with our technically oriented business model, the Company needs to ensure its employees are working effectively together with undisputed scientific expertise, undoubted ethics and recognition of our broader stakeholder and social responsibilities. Biocides can cause damage to society and to the environment if used incorrectly, which in turn will limit the success of our business.

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making.

Employees

Aside from our shareholders, suppliers and customers, our employees are one of our most important stakeholder groups and the Board has introduced a dedicated HR resource, being committed to implementing a structured internal employee review and appraisal process.

The Group believes that having empowered and responsible employees who display sound judgment and awareness of the consequences of their decisions or actions, and who act in an ethical and responsible way, is key to the success of the business.

Corporate social responsibility

The Group recognises the increasing importance of corporate social responsibility and endeavours to take it into account when operating its business in the interests of its stakeholders, including its investors, employees, customers, suppliers, business partners and the communities where it conducts its activities.

The operation of a profitable business is a priority and that means investing for growth as well as providing returns to its shareholders. To achieve this, the Group recognises that it needs to operate in a sustainable manner.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates. The Group supports the UN Universal Declaration of Human Rights and recognises the obligation to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, religion, gender, language or disability.

Corporate Governance Review (cont.)

Customers

The Group encourages feedback from its customers through engagement with customers on an individual basis as and when necessary. Despite the number of customers having more than doubled in the past couple of years, we have regular interface with our customers and their needs are appreciated. This is being supported with the creation of a new customer services team in our Thornton offices as part of our centralisation project.

Health and safety

The Directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. The Group seeks to exceed legal requirements aimed at providing a healthy and secure working environment to all employees and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all employees. All employees are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

Environment

The Directors are committed to minimising the impact of the Group’s operations on the environment. The Group recognises that its business activities have an influence on the local, regional and global environment and accepts that it has a duty to carry these out in an environmentally responsible manner. It is the Group’s policy to endeavour to meet relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group’s internal control systems and for monitoring their effectiveness. The Board, with the assistance of the Audit Committee, maintains a system of internal controls to safeguard shareholders’ investment and the Group’s assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces.

The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Group and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

Further details of the principal risks faced by the Group, together with their potential impact and the mitigation measures in place, are set out in the section on "Principal risks and uncertainties" in this Annual Report. The Board believes these risks to be currently the most significant with the potential to impact the Group's strategy, financial and operational performance and ultimately, its reputation.

The Board considers risk to the business on an ongoing basis and the Group formally reviews and documents the principal risks at least annually. Both the Board and senior management are responsible for reviewing and evaluating risk and the executive Directors meet on a regular basis to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading, the outcome of which is reported to the Board.

Corporate Governance Review (cont.)

SECTION 2: MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

Principle 5: Maintain the Board as a well-functioning balanced team led by the Chair

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. The current Board structure comprises the Non-Executive Chairman, the Chief Executive, Chief Financial Officer and two Non-Executive Directors. The biographies of all serving Directors appear above on pages 6 and 7.

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered.

The Board has a formal schedule of matters reserved to it and meets at least bi-monthly. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters. The Chairman, John Langlands, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-executive Directors. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board and Committee meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The attendance of the Directors at scheduled board and committee meetings during the year was as follows:

Director	Board	Audit	Remuneration
Trevor Francis	6/6	*n/a*	*n/a*
Sean Gogarty	6/6	2/2	2/2
Nic Hellyer (resigned 13 December 2021)	4/4	*n/a*	*n/a*
John Langlands	6/6	2/2	2/2
Chris Sedwell (appointed 13 December 2021)	2/2	*n/a*	*n/a*
David Traynor	6/6	*n/a*	*n/a*

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board currently comprises two executive and three non-executive Directors, including the Chairman, with an appropriate balance of sector, financial and public market skills and experience. The skills and experience of the Board are set out in their biographical details above. The experience and knowledge of each of the Directors gives them the ability constructively to challenge the strategy and to scrutinise performance. The Board also has access to external advisers where necessary.

Executive and non-executive Directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The executive directors are employed under service contracts requiring 6 months' notice (by either party). The non-executive directors and the Chairman receive payments under appointment letters which are terminable on three months' notice.

Corporate Governance Review (cont.)

The Board encourages the ownership of shares in the Company by executive and non-executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature. The Board considers ownership of Company shares by non-executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the non-executive Directors and will seek guidance from its advisers if, at any time, it is concerned that the shareholding of any non-executive Director may, or could appear to, conflict with their duties as an independent non-executive Director of the Company. Directors' emoluments are set out in Note 10 and Directors' interests in shares and options over the Company's share capital are set out in the Directors' Report.

The Board currently meets at least 6 times a year. It has established an Audit Committee and a Remuneration Committee. The Board does not have a formally established Nominations Committee. All matters concerning the appointment and removal of Directors, and for Executive and Non-Executive Director succession planning are considered by the full Board (with any appointments subject to a shareholder vote at the following Annual General Meeting)

Throughout their period in office the Directors are continually updated on the Group's business, the industry and competitive environment in which it operates and other changes affecting the Group by written briefings and meetings with the executive Directors. They are reminded by the Company Secretary of these duties and are also updated on changes to the legal and governance requirements of the Group, and upon themselves as Directors, on an ongoing and timely basis.

The Board considers that it has an appropriate blend of sector, financial and public markets experience and personal skills and capabilities to enable it to deliver its strategy. Three members of the Board have been involved in the consumer product sector for many years and two of the directors have significant public markets experience. Directors attend trade events and seminars to ensure that they remain up to date with current developments.

The Company has adopted a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and which is in accordance with Rule 21 of the AIM Rules and the Market Abuse Regulations.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The performance of individual Executive Directors is reviewed not less than once a year by the Remuneration Committee (by reference to their general contribution). The Chairman monitors the performance of individual Non-Executive Directors, who themselves may feed back to the CEO with any concerns regarding the Chairman. Throughout, each Director has access to the Company's nominated adviser (who in turn may provide feedback on the Board as a whole or individual Directors).

At this stage of the Group's development there are no formal systems of appraisal of Board members. When the Group's size and resources justify it, such appraisal systems will be implemented. Regard is also given to the views of key shareholders and other stakeholders as appropriate.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience matched against those required for the work to be performed. The Board is committed to embodying and promoting a sound corporate culture and has endorsed various policies which require ethical behaviour of staff and relevant counterparties (such as those mandating anti-corruption, anti-counterfeiting, fair treatment and equality of opportunity).

The Group recognises the importance of investing in its employees and, as such, the Group provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.

The Group recognises that commercial success depends on the full commitment of all its employees and commits to respecting their human rights, to provide them with favourable working conditions that are free from unnecessary risk and to maintain fair and competitive terms and conditions of service at all times.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other non-executive Directors. The CEO is responsible for the operational management of the Group and the implementation of Board strategy and policy. By dividing responsibilities in this way, no one individual has unfettered powers of decision-making.

There is a formal schedule of matters reserved for decision by the Board in place which enables the Board to provide leadership and ensure effectiveness. Such matters include business strategy and management, financial reporting (including the approval of the annual budget), Group policies, corporate governance matters, major capital expenditure projects, material acquisitions and divestments and the establishment and monitoring of internal controls.

The appropriateness of the Board's composition and corporate governance structures are reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Chairman together with the other Directors, and these will evolve in parallel with the Group's objectives, strategy and business model as the Group develops.

Beneath the Board, there is an operational governance framework via the Operating Board (overseen by the Executive Directors) which facilitates the effective management of the business. This organisational structure is kept under continual review and evolves as the needs of the business change as it grows and develops.

Board committees

The Board has established Audit and Remuneration Committees.

The Audit Committee's prime task is to review the scope of external audit, to receive regular reports from the Group's auditors and to review the half-yearly and annual financial statements before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes. The Committee has considered the need for an internal audit function and has concluded that, at the present time, no such function is necessary. This will be reviewed on a regular basis. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work and discusses the nature and scope of the audit with the external auditor.

The Committee is chaired by John Langlands, meets at least two times per year and provides a forum for reporting by the Group's external auditor. Meetings are also attended, by invitation, by the Executive Directors.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 8 to the financial statements.

The Remuneration Committee, comprising the Non-Executive Directors, is responsible for making recommendations to the Board on the Group's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance related bonus schemes,

Corporate Governance Review (cont.)

pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors on the recommendation of the Chief Executive. The Remuneration Committee comprised John Langlands and Sean Gogarty (Chairman). The report on Directors' Remuneration is set out in Note 10.

The terms of reference of each Committee can be downloaded from www.byotrol.com

SECTION 3: BUILD TRUST

Principle 10: Communicate how the Group is governed and is performing

The Board maintains a frequent dialogue with all of its stakeholders, both in person and through formal channels such as the Annual Report (which, inter alia, contains details of the work of the Board and the various committees during the year) and the London Stock Exchange Regulatory News Service. The Group values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy.

Audit Committee Report

Dear Shareholder

As Chairman of Byotrol's Audit Committee, I present the Audit Committee Report for the year ended 31 March 2022, which has been prepared by the Committee and approved by the Board.

The Committee is responsible for reviewing and reporting to the Board on financial reporting, internal control and risk management, and for reviewing the performance, independence and effectiveness of the external auditors in carrying out the statutory audit. The Committee advises the Board on the statement by the Directors that the Annual Report when read as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Objectives and responsibilities

The Committee is responsible for monitoring the integrity of the Group's financial statements, including its Annual and Interim Reports, preliminary results announcements and any other formal announcements relating to its financial performance prior to release.

The Committee's main responsibilities can be summarised as follows:

- to review the Company's internal financial controls and risk management systems;
- to monitor the integrity of the financial statements and any formal announcements relating to the Group's financial performance, reviewing significant judgements contained in them;
- to make recommendations to the Board in relation to the appointment of the external auditors and to recommend to the Board the approval of the remuneration and terms of engagement of the external auditors;
- to review and monitor the external auditors' independence and objectivity, taking into consideration relevant UK professional and regulatory requirements;
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to steps to be taken

The terms of reference are reviewed annually.

Audit committee and attendance

The Audit Committee comprises the non-executive directors. The Committee is required by its terms of reference to meet at least twice a year. During the year, the Committee met 2 times, to review the draft financial statements and to review the report of the auditors on the final financial statements immediately ahead of their publication, plus a review of the interim financial statements.

Significant issues considered during the year

During the year, the Committee:

- reviewed the annual audit plan and met with the external auditors to receive their findings and report on the annual audit;
- considered significant issues and areas of judgement with the potential to have a material impact on the financial statements, including impairments of the Group's investments and technologies;

- considered the integrity of the published financial information and whether the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Group's position and performance, business model and strategy; and
- reviewed and approved the interim and year end results and accounts

The significant accounting areas and judgements considered by the Committee were:

Carrying value of goodwill and other intangible assets

The Audit Committee reviewed the judgements taken in the impairment review performed for each of the Group's two cash generating units to determine whether there was any indication that those assets had suffered any impairment. The Audit Committee consider the key judgements to be the discount rate and growth rates used in the value in use calculations. Following a review of the impact of the sensitivities performed by management on the discount rate and growth rate in the value in use calculations, the Audit Committee considered that the rates used were reasonable and indicated no impairment.

The Committee also reviewed the basis of capitalisation and considered the intangible value attributed to its intangible development costs. The Committee was satisfied that the resultant net book values were appropriately prepared on a reasonable basis.

Exceptional Items

The Committee reviewed the assumptions made in respect of the 3 exceptional items disclosed in the year, these being the £225k restructuring charge, £147k IP receivables provision, and £214k Inventory Provision. The Committee accepted that these items and their disclosure was reasonable.

Going Concern

The Committee reviewed the cash flow forecasts for the Group and discussed the key assumptions and risks relevant to their achievement. The Committee was satisfied that the basis for adopting the going concern basis in preparing the Group and Company financial statements, set out in note 3, was reasonable.

Alternative performance measures

The Group reports a number of performance measures which are additional to the reporting requirements of IFRS. The audit committee has reviewed these during the year ended 31 March 2022 to ensure they are appropriate and that in each case the reason for their use is clearly explained; they are reconciled to the equivalent IFRS figure; and they are not given prominence over the equivalent IFRS figure.

External auditor

The Committee reviewed the effectiveness of the audit process in respect of the year ended 31 March 2022. In doing so, the Committee considered the reports produced by Crowe, met the audit engagement partner and discussed the audit with the CFO. The Committee continues to be satisfied that the external auditors are delivering the necessary scrutiny and robust challenge in their work. Accordingly, the Committee recommended to the Board that it is appropriate to re-appoint Crowe as the Group's external auditors for the next financial year.

External audit and non-audit services

The Financial Reporting Council's Revised Ethical Standard 2019 became effective on 15 March 2020, and accordingly Crowe was precluded from providing such services in respect of the year ended 31 March 2020 and subsequent years, and another firm was engaged by the Group in respect of those services.

John Langlands

Chairman of the Audit Committee

Remuneration Committee Report

Dear Shareholder

As Chairman of Byotrol's Remuneration Committee, I present the Remuneration Committee Report for the year ended 31 March 2022, which has been prepared by the Committee and approved by the Board. As an AIM company, the Directors' Remuneration Report Regulations do not apply to Byotrol and so the report that follows is disclosed voluntarily and has not been subject to audit.

The Remuneration Committee is responsible for determining the remuneration policy for the Executive Directors, and for overseeing the Company's long-term incentive plans. The Board as a whole is responsible for determining non-executive Directors' remuneration.

In setting the Group's remuneration policy, the Remuneration Committee considers a number of factors including the following:

- salaries and benefits available to executive directors of comparable companies
- the need both to attract and retain executives of appropriate calibre; and
- the continued commitment of executives to the Group's development through appropriate incentive schemes

Consistent with this policy, benefit packages awarded to executive directors comprise a mix of basic salary and performance-related remuneration that is designed as an incentive. The remuneration packages normally comprise the following elements:

- base salary: the Remuneration Committee sets base salaries to reflect responsibilities and the skills, knowledge and experience of the individual;
- a pension contribution or cash equivalent;
- health care and car benefits;
- bonus scheme: the executive directors are eligible to receive a bonus dependent on both individual and Group performance as determined by the Remuneration Committee; and
- equity share options

The Committee will continue to monitor market trends and developments in order to assess those relevant for the Group's future remuneration policy.

Total shareholder return information

In the three years from 1 April 2019 to 31 March 2022 Byotrol shares (AIM: BYOT.L) delivered a total return of 11.8%.

Major remuneration decisions for 2022

The Committee made the following key decisions in the period under review:

- approved the exercise of share options
- reviewed executive and senior employee remuneration
- reviewed and approved payment of a bonus to all employees below Board in acknowledgement of their hard work and dedication during the coronavirus pandemic
- approved a restructuring programme and its associated rationalisation costs

Sean Gogarty
Chairman of the Remuneration Committee

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the consolidated financial statements and independent auditor's report, for the year ended 31 March 2022.

Principal activities

The principal activities of the Group during the year were the development, patenting, licensing and sale of anti-microbial products and technologies for business and consumer use.

Further information on the Group's activities, its prospects and likely future developments is given in the sections titled "Strategic Report" and "Financial Statements".

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements for each financial year in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements of the group in accordance with UK adopted International Accounting Standards and the parent company in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, and the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are further responsible for ensuring that the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

Website publication

The maintenance and integrity of the Byotrol Plc web site, which includes compliance with AIM Rule 26, is the responsibility of the Directors.

Financial instruments and liquidity risks

Information about the use of financial instruments by the Company and its subsidiaries and the Group's financial risk management policies are given in note 29 of the financial statements.

Directors and their interests

The Directors who served during the year are as shown below:

Trevor Francis	Chief Technology Officer to 31 December 2021, Non-Executive from 1 January 2022
Sean Gogarty	Non-Executive
Nic Hellyer	Chief Financial Officer (resigned 13 December 2021)
John Langlands	Non-Executive Chairman
Christopher Sedwell	Chief Financial Officer (appointed 13 December 2021)
David Traynor	Chief Executive Officer

In accordance with the Company's articles Sean Gogarty will retire by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election. Chris Sedwell will also be required to offer himself for re-election, having only been appointed during the financial year.

The Directors at 31 March 2022 and their beneficial interests in the share capital of the Company were as follows:

Name of Director	Number of Ordinary Shares of 0.25p each	Options over Ordinary shares
Trevor Francis	4,470,214	2,555,000
Sean Gogarty	-	2,000,000
John Langlands	9,000,000	-
Christopher Sedwell	-	-
David Traynor	9,935,297	1,360,000

The only change in the beneficial interests of the Directors between 31 March 2022 and 26 August 2022 relates to the issue of the Convertible Bond in July 2022 (see Note 32 'Events after the Reporting Date'). The Directors interest in the Convertible Bond is as below:

Name of Director	Loan Notes Subscribed For	Number of Ordinary Shares to be issued if Loan Notes are Converted	Existing number of Ordinary Shares Owned	Percentage holding following conversion of the Loan Notes
Trevor Francis & Family	£200,000	6,153,846	4,470,214	2.19%
Sean Gogarty	£100,000	3,076,923	Nil	0.63%
Christopher Sedwell	£50,000	1,538,461	Nil	0.32%
David Traynor	£50,000	1,538,461	9,935,297	2.37%

The market price of the Ordinary Shares at 31 March 2022 was 2.85p and the range during the year was 2.85p to 7.55p

Substantial shareholdings

As at 26 August 2022, the Company had received notification of the following significant interests in the ordinary share capital of the Company:

Name of Holder	Number of Ordinary Shares	Percentage of Issued Share Capital
Mr & Mrs D Newlands	28,440,000	6.27%
Amati Global Investors	25,000,001	5.51%
Directors	23,405,511	5.16%
Lim Teck Lee Investments	20,425,000	4.50%
Mr V Silvester	17,275,000	3.81%
Bottomley Family	16,200,000	3.57%
Redmayne Bentley, stockbrokers	15,920,595	3.51%
Mr C Weatherhead	15,784,000	3.48%
Tonex Holdings	15,251,538	3.36%
Mr G Watson	13,900,000	3.06%

Corporate governance

The Company has formalised the following matters by Board resolution:

- a formal schedule of Board responsibilities;
- the procedure for Directors to take independent professional advice if necessary, at the Company's expense;
- the procedure for the nomination and appointment of non-executive Directors, for specified periods and without automatic re-appointment; and
- establishment of and written terms of reference for audit and remuneration committees

Internal control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control to provide its members with reasonable assurance regarding the reliability of financial information used within the business and for publication, and that assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of accurate financial information and the safeguarding of assets.

The key features of the internal control system that operated throughout the year are as follows:

- control environment - particularly the definition of the organisation structure and the appropriate delegation of responsibility to operational management
- identification and evaluation of business risks and control objectives - particularly through the process of consideration and documentation of risks and controls which is periodically undertaken by the Board
- main control procedures, which include the setting of annual and longer-term budgets and the monthly reporting of performance against them, agreed treasury management and physical security procedures, formal capital

expenditure and investment appraisal approval procedures and the definition of authorisation limits (both financial and otherwise)

- monitoring, particularly through the regular review of performance against budgets and the progress of development and sales undertaken by the Board.

The Board reviews the operation and effectiveness of this framework on a regular basis. The Directors consider that there have been no weaknesses in internal controls that have resulted in any losses, contingencies or uncertainties requiring disclosures in the financial statements.

Review of the business

A review of the business and the future developments of the Group is presented in the Chairman's Statement, the Chief Executive's Report and the Financial Review.

Results and dividends

The loss for the financial year to 31 March 2022 attributable to ordinary shareholders amounts to £1.35m (2021: profit of £0.88m). The Directors do not recommend the payment of a dividend.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report; the financial position of the Group, its cash flows and liquidity position are described in the financial statements and associated notes, in particular in the consolidated cash flow statement, in Note 27 "Loans and borrowings" and Note 29 "Financial instruments".

Whilst the Group, along with its peers, has experienced a correction in a number of its markets in the wake of the Covid pandemic, it has taken the actions it believes is necessary to put the business in a stable financial position and create the foundation for stable and sustainable growth. This has been reflected in the Directors' assessment of the going concern basis of preparation for the Group and Company financial statements and by modelling the impact on the Group and Company's cashflow for the two years to the end of March 2024 (FY24). The Group has well balanced future revenue streams, including cash inflows from minimum payments agreed under IP licence agreements concluded in 2022 and previous years, as well as increasingly incremental royalty income from prior such agreements. The Group continues to pursue opportunities of this type where sufficient returns can be generated which, if concluded, would likely involve further material upfront cash payments.

Additionally, the Group issued a convertible bond in July 2022 for £1m to support the ongoing activities of the business and investing for future growth (see Note 32).

Notwithstanding the above, the Directors have modelled the cash flows of the Group and Company under a number of separate negative scenarios; even under these differing scenarios, the forecasts for the period to the end of March 2024 indicate that the Group and the Company would continue to hold positive cash balances and, as a result, are able to continue operating and to meet their liabilities as they fall due.

The Directors have therefore concluded that the Group and the Company have adequate resources to continue in operational existence for at least the 12 months following the signing of the financial statements, that it is appropriate to continue to adopt the going concern basis of preparation in the financial statements, that there is not a material uncertainty in relation to going concern and that there is no significant judgement involved in making that assessment.

Events after the reporting date

The Group issued a Convertible Bond for £1m in July 2022 to new and existing investors in the Company, including Board directors. The Loan Notes have a term of five years, are senior in ranking, unsecured and convertible at investors' option into ordinary shares in the capital of the Company ("Ordinary Shares") at a price of 3.25 pence per Ordinary Share, representing a 30% premium to the mid-price of the Company's share price at close of business on 26 July 2022. The Loan Notes carry a coupon of 9% per annum, payable quarterly in arrears.

Based on the issue size of £1,000,000, the Loan Notes would, if converted, represent approximately 30,769,230 Ordinary Shares, amounting to 6.8% of the current issued share capital of the Company.

Research and development

Details of the Group's activities on research and development during the year are set out in the Financial Review.

Auditor

Each of the persons who are Directors of the Company at the date when this report was approved confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined in the Companies Act 2006) and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors intend to place a resolution before the Annual General Meeting to appoint Crowe U.K. LLP as auditor for the following year.

Liability insurance for Company officers

As permitted by section 233 of the Companies Act 2006, the Company has purchased insurance cover for the Directors against liabilities that might arise in relation to the Group.

By order of the Board

Chris Sedwell
Director
26 August 2022

Independent Auditors' Report to the Members of Byotrol plc

Opinion

We have audited the financial statements of Byotrol PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise:

- the Group consolidated statement of comprehensive income for the year ended 31 March 2022;
- the Group and parent company statement of financial position as at 31 March 2022;
- the Group consolidated cashflow statement for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included obtaining and reviewing management's assessment of going concern. This involved gaining an understanding of management's basis for the identification of events or conditions that may cast a significant doubt on the ability of the Group and Company to continue as a going concern, and whether a material uncertainty related to going concern exists.

Furthermore, we performed specific audit procedures around going concern; whereby we obtained and reviewed actual financial results against budgeted results, assessed the reasonableness of budgets and forecasts for successive financial years, evaluated the feasibility of management's plans in respect of going concern as well as considered whether new facts or information have become available since management made their assessment.

We also considered explicitly whether there was any evidence of management bias in the preparation of the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

Group materiality	£45,000
Group performance materiality	£31,500
Parent Company materiality	£26,000
Parent Company performance materiality	£18,200
Basis for Group materiality	3-4% of loss before tax
Basis for Parent Company materiality	0.5-1% of net assets
Rationale for the benchmark adopted	Byotrol PLC is AIM listed, with profit making intentions and significant investors external to the Group. Profit before tax is considered to be the key KPI for the Group Profit before tax is a benchmark used for business decision making and used by the investor/shareholder community. The parent company is a holding company and therefore net assets is deemed to be an appropriate benchmark

We agreed with the Audit Committee that we would report to the committee all individual audit misstatements identified during the course of our audit in excess of £1,350. We also agreed to report misstatements below these thresholds that, in our view, warranted reporting on qualitative grounds.

Overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

For the three significant components we identified, we performed a full scope audit of the complete financial information. For the remaining components, we performed analytical reviews and other audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements, either because of the size of these accounts or their risk profile.

Audits of the components were performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

The group audit team conducted the audit of all components of the business and no component auditors were used during the audit process.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Capitalisation and carrying value of development costs (Group and parent company) Within the intangible assets held by the group, there are material balances relating to internally generated, capitalised development costs. The process of correctly identifying and capitalising this development expenditure in the year requires the critical application of judgement by management, and as such is considered a key audit matter.	We have reviewed and challenged management's assessment of whether new developments met the criteria for capitalisation and whether continuing developments continued to meet the criteria for capitalisation. We corroborated a sample of the amounts capitalised in the year to supporting documentation including invoices for external costs and an approximate evaluation of internal resource/time capitalised. We reviewed management's assessment of capitalisation criteria in order to conclude if this was appropriate in accordance with IAS38. We obtained and reviewed management's assessment of indicators of impairment ; management's key estimates are set out within the disclosure of critical accounting estimates and judgements on pages 66 and 67. We reviewed the appropriateness of the amortisation periods in the context of the continuing development of technologies which may give rise to obsolescence, and the expected recovery of the assets against future sales.
Goodwill impairment review (Group) The goodwill that is recognised on consolidation is a material figure at £502k. This goodwill is the result of the acquisition of Medimark in 2018 (see note 19). On an annual basis and in line with the requirements of IAS 36, management must consider the continued value of the goodwill being carried in the consolidated accounts and apply judgement in the calculation of any impairment. The group accounting policy is set out in note 9 of the financial statements.	We addressed this risk by obtaining, reviewing and challenging the underlying assumptions behind management's detailed goodwill impairment assessments. Where this assessment is dependent upon on future performance, our review included challenging budgeted revenue and profitability, requesting and considering a range of scenarios, especially where a reasonably possible change in assumptions might give rise to an impairment.
Investments impairment review (Company) The Company statement of financial position for 31 March 2022 includes investments in subsidiaries of £3,308k	We addressed this risk by obtaining, reviewing and challenging the underlying assumptions behind management's detailed impairment assessment of investments in subsidiaries.

(see note 7 of the parent company statements) As with goodwill, management must apply IAS 36 to determine if there is a requirement to impair the value of each investment and the policy is set out in note 1 of the parent company financial statements. Where the expected future economic benefit is less than the asset value there is a requirement to impair to fair value.	Where this assessment is dependent on future performance, our review included challenging budgeted revenue and profitability, requesting and considering a range of scenarios, especially where a reasonably possible change in assumptions might give rise to an impairment.
Revenue recognition (Group and Parent Company) – Product Sales cut off and timing of IP revenue recognition The revenue recognised in the financial statements may be misstated and not recognised in accordance with the relevant accounting standard and the Group's accounting policy in note 3. The application of IFRS 15 (Revenue from contracts with customers) was of particular significance for IP sales , which is included in Royalty and licensing income in note 5.	We obtained, reviewed and challenged management's IFRS 15 paper, with a specific focus on the accounting for the new material contracts and its compliance of revenue recognised with the stated accounting policy, along with the compliance of disclosures made in the financial statements and accordance with the requirements of IFRS 15. We obtained copies of the contracts that were effective at year end, and verified the calculations of contract revenue. We also carried out analytical procedures over revenue, and substantive transactional testing of income from sales of goods during the year. We also completed focussed testing of revenue around the year end to ensure that the cut-off had been correctly applied.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception.

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page [X], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group and Parent Company operates. We also considered and obtained an understanding of the UK legal and regulatory framework which we considered in this context were the Companies Act 2006 and UK taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and misstatement of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals. We also reviewed and challenged accounting estimates and assumptions used by management for the valuation of goodwill, intangible assets and recognition of contract income, in order to verify that the calculations and models were reasonable and free of biases.

Independent Auditors’ Report (continued)

For the year ended 31 March 2022

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Jayson (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Manchester

26 August 2022

Group Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £'000 *(audited)*	2021 £'000 *(audited)*
Revenue	5	**6,327**	**11,214**
Cost of sales pre-exceptional item		(3,287)	(6,359)
Gross profit pre-exceptional item		**3,040**	**4,855**
Cost of sales – exceptional item	7	(214)	-
Gross profit		**2,826**	**4,855**
Adjusted administrative expenses	6, 8	(3,315)	(3,486)
Adjusted operating (loss) / profit		**(489)**	**1,369**
Exceptional items	7	(372)	-
Amortisation of acquisition-related intangibles		(317)	(243)
Share-based payments	11	(95)	(111)
Operating (loss) / profit		**(1,273)**	**1,015**
Finance income	12	48	66
Finance expense	13	(20)	(44)
(Loss) / Profit before taxation		**(1,245)**	**1,037**
Income tax (charge)	14	(102)	(58)
(Loss) / Profit for the year from continuing operations		**(1,347)**	**979**
Discontinued operations			
(Loss) for the year from discontinued operations	15	-	(98)
(Loss) / Profit for the year		**(1,347)**	**881**
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		59	(98)
Other comprehensive income, net of tax		**59**	**(98)**
Total comprehensive (expense) / income for the year		**(1,288)**	**783**
Total comprehensive income / (expense) for the year arises from:			
- continuing operations		(1,288)	881
- discontinued operations		-	(98)
		(1,288)	**783**
Earnings per share – from continuing operations			
Attributable to the owners of Byotrol plc (basic)	16	(0.30p)	0.22p
Attributable to the owners of Byotrol plc (diluted)	16	(0.29p)	0.22p
Earnings per share – from discontinued operations			
Attributable to the owners of Byotrol plc (basic)	16	-	(0.02)p
Attributable to the owners of Byotrol plc p (diluted)	16	-	(0.02)p
Earnings per share – from profit for the year			
Attributable to the owners of Byotrol plc (basic)	16	(0.30p)	0.20p
Attributable to the owners of Byotrol plc (diluted)	16	(0.29p)	0.20p

The accompanying notes 1 to 32 are an integral part of these financial statements.

Group Statement of Financial Position

For the year ended 31 March 2022

	Note	2022 £'000 *(audited)*	2021 £'000 *(audited)*
Assets			
Non-current assets			
Intangible assets	19	3,506	3,552
Tangible assets	20	73	84
Right-of-use assets	21	25	30
Deferred tax assets	22	134	315
Trade receivables	24	1,561	1,249
		5,299	**5,230**
Current assets			
Inventories	23	399	1,099
Trade and other receivables	24	1,941	1,614
Cash and cash equivalents		1,132	1,598
		3,472	**4,311**
TOTAL ASSETS		**8,771**	**9,541**
Liabilities			
Non-current liabilities			
Lease liabilities	25	12	4
Deferred tax liabilities	22	383	348
		395	**352**
Current liabilities			
Trade and other payables	26	1,246	1,023
Lease liabilities	25	12	26
		1,258	**1,049**
TOTAL LIABILITIES		**1,653**	**1,401**
NET ASSETS		**7,118**	**8,140**
Issued share capital and reserves			
Share capital	28	1,135	1,116
Share premium		457	190
Other reserves		787	728
Retained earnings		4,739	6,106
TOTAL EQUITY		**7,118**	**8,140**

Group Statement of Financial Position

For the year ended 31 March 2022

The financial statements of Byotrol Plc, registered number 05352525 were approved by the board of Directors and authorised for issue on 26 August 2022. They were signed on its behalf by:

David Traynor
Director

Chris Sedwell
Director

The accompanying notes 1 to 32 are an integral part of the financial statements.

Group Statement of Cash Flows

For the year ended 31 March 2022

	2022 £'000 *(audited)*	2021 £'000 *(audited)*
Cash flows from operating activities		
(Loss)/Profit for the year	**(1,347)**	**881**
Adjustments for:		
Finance income	(48)	(66)
Finance costs	20	44
Depreciation of tangible non-current assets	31	26
Amortisation and impairment of intangible non-current assets	517	426
Loss on patent abandonment	17	107
Income tax charge recognised in profit or loss	102	58
Share-based payments	95	111
Costs relating to Capital Reduction recognised in equity	-	(36)
Operating cash flows before movements in working capital from continuing operations	**(613)**	**1,551**
(Increase)/decrease in trade and other receivables	(555)	90
(Increase)/decrease in inventories	699	(814)
Increase/(decrease) in trade and other payables	186	(34)
Cash in/(out)flow from discontinued operations	-	(211)
Cash generated (used in)/generated from operating activities	**(283)**	**582**
Income tax refund received	**-**	**25**
Net cash generated from/(used in) operating activities	**(283)**	**607**
Cash flows from investing activities		
Development of intangible assets	(488)	(394)
Acquisition of property, plant and equipment	(20)	(55)
Net cash (used) in investing activities	**(508)**	**(449)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs	286	205
Movement in invoice discounting facility	-	(296)
Repayments of principal on lease liabilities	(7)	(39)
Finance costs	(12)	(42)
Interest expense on lease liabilities	(1)	(2)
Net cash generated from/(used in) financing activities	**266**	**(174)**
Net (decrease) in cash and cash equivalents	**(525)**	**(16)**
Foreign exchange differences	59	(98)
Cash and equivalent at beginning of period	**1,598**	**1,712**
Cash and cash equivalents at end of period	**1,132**	**1,598**

Group Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital	Share premium	Exchange reserve	Merger reserve	Retained earnings	**Total**
	£'000	£'000	£000's	£'000	£'000	**£'000**
Balance at 1 April 2020	**1,101**	**28,423**	**826**	**1,065**	**(24,353)**	**7,062**
Profit after taxation for the period	-	-		-	881	881
Other comprehensive income:						
Exchange differences	-	-	(98)	-	-	(98)
Transactions with owners:						
Share-based payments	-	-	-	-	111	111
Deferred tax on share-based payment transactions	-	-	-	-	15	15
Shares issued during the year for cash	15	190	-	-	-	205
Transactions with owners – capital reduction:						
Capitalisation of Merger reserve to B Ordinary Shares	1,065		-	(1,065)		-
Cancellation of B Ordinary Shares	(1,065)		-		1,065	-
Cancellation of Share Premium		(28,423)	-		28,423	-
Costs of Capital Reduction					(36)	(36)
Balance at 31 March 2021	**1,116**	**190**	**728**	**-**	**6,106**	**8,140**
Loss after taxation for the period	-	-	-	-	(1,347)	(1,347)
Other comprehensive income:						
Exchange differences	-	-	59	-	-	59
Transactions with owners:						
Share-based payments	-	-	-	-	95	95
Deferred tax on share-based payment transactions	-	-	-	-	(115)	(115)
Shares issued during the year for cash	19	267				286
Balance at 31 March 2022	**1,135**	**457**	**787**	**-**	**4,739**	**7,118**

Reserve	**Description and purpose**
Share capital	Nominal value of issued shares
Share premium	Amount subscribed for share capital in excess of nominal value less associated costs
Exchange reserve	The difference arising on the translation of foreign operations denominated in currencies other than UK Sterling into the presentational currency of the Group
Merger reserve	Amounts arising on the consolidation of historic acquisitions under merger accounting principles
Retained earnings	All other net gains and losses not recognised elsewhere

The accompanying notes 1 to 32 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2022

1 General information

Byotrol Plc ("Byotrol" or the "Company") is a public limited company incorporated and domiciled in England. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange. These financial statements are the consolidated financial statements of Byotrol Plc and its subsidiaries ("the Byotrol Group" or the "Group") and the company financial statements for Byotrol Plc.

Byotrol's registered office is at Riverside Works, Collyhurst Road, Manchester M40 7RU and its principal place of business is at Building 303 (Ashton), Thornton Science Park, Pool Lane, Ince, Chester, CH2 4NU.

2 Adoption of new and revised standards

One amendment has been adopted in the annual financial statements for the year ended 31 March 2022, but has not had a significant effect on the Group:

International Financial Reporting Standards – At the date of authorisation of these financial statements, there are no amended standards and interpretations issued by the UK Endorsement Board that impact the group as they are either not relevant to the group's activities or require accounting which is consistent with the group's current accounting policies.

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared on a historical cost basis (except for certain financial instruments and share-based payments that have been measured at fair value), and in accordance with the AIM Rules and UK adopted International Accounting Standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. The Company controls an investee if, and only if, the Company has the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure of rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

The results of subsidiaries or businesses acquired during the year are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Audit exemption

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act:; Byotrol Ventures Limited, Byotrol Consumer Products Limited; Winchpharma (Consumer Healthcare) Limited; Smart Antimicrobial Technologies Ireland Limited;; Chemgene Solutions Limited; Medimauve Limited; Trigene Limited; and Medichem International Limited.

Going concern

These financial statements have been prepared on a going concern basis.

The Directors have reviewed the Company's and the Group's going concern position taking account of its current business activities, budgeted performance and the factors likely to affect its future development, set out in this Annual Report, and including the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks. Whilst the Group, along with its peers, has experienced a correction in a number of its markets in the wake of the Covid pandemic, it has taken the actions it believes is necessary to put the business in a stable financial position and create the foundation for stable and sustainable growth. This has been reflected in the Directors' assessment of the going concern basis of preparation for the Group and Company financial statements and by modelling the impact on the Group and Company's cashflow for the two years to the end of March 2024 (FY24). The Group has well balanced future revenue streams, including cash inflows from minimum payments agreed under IP licence agreements concluded in 2022 and previous years, as well as increasingly incremental royalty income from prior such agreements. The Group continues to pursue opportunities of this type where sufficient returns can be generated which, if concluded, would likely involve further material upfront cash payments.

Additionally, the Group issued a convertible bond in July 2022 for £1m to support the ongoing activities of the business and investing for future growth (see Note 32).

Notwithstanding the above, the Directors have modelled the cash flows of the Group and Company under a number of separate negative scenarios; even under these differing scenarios, the forecasts for the period to the end of March 2024 indicate that the Group and the Company would continue to hold positive cash balances and, as a result, are able to continue operating and to meet their liabilities as they fall due.

The Directors have therefore concluded that the Group and the Company have adequate resources to continue in operational existence for at least the 12 months following the signing of the financial statements, that it is appropriate to continue to adopt the going concern basis of preparation in the financial statements, that there is not a material uncertainty in relation to going concern and that there is no significant judgement involved in making that assessment.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Each element of revenue (described below) is recognised only when:

(i) provision of the goods or services has occurred;

(ii) consideration receivable is fixed or determinable; and

(iii) collection of the amount due from the customer is reasonably assured

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and other sales related taxes. The Group's principal revenue streams and their respective accounting treatments are as follows:

Product Sales

The Group sells a range of products to business customers, retailers and the wholesale market (together "customers"). Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, if a wholesaler or retailer when that entity has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Products may be sold with volume discounts; however, as these are based on monthly sales the discount is accounted for as part of the monthly revenue recognition based on the price specified in the contract, net of the calculated volume discount. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Royalty income

Royalty income from licensing agreements is recognised in accordance with the substance of the relevant agreement (e.g. as a percentage of relevant sales) when the later of the following occurs: (a) the sale or usage occurs; or (b) the performance obligation to which some or all of these royalties has been allocated has been satisfied. Certain income which is termed "royalty income" for commercial purposes actually constitutes agreed and fixed payments over a term; such payments are recognised as revenue at the present value of such payments on the date when the relevant performance obligation is met, (which is usually the signing of an appropriate contract to effect the license) as noted below in "Sale or licence of patents or intellectual property".

Sale or licence of patents or intellectual property

Sales or licences of patents and similar intellectual property are recognised as revenue transactions where considered to be in the normal course of business as a route to market. Revenue is recognised when the performance obligation or obligations in the contract are satisfied and amounts due and expected to be recoverable based on best estimates, discounted at an imputed cost of funds where amounts receivable include amounts falling due after more than one year.

Generally the Group has no significant performance obligations after signing of the relevant contract, and a receivable is recognised when the performance obligation is met as this is the point in time that consideration is unconditional because only the passage of time is required before payments are due. Given the long-term nature of many of these contracts, trade receivables may be categorised as short-term and long-term.

IFRS 15 also requires the Group to adjust the expected amount of consideration to reflect the time value of money if the contract has a significant financing component, irrespective of the recognition of sale of IP, licence or service income as the case may be.

Leases

Applying IFRS 16, for all leases (except as noted below), the Group:

(i) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

(ii) recognises depreciation of right-of-use assets, and interest on lease liabilities, in the consolidated statement of comprehensive income; and

(iii) separates the total amount of cash paid in respect of lease obligations into a principal portion and interest (both presented within financing activities) in the consolidated statement of cash flows.

Lease payments under (i) are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's estimated incremental borrowing rate. The finance expense is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Additionally under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by the Standard. This expense is presented within other expenses in the consolidated statement of profit or loss.

Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in UK Sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Exchange differences arising on the settlement of monetary items, are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period where it approximates the rates on the dates of the underlying transactions. Exchange differences arising, if any, are recognised in other comprehensive income.

Government Grants

Byotrol Technology Limited in partnership with the University of Manchester, was awarded a grant by Innovate UK of £0.4m in October 2019 for the development of a new highly efficacious 100% natural, anti-viral active ingredient. This grant was for a period of 16 months to 31 January 2022 with Byotrol receiving total funding towards this project of £0.2m during the year ending 31 March 2022 (2021: £0.1m).

The Group has applied the requirements of IAS 20 Accounting for Government Grants. As such all grant income received in the year to 31 March 2022 has been matched with the related costs for which it is intended to compensate. The Group has met all the required conditions in relation to the grant scheme and all grant applications have been audited by an independent firm of accountants. There are no contingencies in relation to this grant at the year end and the Group has not received any other form of Government assistance to date.

Share-based payments

The Group has applied the requirements of *IFRS 2 Share-based payments* in respect of options granted under various employee share option schemes. Under the terms of these schemes the Group is able to make equity-settled share-based payments to certain employees and Directors by way of issue of options over ordinary shares. Such equity-settled share-based payments are measured at fair value at the date of grant. This fair value is determined as at the grant date of the options and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of options that will eventually vest. A corresponding amount is credited to equity reserves.

Fair value is measured by use of a Black-Scholes model and key inputs to that model have been assessed as follows:

- expected volatility was based upon historical volatility and applied over the expected life of the schemes;
- expected life was based upon historical data and was adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations; and
- risk-free rate was taken as the UK gilt yields as appropriate for the expected life of the options concerned

Proceeds received on exercise of share options and warrants are credited to share capital (in respect of nominal value) and share premium account (in respect of the excess over nominal value). Cancelled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in the consolidated statement of comprehensive income in the year that the options are cancelled.

Taxation

Any tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's potential liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are provided in full, with no discounting, for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Development expenditure

Expenditure on the development of the Group’s products and processes where it meets certain criteria (given below), is capitalised and subsequently amortised on a straight-line basis over its useful life. Where no internally generated intangible asset can be recognised, development expenditure is written-off in the period in which it is incurred.

An asset is recognised only if all of the following conditions are met:

- the product is technically feasible and marketable;
- the Group has adequate resources to complete the development of the product;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably

Development expenditure is amortised on a straight-line basis over a maximum of 10 years, such amortisation being charged to profit or loss. In determining the amortisation policy of an intangible asset, its useful economic life in terms of years is considered. Where a finite useful economic life of an asset can be estimated, amortisation is calculated from the point to which the asset is brought into use and charged to profit and loss over its lifetime.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Patents

The costs incurred in purchasing licences and establishing patents are measured at cost, net of any amortisation and any provision for impairment. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Intellectual property/patents	over 10 years on a straight-line basis

Disposal of intangible assets

Any gain or loss arising on the disposal of intangible assets is recognised within revenue were considered to be in the normal course of business as a route to market.

Customer relationships

Customer relationships acquired are recognised as intangible assets at their fair value on acquisition, less impairment (if any). Customer relationships are amortised on a straight-line basis over 10 years.

Brands

Brands acquired are recognised as intangible assets at their fair value on acquisition, less impairment (if any). Brands are amortised on a straight-line basis over 10 years.

Business combinations, goodwill and contingent consideration

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the:

- fair values of any assets transferred to the vendors of the acquired business
- liabilities to the vendors incurred
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value on the acquisition date and included as part of the consideration transferred in a business combination.

Acquisition-related costs are expensed as incurred.

Goodwill

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and

- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill, which is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment. For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been assessed. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Any impairment loss is recognised as an expense through profit and loss.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises purchase price and other directly attributable costs. Depreciation is charged so as to write off the cost or valuation of assets to their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	Over 3 years on a straight-line basis
Office equipment	Over 5 years on a straight-line basis
Vehicles	Over 8 years on a straight-line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Inventory

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct material cost, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and selling costs to be incurred.

Provision is made where necessary for obsolete, slow moving inventory where it is deemed that the costs incurred may not be recoverable.

Financial assets

Financial assets are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument. The Group's financial assets consist of cash, deposits, and receivables. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group has reviewed its business model for its financial assets and has concluded that they are held for collecting contractually associated cash flows. With the exception of trade receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 as described in the revenue accounting policy above.

In accordance with IFRS 9 the Group recognises lifetime expected credit losses for trade receivables and contract assets. The Group uses the Simplified Approach under IFRS 9 applying a provision matrix to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and an assessment of both the current as well as the forecast conditions at the reporting date, including time value of money where appropriate. The Directors applied a percentage "probability of default" to the receivables balance related to the underlying credit rating of the customer which resulted in a hypothetical expected default amount which was not material to the Group's financial statements. A specific provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Long-term trade receivables

Long-term trade receivables represent amounts relating to revenue recognised at the date of the statement of financial position but not yet due or invoiceable under the terms of the contract. These arise most typically for the Group as a result of licences of IP or technology where the consideration is structured as an upfront payment followed by a series of additional payments, which may comprise fixed sums or fixed sums plus sums relating to some measure of (for example) sales made by the purchaser of the licence. 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 licence at their aggregate present value using an imputed cost of funds.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities and equity instruments

Equity and debt instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The Group's financial liabilities include trade and other payables and borrowings which are measured at amortised cost using the effective interest rate method. Financial liabilities are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument.

An equity instrument is any contract which evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group, such as ordinary share capital, are recognised at the proceeds received net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation because of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Segmental information

The Byotrol Group sells products based on its proprietary anti-microbial technology to professional and consumer end users and retailers ("product sales"). It also generates revenues from licensing and joint development agreements ("royalties and licensing income") and sale of patents and associated intellectual property as additional ways of monetising the Group's technology base. Internal reporting provided to the chief operating decision-maker ("CODM", which has been determined to be the Board of Directors) for making decisions about resource allocations and performance assessment relates to two reportable product sales segments, Professional and Consumer.

Segment revenues comprise sales to external customers and excludes gains arising on the disposal of property, plant & equipment and finance income. Royalties and licensing income and sale of patents and associated intellectual property are included within the Professional or Consumer segment depending on the primary market served by the licencee or purchaser. Segment profit reported to the Board represents the gross profit earned by each segment.

The Byotrol Group primarily serves customers in the UK, the EU and North America, with a small number of customers in Asia.

Exceptional items

Exceptional items are those items of income or expense which, due to their nature, are deemed appropriate to be disclosed separately in the financial statements to provide further understanding of the financial performance of the Company or the Group.

Discounted operations and disposal group held for sale

Discontinued operations are a component of the Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

• represents a separate major line of business or geographical area of operation; or

• is part of a single coordinated plan to dispose of or abandon a separate major line of business or geographical area of operation

Classification as a discontinued operation occurs upon disposal or abandonment. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative year.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions and critical accounting judgements concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Capitalised development costs

Critical judgements

Determining whether development costs qualify for capitalisation as intangible assets requires judgement, including assessments of the nature of the work underlying the costs carried out by relevant employees and whether it is directly related to the relevant intangible asset and the technical and commercial viability of the asset created.

Estimates

Estimates relating to capitalised development costs include the asset's likely revenue generation and its applicable useful economic life. These estimates are continually reviewed and updated based on past experience and reviews of competitor products available in the market.

Impairment reviews

Critical judgements

The Group tests goodwill, intangible assets and property, plant and equipment annually for impairment, or more frequently if there are indications that an impairment may be required. Judgement is required as to whether indicators of impairment exist and hence whether to perform more detailed analysis to evaluate any impairment required. Identifying indicators of impairment requires judgements to be made as to the prospects and value drivers of the individual assets.

In valuing these assets and liabilities, judgement is required as to the likelihood of occurrence of future events which will affect the value of such assets

Estimates

The Group uses long-term forecasts of cash flow and estimates of future growth both to value acquired intangible assets and goodwill and to assess whether goodwill or intangible assets are impaired, and to determine the useful economic lives of its intangible assets. Estimates are therefore required of the level of future growth, resulting cash flows as well as an appropriate discount rate to derive their carrying value. Assumptions regarding sales and operating profit growth, gross margin, and discount rate are considered to be the key areas of estimation in the impairment review process – further disclosure regarding such estimates is made in Note 19

Inventory Provision

In determining an estimate of NRV of inventory, management has made judgements in respect of the durability and general high quality of the Group’s products, which provide a certain degree of protection against adverse market conditions.

The significant downturn in the income has reduced transaction volumes meaning that some items of inventory may not have been sold near the balance sheet date, increasing the level of judgement required

Further information on these factors is given in the Strategic Report and in the section on "Principal risks and uncertainties".

5 Revenue and segmental analysis

The Chief Operating Decision Maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on gross profit as operating costs, net finance costs and income tax are managed on a centralised basis; therefore, these items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision Maker and are accordingly omitted from the segmental information below.

Discontinued operations comprise the entirety of the Group’s US operations which sold a range of biocidal products primarily to consumers via major retailers. This operation was discontinued in the Prior Year.

For the year ended 31 March 2022, there was one customer that represented more than 10% of the Group’s revenue, amounting to £1.1m, included within Royalty and licencing income.

An analysis of revenue (and the related gross profit) by product or service and by geography is given below. The comparative amounts for profit and loss information have been reclassified in line with the requirements of IFRS 5: *Non-current assets held for sale and discontinued operations*.

Revenue by type

To 31 March 2022	Continuing operations Professional £'000	Continuing operations Consumer £'000	Discontinued operations £'000	Total £'000
Product sales	4,034	1,181	-	5,215
Royalty and licensing income	1,112	-	-	1,112
Total revenue	**5,146**	**1,181**	**-**	**6,327**

To 31 March 2021	Continuing operations Professional £'000	Continuing operations Consumer £'000	Discontinued operations £'000	Total £'000
Product sales	8,334	1,805	15	10,154
Royalty and licensing income	1,075	-	-	1,075
Total revenue	**9,409**	**1,805**	**15**	**11,229**

Gross profit by type

To 31 March 2022	Continuing operations Professional £'000	Continuing operations Consumer £'000	Discontinued operations £'000	Total £'000
Product sales	1,496	432	-	1,928
Royalty and licensing income	1,112	-	-	1,112
Total gross profit – pre-exceptional item	**2,608**	**432**	**-**	**3,040**

To 31 March 2021	Continuing operations Professional £'000	Continuing operations Consumer £'000	Discontinued operations £'000	Total £'000
Product sales	3,068	712	(13)	3,767
Royalty and licensing income	1,075	-	-	1,075
Total gross profit	**4,143**	**712**	(13)	**4,842**

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

Revenue by geography

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

	2022	2021
	£'000	£'000
United Kingdom	4,197	8,468
Rest of World	1,011	2,455
North America *	1,119	291
Total continuing operations	**6,327**	**11,214**

** this represents revenue other than that arising from discontinued operations*

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 (2021: nil), apart from within the Royalty and licensing income segment as previously noted.

Licence revenue and finance income

Licence 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 2022 this figure amounts to licence revenue of £1.11m and related notional interest income of £36,000 (2021: £1.08m and £53,000).

Non-current assets

All of the Group's non-current assets (comprising intangible assets, goodwill, deferred tax assets, plant, property and equipment, and long-term contract assets and trade receivables) are held in the UK.

6 Operating expenses

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

Continuing operations	2022	2021
	£'000	£'000
Amortisation and impairment of intangible non-current assets	517	426
Depreciation of tangible non-current assets	31	26
Auditor's remuneration (see note 8)	41	40
Staff costs (see note 9)	2,210	1,856
Research & development costs (net of capitalisation)	293	323
Research and development (R & D) tax credits	(15)	-
Short-term lease expenses	32	87
Realised foreign exchange (gains)/losses	(59)	98

7 Non-GAAP profit measures and exceptional items

Reconciliation of operating profit to EBITDA (earnings before interest, taxation, depreciation and amortisation) and Adjusted EBITDA:

Year to 31 March	**2022** £'000	**2021** £'000
Operating (Loss)/profit	**(1,273)**	**1,015**
Amortisation and depreciation	578	491
EBITDA	**(695)**	**1,506**
Adjusted for:		
Loss on patent abandonment	17	106
Revenue recognised as interest under IFRS 15	36	53
Expensed share-based payments	95	111
Exceptional items:		
- Inventory Provision	214	-
- IP receivables provision	147	-
- Restructure costs	225	-
Total exceptional items	586	-
Adjusted EBITDA	**39**	**1,776**

The criteria for adjusting operating income or expenses in the calculation of adjusted EBITDA are that they 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.

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 2022 comprise £0.23m of restructuring costs, £0.21m of inventory provisions as a result of overstocking during the Covid-19 pandemic and £0.15m of provision relating to royalty receivables arising from IP transactions. Further detail on these is given in the Financial Review section of the Strategic Report.

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.

EBITDA (and adjusted EPS) are financial measures that are not defined or recognised under IFRS and should not be considered as alternatives to other indicators of the Group's operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Accordingly, these non-IFRS measures should be viewed as supplemental to, but not as a substitute for, measures presented in this Annual Report and Accounts. Information regarding these measures is sometimes used by investors to evaluate the efficiency of an entity's operations; however, there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

8 Auditor's remuneration

Year to 31 March	2022	2021
	£'000	£'000
Charged in the financial year:		
Audit of the financial statements of Byotrol Plc	41	40
Amounts receivable by auditor in respect of:		
Other services	-	3
	41	**43**
Amounts expensed relating to prior year	-	(3)
Total expense relating to year	**41**	**40**

9 Staff costs

The average monthly number of persons (including Executive Directors) employed by the Group in continuing operations during the year was:

Year to 31 March	2022	2021
Directors	5	5
Research and development	10	9
Sales	12	10
Technical support	6	10
Finance and administration	7	5
	40	**39**

The staff costs for the year for the above employees were:

Year to 31 March	2022	2021
	£'000	£'000
Wages and salaries	2,228	1,882
Social security contributions	250	214
Other pension costs	82	46
Less: amounts capitalised as intangible assets	(350)	(286)
	2,210	**1,856**

10 Directors' remuneration and transactions

The Directors' emoluments in the year ended 31 March 2022 were:

	Basic salary or fee 2022 £'000	Benefits in kind 2022 £'000	Total 2022 £'000	Total 2021 £'000
Executive Directors				
T. Francis	68	-	**68**	**82**
N. Hellyer	46	-	**46**	**78**
D. Traynor	186	3	**189**	**159**
C. Sedwell	45	-	**45**	**-**
Non-Executive Directors				
S. Gogarty	34	-	**34**	**34**
J. Langlands	45	-	**45**	**40**
T. Medinger	-	-	**-**	**15**
T. Francis	8	-	**8**	**-**
	432	**3**	**435**	**408**

The remuneration of the executive Directors is decided by the Remuneration Committee. Save as disclosed, no Director had a material interest in any contract of significance with the Group in either year.

11 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 2022 there were options outstanding over 17,249,650 (2021: 32,823,400) ordinary shares of 0.25p each which are exercisable at prices in the range from 2.0 to 7.0p under the Company's various share option schemes, at various times until 2027. Options outstanding at 31 March 2022 had a weighted average exercise price of 4.14p (2021: 4.13p) and a weighted average remaining contractual life of 3.27 years (2021: 3.0 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	
	2022	**2021**	**2022**	**2021**
Outstanding at the beginning of the year	32,823,400	36,939,500	4.13p	3.70p
Granted during the year	-	7,500,000	-	5.90p
Forfeited during the year	(8,213,750)	(5,334,000)	4.34p	4.38p
Exercised in the year	(7,360,000)	(6,282,100)	3.89p	3.26p
Outstanding at the end of the year	**17,249,650**	**32,823,400**	**4.14p**	**4.13p**

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

Range	Number of options
2.0 – 3.0p	4,800,000
3.1 – 4.0p	6,819,650
4.1 – 5.0p	120,000
5.1 – 6.0p	4,250,000
6.1 – 7.0p	1,260,000
	17,249,650

Options issued during the year

There were no share options issued during the year.

The number of options exercisable at 31 March 2022 is 11,697,638 (2021: 14,207,638).

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

	2022 £'000	**2021** £'000
Charged to Consolidated Statement of Comprehensive Income	95	111

Of this amount £92,268 (2020: £104,000) relates to costs of share options issued to subsidiary employees.

The share price per share at 31 March 2022 was 2.85p (31 March 2021: 6.20p)

12 Finance income

	2022 £'000	**2021** £'000
Interest receivable on interest-bearing deposits	12	13
Notional interest accruing on contracts with a significant financing component	36	53
Total finance income	**48**	**66**

13 Finance expense

	2022 £'000	**2021** £'000
Interest and finance charges paid or payable on borrowings	19	42
Interest on lease liabilities under IFRS 16	1	2
Total finance expense	**20**	**44**

14 Taxation

Tax on profit on ordinary activities

Year to 31 March	**2022** £'000	**2021** £'000
Current tax		
UK corporation tax charge/(credit) on profit for the current year	-	-
UK corporation tax charge/(credit) on Other Comprehensive Income	-	-
Adjustment in respect of prior years		(26)
Total current income tax	-	**(26)**
Deferred tax		
(Recognition)/derecognition of deferred tax asset arising from tax losses	17	186
(Recognition)/derecognition of deferred tax asset recognised on share based payments	49	(56)
Origination/(Reversal) of deferred tax liability	36	(46)
Total deferred income tax charge/(credit)	**102**	**84**
Total income tax expense/(credit) recognised in the year	**102**	**58**

Reconciliation of the total tax charge

The current rate for corporation tax in the UK is 19% but, as a result of the March 2021 Budget statement, which was enacted in May 2021, this is due to rise to 25% from 1 April 2023 for profits in excess of £250,000. This tax rate should therefore be considered when calculating deferred tax on temporary differences expected to reverse on or after 1 April 2023.

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate is as follows:

Year to 31 March	**2022** £'000	**2021** £'000
(Loss)/Profit before taxation less losses on discontinued operations	**(1,245)**	**939**
Tax charge/(credit) at the applicable rate of 19%	(237)	178
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Fixed asset differences	(1)	51
Expenses not deductible for tax purposes and other permanent items	23	33
Income not taxable and other permanent items	(3)	(7)
Adjustments in respect of prior periods (deferred tax)	(3)	-
Tax losses utilised	-	1
Reversal/(recognition) of deferred tax asset	-	83
Remeasurement of deferred tax for changes in tax rates	245	(119)
Deferred tax not recognised on losses	78	(137)
Effect of prior year adjustment	-	(25)
Income tax expense/(credit) recognised for the year	**102**	**58**

The tax effect of exchange differences recorded within the Group Statement of Comprehensive Income is nil (2021: £nil).

Temporary differences associated with Group investments

At 31 March 2022, there was no recognised deferred tax liability (2021: £nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

Factors affecting future tax charges

The current rate for corporation tax in the UK is 19% but, as a result of the March 2021 Budget statement, this is due to rise to 25% from 1 April 2023 for profits in excess of £250,000. The deferred tax balances within these financial statements have been assessed to reflect the rates within the period that any related timing difference is expected to reverse.

Note 22 gives further details on the Group's recognised and unrecognised tax losses and the associated deferred tax assets.

15 Discontinued operations

In May 2020, the Board decided to close down its US operations. Having wound down the operations over a period of years, at the time of this decision the Group was using the services of one individual as a sales person in the US on a consultancy basis; this arrangement was terminated as of 31 December 2020. Accordingly at 31 March 2021, the disposal of Byotrol Inc. met the recognition criteria of I*FRS 5: Non-current assets held for sale and discontinued operations*. The results of Byotrol Inc. have therefore been presented as discontinued and are shown separately from continuing operations. The comparative 2021 financial information in the Group Statement of Comprehensive Income has also been presented as discontinued for the purposes of enabling meaningful comparison.

The results from Byotrol Inc. are reported below as a discontinued reporting segment:

Results of discontinued operations	**2022**	**2021**
	£'000	£'000
Revenue	-	15
Cost of sales	-	(28)
Gross profit	**-**	**(13)**
Operating costs	-	(85)
Operating (loss)	**-**	**(98)**
Exchange differences on translation of foreign operations		-
Total comprehensive expense for the year	**-**	**(98)**

Cash in/(out) flows from discontinued operations	**2022**	**2021**
	£'000	£'000
Cash inflow/(outflow) from operating activities	-	(48)
Net cash in/(out)flow for the year	**-**	**(48)**

Assets/(liabilities) relating to discontinued operations	**2022**	**2021**
	£'000	£'000
Assets	-	6
(Liabilities)	-	(97)

16 Earnings

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

Denominator for earnings per share calculations

Year to 31 March	2022	2021
	£'000	£'000
Weighted number of ordinary shares in issue	453,066,186	442,947,561
Effect of dilutive potential ordinary shares	4,106,908	11,338,201
	457,173,094	454,285,762

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.

Numerator for earnings per share calculations

Year to 31 March 2022	£'000 Continuing operations	£'000 Discontinued operations	£'000 Total
(Loss)/Profit attributable to ordinary equity holders of the Company (numerator for basic earnings per share calculation)	**(1,347)**	**-**	**(1,347)**
Adjusting items:			
- share-based payments	95	-	95
- exceptional items	586	-	586
- amortisation of acquisition-related intangibles	317	-	317
- deferred tax charge arising from acquisition-related intangibles	35	-	35
Adjusted earnings attributable to owners of the Parent	**(314)**	**-**	**(314)**

Year to 31 March 2021	£'000 Continuing operations	£'000 Discontinued operations	£'000 Total
Profit/(loss) attributable to ordinary equity holders of the Company (numerator for basic earnings per share calculation)	**979**	**(98)**	**881**
Adjusting items:			
- share-based payments	111	-	111
- amortisation of acquisition-related intangibles	243	-	243
- deferred tax credit arising from acquisition-related intangibles	(47)	-	(47)
Adjusted earnings attributable to owners of the Parent	**1,286**	**(98)**	**1,188**

Adjusted earnings per share from continuing operations

	2022 £'000	2021 £'000
- basic	**(0.07p)**	**0.29p**
- diluted	**(0.07p)**	**0.28p**

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 7. 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.

17 Group investments

The Company has investments in the following subsidiary and associate undertakings, which contribute to the net assets of the Group:

Subsidiary undertakings	Country of incorporation and operation	Registered office	Principal activity	Interest held by the Company
Byotrol Inc.	USA	PO Box 18514, Atlanta, Georgia, 30326, USA	Dormant	100% of members' capital
Byotrol Consumer Products Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Sale of anti-microbial products	100% ordinary shares
Byotrol Technology Limited	UK	Riverside Works, Collyhurst Road, Manchester, M40 7RU	Sale of anti-microbial products	100% ordinary shares
Byotrol Ventures Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Dormant	100% ordinary shares
Chemgene Solutions Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Dormant	100% ordinary shares
Trigene Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Dormant	100% ordinary shares
Medichem International Limited**	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Ownership of patents and registrations	50% ordinary shares
Medimark Scientific Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Sale of anti-microbial products	100% ordinary shares
Medimauve Limited*	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Dormant	50% ordinary shares
Smart Antimicrobial Technologies Ireland Limited	ROI	c/o Clinton Higgins, Trident House, Dublin Road, Naas, Kildare, Ireland	Sale of anti-microbial products	100% ordinary shares

Winchpharma (Consumer Healthcare) Limited	UK	Building 303 Pool Lane, Ince, Chester, England, CH2 4NU	Sale of anti-microbial products	100% ordinary shares

* Held indirectly via Medimark Scientific Limited
** 50% owned by Medimark Scientific Limited

18 Dividends paid and proposed

No dividends were declared or paid during the year and no dividends will be proposed for approval at the AGM (2021: none).

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 licences, and goodwill.

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

Year to 31 March 2022	Development costs £'000	Patents and licences £'000	Customer relationships £'000	Brands £'000	Goodwill £'000	**Total £'000**
Cost						
At 1 April 2021	1,535	676	1,861	567	502	**5,141**
Additions	367	121	-	-	-	**488**
Disposals	-	(96)	-	-		**(96)**
At 31 March 2022	1,902	701	1,861	567	502	**5,533**
Amortisation and impairment						
At 1 April 2021	(411)	(545)	(485)	(148)	-	**(1,589)**
Amortisation charge	(210)	(44)	(186)	(76)	-	**(516)**
Disposals	-	78	-	-	-	**78**
At 31 March 2021	(621)	(511)	(671)	(224)	-	**(2,027)**
Net carrying amount						
At 31 March 2022	**1,281**	**190**	**1,190**	**343**	**502**	**3,506**
At 1 April 2021	*1,124*	*131*	*1,376*	*419*	*502*	***3,552***

Year to 31 March 2021	Development costs £'000	Patents and licences £'000	Customer relationships £'000	Brands £'000	Framework access rights £'000	Goodwill £'000	**Total £'000**
Cost							
At 1 April 2020	1,207	780	1,861	567	114	502	**5,031**
Additions	328	66	-	-	-	-	**394**
Disposals	-	(170)	-	-	(114)	-	**(284)**
At 31 March 2021	1,535	676	1,861	567	-	502	**5,141**
Amortisation and impairment							
At 1 April 2020	(271)	(565)	(299)	(91)	(114)	-	**(1,340)**
Amortisation charge	(140)	(43)	(186)	(57)	-	-	**(426)**
Disposals	-	63	-	-	114	-	**177**
At 31 March 2021	(411)	(545)	(485)	(148)	-	-	**(1,589)**
Net carrying amount							
At 31 March 2021	**1,124**	**131**	**1,376**	**419**	**-**	**502**	**3,552**
At 1 April 2020	*936*	*215*	*1,562*	*476*	-	*502*	*3,691*

Amortisation is charged to the profit and loss account under Administrative Expenses. A number of technology or patent groups included in development costs or patents and licences above are material to the Group. These are Technology A with a book value of £300,000 across both development costs and patents which has not yet started to generate commercial returns and hence is yet to be amortised; Technology B with a book value of £96,000 in development costs which has not yet started to generate commercial returns and hence is yet to be amortised; and Technology C with a book value of £268k where amortisation has started and with commercialisation to commence in FY23.

Development costs

Development costs comprise capitalised staff costs (and allocable related direct costs) associated with the development of new products and services which will be saleable to more than one customer.

Patents

Patent costs represent the capitalised value of work undertaken (either internally or externally by appropriate legal or other consultants) to develop and protect patents, know-how and other similar assets.

Customer relationships

Customer relationships as stated were acquired as a result of the Medimark Acquisition.

Goodwill

Goodwill arose as a result of the Medimark Acquisition. It is assessed as having an indefinite life but the Group tests whether goodwill has suffered any impairment on an annual basis. The Medimark CGU comprises the brands, contracts and customer relationships acquired as part of the Medimark Acquisition, as well as certain IP and the related workforce. The goodwill relating to this CGU was tested for impairment at 31 March 2022 by comparing the carrying value of the CGU with the recoverable amount. The recoverable amount was determined using a value in use methodology based on discounted cash flow projections. The key assumptions used in the value in use calculations were as follows:

(i) The operating cash flows for this business for the years to 31 March 2023 and 2024 are taken from the budget approved by the Board which is closely linked with recent historical performance and current expected levels of activity, combined with management's strategic objectives for the business in future years and underlying market trends. The operating cash flow budget is most sensitive to sales;

(ii) Growth has been assumed in operating cash flows for the remainder of the value in use such that a consistent pre-tax margin is maintained over the calculation period. In line with the GAAP for impairment reviews, the cash flow projections have been prepared over a 5 year period, with an overall compound growth rate in sales of 4.0%;

(iii) A pre-tax discount rate of 8.0% has been used (being the Weighted Average Cost of Capital)

Sensitivity to changes in assumptions

The key assumptions for the value in use calculations are those regarding growth rates, discount rates and expected changes to selling prices and direct costs during the period. Changes in selling prices and direct costs, if any, are based on expectations of future changes in the market. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money.

The Group has conducted sensitivity analyses on the impairment test of the goodwill's carrying value which reflects the risk profile of the Medimark CGU. The Group believes that there are no reasonably possible changes to the key assumptions in the next year which would result in the carrying amount of goodwill exceeding the recoverable amount. This view is based upon inherently judgemental assumptions; however, it takes account of the headroom in the Value-in-Use calculation versus the current carrying value and the Board is confident that the assumptions in respect of operating cash flows remain appropriate

Conclusion

The Directors have concluded that, based on the above, recoverable value exceeds the carrying value of the goodwill at 31 March 2022.

20 Tangible assets

Year to 31 March 2022	Computer equipment £'000	Plant and machinery £'000	**Total** **£'000**
Cost			
At 1 April 2021	90	173	**263**
Additions	17	3	**20**
Disposals	(24)	(13)	**(37)**
At 31 March 2022	83	163	**246**
Depreciation			
At 1 April 2021	(71)	(108)	**(179)**
Charge for the year	(10)	(21)	**(31)**
Elimination on disposal	24	13	**37**
At 31 March 2022	(57)	(116)	**(173)**
Net carrying amount			
At 31 March 2022	**26**	**47**	**73**
At 1 April 2021	*19*	*65*	*84*

Year to 31 March 2021	Computer equipment £'000	Plant and machinery £'000	**Total** **£'000**
Cost			
At 1 April 2020	72	135	**207**
Additions	18	38	**56**
At 31 March 2021	90	173	**263**
Depreciation			
At 1 April 2020	(60)	(93)	**(153)**
Charge for the year	(11)	(15)	**(26)**
At 31 March 2021	(71)	(108)	**(179)**
Net carrying amount			
At 31 March 2021	**19**	**65**	**84**
At 1 April 2020	*12*	*42*	*54*

Notes to the Financial Statements (continued)

For the year ended 31 March 2022

21 Right-of-use assets

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

	Office buildings £'000	Vehicles £'000	**Total** £'000
Cost			
At 1 April 2021	103	47	**150**
Additions in the period	-	26	**26**
Disposals	-	(47)	**(47)**
At 31 March 2022	103	26	**129**
Depreciation			
At 1 April 2021	(75)	(45)	**(120)**
Charge for the period	(24)	(7)	**(31)**
Elimination on disposal	-	47	**47**
At 31 March 2022	(99)	(5)	**(104)**
Net carrying amount			
At 31 March 2022	**4**	**21**	**25**
At 1 April 2021	*28*	*2*	*30*

	Office buildings £'000	Vehicles £'000	**Total** £'000
Cost			
At 1 April 2020	103	47	**150**
Additions in the period	-	-	**-**
At 31 March 2021	103	47	**150**
Depreciation			
At 1 April 2020	(52)	(29)	**(81)**
Charge for the period	(23)	(16)	**(39)**
At 31 March 2021	(75)	(45)	**(120)**
Net carrying amount			
At 31 March 2021	**28**	**2**	**30**
At 1 April 2020	*51*	*18*	*69*

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

	Tax losses £'000	Share-based payments £'000	**Total** £'000
At 1 April 2020	330	101	**431**
Recognised in profit or loss	(186)	56	**(130)**
Recognised directly in equity	-	14	**14**
At 31 March 2021	**144**	**171**	**315**
At 1 April 2021	144	171	**315**
Recognised in profit or loss	(17)	(49)	**(66)**
Recognised directly in equity	-	(115)	**(115)**
At 31 March 2022	**127**	**7**	**134**

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.

At 31 March 2022 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3.26m (2021: £2.85m).

Deferred tax liabilities

	2022 £'000	**2021** £'000
At 1 April	**348**	**394**
Recognised in profit or loss	35	(46)
At 31 March	**383**	**348**
Comprising:		
Amounts recognised on intangible assets arising on consolidation	383	348
	383	**348**

23 Inventories

	2022 £'000	**2021** £'000
Raw materials and consumables	167	124
Finished goods and goods for resale	232	975
	399	**1,099**

Inventories recognised as an expense during the year ended 31 March 2022 amounted to £3.20m (2021: £5.49m). These are included in cost of sales in the Consolidated Statement of Comprehensive Income.

Total provisions against inventories in the year amounted to £0.26m, of which £0.21m is an exceptional provision as detailed in the Financial Review section of the Strategic report. A 90% provision has been made for inventory that is expected to still be held as at 31 March 2023 based on current sales data. This is management's best estimate of the inventory's net realisable value. If the inventory were sold for 10% more or less than these estimated amounts, this would have an impact of £6k on the Group's loss for the year. The remaining £0.05m is included in cost of sales in the Consolidated Statement of Comprehensive Income. There were no write-downs of inventories to net realisable value in the year (2021: £0.12m) following the exceptional provision made. No earlier write downs were reversed during the current or preceding period.

24 Trade and other receivables

At 31 March	**2022** £'000	**2021** £'000
Trade receivables – product sales	1,181	878
Prepayments and accrued income	223	334
Other receivables	2	4
Current portion of long-term trade receivables (IP sales)	535	398
Total other assets	**1,941**	**1,614**

Trade terms, credit risk and impairments

The Group's exposure to credit risk equates to the carrying value of cash held on deposit and trade and other receivables and contract assets. The Group's credit risk is primarily attributable to trade receivables and contract assets, and management has a credit policy in place to ensure exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers as deemed necessary based on, inter alia, the nature of the prospect and size of order.

Unless specific agreement has been reached with individual customers, sales invoices are typically due for payment between 30 and 60 days after the date of the invoice; where customers delay making payment, an assessment of the potential loss of customer goodwill arising from the enforcement of contractual payment terms may take place when considering actions to be taken to secure payment. Trade receivables include amounts that are past due at the reporting date for which no specific impairment provision has been recognised as these amounts are still considered to be recoverable. The Group does not require collateral in respect of financial assets.

As outlined in Note 3, the Group recognises impairments under IFRS 9 for relevant classes of assets. The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of a provision matrix to measure the lifetime expected losses. To measure the expected credit losses, trade receivables have been grouped on shared credit risk characteristics and the days past due. The expected loss rates are based on representative historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. Taking this and specific impairments into account, a loss allowance for expected credit losses has been recorded as follows:

	2022	2021
	£'000	£'000
Loss allowance at 1 April	25	34
Amounts recovered	(25)	(34)
Specific impairment charge	4	8
Additional expected credit loss provision	19	17
Loss allowance at 31 March	**23**	**25**

Aged analysis of trade receivables

At 31 March 2022	Current	0-30 days	31-60 days	61-90 days	91-120 days	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**
Gross	885	157	82	6	74	**1,204**
Specific impairment	-	-	-	-	(4)	**(4)**
Additional expected credit loss provision	(5)	(1)	(1)	(1)	(11)	**(19)**
	880	156	81	5	59	**1,181**

At 31 March 2021	Current	0-30 days	31-60 days	61-90 days	91-120 days	Total
	£'000	£'000	£'000	£'000	£'000	**£'000**
Gross	645	194	18	5	41	**903**
Specific impairment	-	-	-	-	(8)	**(8)**
Additional expected credit loss provision	(3)	(2)	(1)	-	(11)	**(17)**
	642	192	17	5	22	**878**

The additional expected credit loss provision for trade receivables as at 31 March 2022 is determined as follows:

	Expected loss rate	Carrying amount after specific provision £'000	Additional expected credit loss £'000
Not past due	0.6%	885	5
Past due up to 30 days	0.8%	157	1
Past due between 30 and 60 days	3.4%	82	1
Past due between 61 and 90 days	10.4%	6	1
Past due between 91 and 120 days	14.8%	74	11
		1,204	**19**

Non-current trade receivables

Non-current trade receivables arise most typically for the Group in sales or licences 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 licence 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. As detailed in the Financial Review section of the Strategic Report, an exceptional provision of £0.15m has been made against non-current royalty receivables relating to one of our long-standing partners, following concerns around their future trading prospects.

Current portion of long-term trade receivables	**2022**	**2021**
	£'000	£'000
At 1 April	398	547
Recognised in the period, net of cash received	(138)	(245)
Transfer from non-current trade receivables	275	96
At 31 March	**535**	**398**

Due after one year	**2022**	**2021**
	£'000	£'000
At 1 April	1,249	714
Recognised in the period	587	631
Transfer to current	(275)	(96)
A 31 March	**1,561**	**1,249**

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

25 Lease liabilities

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

2022

Amounts due in more than one year	Office buildings £'000	Vehicles £'000	**Total** £'000
At 1 April 2021	4	-	4
Liabilities taken on in period	-	25	25
Transfer from long-term to short-term	(4)	(13)	(17)
At 31 March 2022	**-**	**12**	**12**

Amounts due in less than one year	Office buildings £'000	Vehicles £'000	**Total** £'000
At 1 April 2021	24	2	26
Repayments of principal	(24)	(7)	(31)
Transfer from long-term to short-term	4	13	17
At 31 March 2022	**4**	**8**	**12**

2021

Amounts due in more than one year	Office buildings £'000	Vehicles £'000	**Total** £'000
At 1 April 2020	29	2	**31**
Transfer from long-term to short-term	(25)	(2)	**(27)**
At 31 March 2021	**4**	**-**	**4**

Amounts due in less than one year	Office buildings £'000	Vehicles £'000	**Total** £'000
At 1 April 2020	24	15	**39**
Repayments of principal	(25)	(15)	**(40)**
Transfer from long-term to short-term	25	2	**27**
At 31 March 2021	**24**	**2**	**26**

26 Trade and other payables

At 31 March	**2022** £'000	**2021** £'000
Due within a year		
Trade payables	989	739
Social security and other taxes	95	109
Accruals	162	175
Total trade and other payables	**1,246**	**1,023**

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.

27 Loans and borrowings

Reconciliation between opening and closing balances for liabilities resulting in financing cash flows

	1 April 2021	Transfer from non-current to current	Cash flows - net (repayments) and drawdowns	**31 March 2022**
	£'000	£'000	£'000	£'000
Non-current liabilities				
Lease liabilities	4	8	-	12
Current liabilities				
Lease liabilities	26	17	(31)	12
Total	**30**	**25**	**(31)**	**24**

The Directors consider that the carrying amount of borrowings approximates to their fair value.

28 Share capital and reserves

Share capital and share premium

Ordinary shares of 0.25p each (issued and fully paid)	£'000	Number
At 1 April 2020	1,101	440,248,305
Issued for cash during the year	15	6,282,100
At 31 March 2021	**1,116**	**446,530,405**
Issued for cash during the year	19	7,360,000
At 31 March 2022	**1,135**	**453,890,405**

The Ordinary Shares have full equal voting rights, equal participation in dividends, equal participation in distribution on winding up with no redemption rights.

Options over 7,360,000 (2021: 6,282,100) ordinary shares were exercised for proceeds of £286,000 (2021: £205,000).

Reserves

The nature and purpose of each of the reserves included within equity is as follows:

Retained earnings

The retained earnings reserve represents accumulated profits or losses to date.

29 Financial instruments

Financial risk management

The Group's principal financial instruments are cash, trade receivables, borrowings and trade payables. The Group therefore has exposure to certain risks from its use of financial instruments unrelated to the performance of the Group itself. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance and such risk management is carried out by the Directors.

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk, as explained below.

- Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign currency movements:

  Interest rate risk - the Group is exposed to interest rate risk arising on cash and cash equivalent balances and bank loans and overdrafts in the prior year. The Group does not consider that it is significantly exposed to interest rate risk, either in the current or prior year, and therefore an interest rate sensitivity analysis is not presented

  Foreign exchange risk - the Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures, principally the US dollar and the Euro. The Group is exposed to foreign currency risk arising from recognised assets and liabilities as well as commitments arising from future trading transactions. Although the countries that the Group trades with have relatively stable economies, management has set up a policy which requires Group companies to manage their foreign exchange risk against their functional currency by closely monitoring spot rate to balance inflows and outflows. A sensitivity analysis of the Group's foreign exchange exposure is not presented as the risk is considered to be insignificant

- Credit risk arises from the Group holding cash and cash equivalents and trade and other receivables. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement. Further details on trade receivables, including analysis of bad debts and ageing, are given in note 24. In order to manage credit risk, the Group sets limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Balances that are beyond agreed terms, are actively followed up to ensure collection

- Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's liquidity risk management and implies maintaining sufficient cash and/or committed borrowing facilities. The Directors monitor rolling forecasts of liquidity, cash and cash equivalents based on expected cash flows, and given that cash resources are held on short-term deposits, total exposure to liquidity risk is not considered material to the Group

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity. The Group is not subject to any externally imposed capital requirements and the objective when managing capital is to maintain adequate financial flexibility to preserve the ability to meet financial obligations, both current and long term - the resulting capital structure is managed and adjusted to reflect changes in economic conditions and with a view to maximising the return to shareholders through optimisation of the balance of debt and equity. Financing decisions are made based on forecasts of the expected timing and level of capital and operating expenditure required to meet commitments and development plans. There was no change in the Group's approach to capital management during the financial period under review.

Classification of financial instruments

	Group 2022 £'000	Group 2021 £'000
Financial assets at amortised cost		
Trade receivables	3,277	2,525
Cash	1,132	1,598
Financial liabilities at amortised cost		
Trade payables	(989)	(739)

Fair values of financial assets and financial liabilities

As at 31 March 2022 and 31 March 2021 there were no material differences between the book value and fair value of the Group's financial assets and liabilities. Given that there are no assets or liabilities measured at fair value, disclosure of fair value measurement techniques applied and level of inputs used is not relevant.

30 Related party transactions

The Directors are deemed to be the only key management personnel of the Group. Their remuneration is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2022 £'000	2021 £'000
Salaries and fees	432	392
Benefits in kind	3	9
Share-based payments	-	7
Total remuneration as directors	435	408
Payments in respect of other services	-	21
Total related party payments	**435**	**429**

Fees for Till Medinger were paid to Medinger Associates and amounted to £0 (2021: £15,000). Fees for Sean Gogarty were paid partly to Grove Strategic Advisors and amounted to £0 (2021: £6,000).

Other than disclosed in this note or elsewhere in this financial information as appropriate, no related party transactions have taken place during the year that have materially affected the financial position or performance of the Group.

31 Capital commitments and contingent liabilities

As at 31 March 2022 the Group had no material capital commitments (2021: nil) nor any contingent liabilities (2021: nil).

32 Events after the reporting date

The Group issued a Convertible Bond for £1m in July 2022 to new and existing investors in the Company, including Board directors. The Loan Notes have a term of five years, are senior in ranking, unsecured and convertible at investors' option into ordinary shares in the capital of the Company ("Ordinary Shares") at a price of 3.25 pence per Ordinary Share, representing a 30% premium to the mid-price of the Company's share price at close of business on 26 July 2022. The Loan Notes carry a coupon of 9% per annum, payable quarterly in arrears.

Based on the issue size of £1,000,000, the Loan Notes would, if converted, represent approximately 30,769,230 Ordinary Shares, amounting to 6.8% of the current issued share capital of the Company.

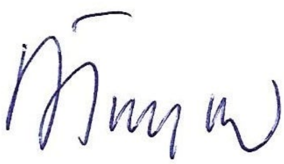
Company Statement of Financial Position

For the year ended 31 March 2022

	Note	2022 £'000 *(audited)*	2021 £'000 *(audited)*
Assets			
Non-current assets			
Investments in subsidiaries	7	3,308	3,216
Other intangible assets	8	190	130
Trade receivables		923	1,249
		4,421	**4,595**
Current assets			
Trade and other receivables	9	1,771	855
Cash and cash equivalents		315	106
		2,086	**961**
Total Assets		**6,507**	**5,556**
Liabilities			
Current liabilities			
Trade and other payables	10	2,481	1,952
		2,481	**1,952**
Total Liabilities		**2,481**	**1,952**
NET ASSETS		**4,026**	**3,604**
Issued share capital and reserves attributable to owners of the parent			
Share capital	11	1,135	1,116
Share premium		457	190
Retained earnings		2,434	2,298
TOTAL EQUITY		**4,026**	**3,604**

For the period ended 31 March 2022, the Company recorded a profit of £0.04m (2021: loss of £(3.77)m).

The financial statements of Byotrol Plc, registered number 05352525, were approved by the board of Directors and authorised for issue on. They were signed on its behalf by:



David Traynor
Director

Chris Sedwell
Director

The accompanying notes 1 to 14 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital	Share premium	Merger reserve	Retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	**£'000**
Balance at 1 April 2020	**1,101**	**28,423**	**1,065**	**(23,527)**	**7,062**
(Loss) after taxation for the year	-	-	-	(3,774)	(3,774)
Transactions with owners:					
Share-based payments	-	-	-	7	7
Share-based payments to employees of subsidiaries	-	-	-	104	104
Shares issued during the year for cash	15	190	-	-	205
Transactions with owners – capital reduction:					
Capitalisation of Merger reserve to B Ordinary Shares	1,065	-	(1,065)	-	-
Cancellation of B Ordinary Shares	(1,065)	-	-	1,065	-
Cancellation of Share Premium	-	(28,423)	-	28,423	-
Balance at 31 March 2021	**1,116**	**190**	**-**	**2,298**	**3,604**
Profit after taxation for the year	-	-	-	41	41
Transactions with owners:					
Share-based payments	-	-	-	3	3
Share-based payments to employees of subsidiaries	-	-	-	92	92
Shares issued during the year for cash	19	267	-	-	286
Balance at 31 March 2022	**1,135**	**457**	**-**	**2,434**	**4,026**

Reserve	**Description and purpose**
Share capital	Nominal value of issued shares
Share premium	Amount subscribed for share capital in excess of nominal value less associated costs
Merger reserve	The merger reserve was established in respect of historic acquisitions
Retained earnings	All other net gains and losses not recognised elsewhere

The accompanying notes 1 to 14 are an integral part of these financial statements.

Notes to the Company financial statements

For the year ended 31 March 2022

1 Accounting policies

Basis of preparation

The Parent Company financial statements of Byotrol Plc (the "Company") have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework and as required by the Companies Act 2006.

The financial statements have been prepared in UK Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency). The financial statements are prepared under the historical cost convention and were approved for issue on 26 August 2022

No profit and loss account is presented by the Company as permitted by section 408 of the Companies Act 2006.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly-owned members of the Byotrol Group.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- business combinations;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets

Trade receivables

Short term trade receivables are measured at transaction price, less any impairment. The Company assesses at each reporting date whether any trade receivables or other assets or group of financial assets is impaired.

Taxation

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

- in respect of taxable temporary differences associated within investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised, or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income or directly to equity if it relates to items that are credited or charged to other comprehensive income or directly to equity. Otherwise, income tax is recognised in the income statement.

Investments in subsidiaries

Investments consist of the Company’s subsidiary undertakings. Investments are initially recorded at cost, being the fair value of the consideration given and including directly attributable charges associated with the investment. Subsequently they are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Related party transactions

The Company has taken advantage of the exemption under FRS 101 from disclosing related party transactions with entities that are wholly owned subsidiary undertakings of the Byotrol Group.

2 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Investments in subsidiary companies

The carrying cost of the Company's investments in subsidiary companies is reviewed at each reporting date by reference to the income that is projected to arise therefrom. From a review of these projections, the Directors have made no provisions against their carrying values as the Directors believe that the investments concerned will generate sufficient economic benefits to justify their carrying values.

3 Auditor's remuneration

The figures within the auditors' remuneration note in the Byotrol consolidated financial statements include fees charged by the Company's auditors to Byotrol plc in respect of audit and non-audit services. As such, no separate disclosure has been given above.

4 Directors' remuneration

Information concerning Directors' remuneration can be found in note 10 to the Group financial statements.

5 Share-based payments

Share-based payments associated with share options granted to employees of subsidiaries of the parent company are treated as an expense of the subsidiary company to be settled by equity of the parent company. The share-based payment expense increases the value of the parent company's investment in the subsidiaries and is credited to retained earnings.

6 Dividends paid and proposed

No dividends were declared or paid during the year and no dividends will be proposed for approval at the Annual General Meeting of the Company.

7 Investment in subsidiaries

	2022	2021
	£'000	£'000
At 1 April	3,216	3,112
Investment in the period		
Issue of share options to employees of subsidiaries	92	104
At 31 March	**3,308**	**3,216**

8 Intangible assets

Intangible assets comprise capitalised development costs in relation to internally generated technology, products and processes. An analysis of intangible assets is as follows:

Year to 31 March 2022	Patents and licences £'000	**Total £'000**
Cost		
At 1 April 2021	676	**676**
Additions	121	**121**
Disposals	(96)	**(96)**
At 31 March 2022	701	**701**
Amortisation and impairment		
At 1 April 2021	(546)	**(546)**
Amortisation charge	(44)	**(44)**
Disposals	79	**79**
At 31 March 2022	(511)	**(511)**
Net carrying amount		
At 31 March 2022	190	**190**
At 1 April 2021	*130*	***130***

9 Trade and other receivables

	2022	2021
	£'000	£'000
Due within a year		
Trade receivables	129	113
Short-term portion of long-term trade receivables	383	302
Other receivables and prepayments	39	46
Intra-Group receivables	1,220	394
Total trade and other receivables	**1,771**	**855**

Credit risk and impairments

The Company recognises impairments under IFRS 9 for relevant classes of assets, including reviewing the amount of expected credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. However, given the nature of the receivables recorded by the Company, such provision was deemed by the Directors to be minimal and accordingly no provision has been made.

10 Trade and other payables

	2022	2021
	£'000	£'000
Due within a year		
Trade payables	134	72
Other payables	60	38
Intra-Group payables	2,287	1,842
Total trade and other payables	**2,481**	**1,952**

11 Reserves

Share capital and share premium

Ordinary shares of 0.25p each (issued and fully paid)	£'000	Number
At 1 April 2020	1,101	440,248,305
Issued for cash during the year	15	6,282,100
At 31 March 2021	**1,116**	**446,530,405**
Issued for cash during the year	19	7,360,000
At 31 March 2022	**1,135**	**453,890,405**

The Ordinary Shares have full equal voting rights, equal participation in dividends, equal participation in distribution on winding up with no redemption rights.

Options over 7,360,000 (2021: 6,282,100) ordinary shares were exercised for proceeds of £286,000 (2021: £205,000).

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. There are restrictions on the use of the Share Premium Account. It can only be used for bonus issues, to provide for the premium payable on redemption of debentures, or to write off preliminary expenses, or expenses of, or commissions paid on, or discounts allowed on, the same issues of shares or debentures of the Company.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

12 Capital commitments and contingent liabilities

As at 31 March 2022 the Group had no material capital commitments nor any contingent liabilities (2021: £nil)

13 Events after the reporting date

The Group issued a Convertible Bond for £1m in July 2022 to new and existing investors in the Company, including Board directors. The Loan Notes have a term of five years, are senior in ranking, unsecured and convertible at investors' option into ordinary shares in the capital of the Company ("Ordinary Shares") at a price of 3.25 pence per Ordinary Share, representing a 30% premium to the mid-price of the Company's share price at close of business on 26 July 2022. The Loan Notes carry a coupon of 9% per annum, payable quarterly in arrears.

Based on the issue size of £1,000,000, the Loan Notes would, if converted, represent approximately 30,769,230 Ordinary Shares, amounting to 6.8% of the current issued share capital of the Company.

14 Related parties

The Company is exempt from disclosing transactions within the wholly owned subsidiaries in the Group. Other related party transactions are included within those disclosed in the Group consolidated financial statements.

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