



19 August 2021

## **Byotrol plc**

### **FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **TRADING UPDATE**

Byotrol plc (AIM: BYOT), the specialist infection prevention and control company is pleased to present its audited results for the year ended 31 March 2021 and its outlook for the current financial year and beyond.

#### **Financial highlights**

Our results for the year to 31 March 2021 were significantly above expectations at the beginning of the year, across all key financial measures. Headlines are:

- Revenue £11.2m (FY20: £6.0m)
- IP sales included in revenue £1.07m (FY20: £0.78m)
- Gross profit at £4.86m (FY20: £2.89m)
- Adjusted EBITDA\* at £1.78m (FY20: £0.47m)
- Profit before tax of £1.0m (FY20: £0.2m)
- Net cash £1.6m (FY20: £1.4m). Additional expected future cash from minimum guaranteed IP payments over £1.6m versus £1.3m at year end FY20.
- Byotrol is now debt free with borrowings of £0.3m repaid in the year

*(FY20 figures restated for the effect of discontinued operations)*

#### **Operational highlights**

- Strong performance during the covid-19 pandemic, increasing sales and profits despite border closures, supply chain interruptions, raw material shortages, input price rises and increased safety precautions. Adjusted EBITDA increased almost fourfold
- Primary focus on Professional markets – emergency and medical services and long-standing customers first, followed by new Professional and Consumer markets
- New licenses and IP agreements signed with Integrated Resources Inc. (US surface care), Turtlewax Europe Limited (surface care for the non-US automotive market), SC Johnson Professional Limited (alcohol free sanitisers in healthcare in UK and Ireland) and Byoworks Proprietary SA (agent for Byotrol in Southern Africa)

- Completion of US licence agreement and ongoing global relationship with Solvay SA on Actizone allowed us to close our US office and manage the licensing relationships from the UK, almost eliminating our costs for no reduction in market opportunity.
- New class2 virology laboratory, with senior, highly experienced technical staff, now established at Byotrol headquarters in Chester. New market-leading, long-lasting anti-viral claims validated across several proprietary formulations.
- Academic studies into the anti-viral properties of certain forms of seaweed continue encouragingly with our partners at University of Liverpool, supported by a UK Innovate grant award of £350k.

### **Outlook and current trading**

The sanitiser market has experienced a period of unprecedented activity as a result of COVID-19, resulting in record financial performance for Byotrol. We believe the increase in anti-microbial awareness and mass-uptake of related products will continue long into the future.

Management remains extremely positive on the medium to long-term outlook where the market is forecast to grow globally at 8 to 10% per year from pre-COVID levels and industry earnings growth is likely to exceed this as weaker competitors with inferior chemistries, and those that lack regulatory approval, fall away.

In the short-term, revenue from product sales in the new financial year to date has been hindered by closed venues from extended lockdowns, new competition, and an excess of inventory. However, the market does now appear to be stabilising and management now expect product sales for FY22 at a level some 10 to 20% below those for FY21: an exceptional year which was itself over 90% ahead of FY20.

Revenue from IP-related transactions is looking positive. The Group is:

- now in the position to expect commencement of a number of streams of royalty income from prior years' IP licensing agreements over and above the minimum guaranteed amounts agreed. Whilst it is too early to predict the quantum and timing of receipt of these, it marks the start of an extremely high-margin and high-profile revenue stream for Byotrol which should further increase the profitability of the Group; and
- actively continuing to monetise its significant and growing Intellectual Property portfolio with further IP agreements - enquiries and active discussions are encouraging and currently numerous across our whole portfolio in the UK and overseas

We therefore again expect a significant contribution to our bottom line in FY22 from IP-related income and as a result, the Board expects adjusted EBITDA for FY22 to be in-line with that of FY21.

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

*"This past year was an extraordinary one by any standards, in our industry and in society in general. Byotrol's financial results to March 2021 were our best ever, boosted by demand for our products due to COVID-19, but we believe will continue to benefit from new post-pandemic approaches to infection prevention in institutional, business and consumer environments.*

*We continue to see many opportunities on our markets and continually review how best to maximise returns from them. Your Board remains optimistic for Byotrol's prospects."*

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

*\*Adjusted EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation, adjusted for the effect of loss on disposal of assets, revenue recognised as interest under IFRS 15 and expensed share-based payments.*

**Notes to Editors:**

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

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

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

*For more information, please go to [byotrol.co.uk](http://byotrol.co.uk)*

## Chairman's statement

This past year was an extraordinary one by any standards, in our industry and in society in general. Byotrol's financial results have been boosted by demand for our products due to COVID-19 and we believe we will continue to benefit from new post-pandemic approaches to infection prevention in institutional, business and consumer environments. We also continue to believe that our focus on regulatory-approved and high performance, infection prevention technologies will deliver excellent returns for our shareholders, whilst benefitting all stakeholders including broader society and the environment.

### Results and Financing

The Group has produced its best ever results with revenue for the year increasing to £11.2m from £6.0m the previous year and generating an adjusted EBITDA of just under £1.8m compared to just under 0.5m in 2020. Product sales increased to £10.1m from £5.2m and associated gross profit to £3.8m from £2.1m. We recognised revenue and gross profit from IP licensing agreements of £1.1m, compared to £0.8m in the previous year. The resulting profit before tax was £1.0m compared to £0.2m in the previous year.

At the year end we had no debt and cash resources of £1.6m. During the year we invested significantly in stock, our people and our technologies and remain well-resourced to fund organic growth.

### Strategy

As an infection prevention company, we participate in an industry that serves a fundamental, global and increasingly challenging set of needs, framed by an increasingly complex and evolving regulatory environment. We have positioned Byotrol to satisfy those complex needs through 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.

We compete across a range of industry segments in both B2C and B2B channels and with a variety of commercial models including product sale, licensing, alliances and IP trading. One challenge is that we are relatively thinly spread across several business segments and occasionally struggle in competition with segment specialists offering inferior products to ours but with a broader portfolio or broader reach or service offering. This is why licensing and IP trading is so important to us at this stage of our development, which in turn finances and supports our ability to focus on fewer markets.

Most analysts expect market demand to increase post Covid, from a trend line of 5% per annum in global sales, to close to 10%. This is rapid growth for an already large and fragmented market, but when one additionally factors in that the number of suppliers is being reduced by regulatory pressures, it should not be a surprise that even the multinational hygiene and cleaning companies are projecting long term double digit earnings growth and smaller more focused companies substantially more. We expect to be one of the beneficiaries of such trends and the year under review in this report has given us a real foundation to make that a reality and, very importantly, do our bit to make the world a better and safer place.

### Trading during coronavirus

Shareholders will be aware that we do not have our own manufacturing facilities and hence the team has had to work hard with suppliers and customers this year to deliver as much of our product as domestic and international supply chains would allow. This of course presented numerous challenges, not least from variable supply caused by national lockdowns and closed borders, interrupting the flow of packaging materials and materials, often putting us in competition with deep-pocketed and politically influential multi-nationals. We have also had to contend with internal and external lockdowns, with protecting our staff, their families and other stakeholders from illness or with supporting them during any illness, though thankfully in very few cases.

Trading varied during the year, dependent on supply chains but also on the degree of lockdown in our markets. Very broadly, the first half was very good in sales terms as customers scrambled for product; as supply chains caught up with demand, Q3 started to settle back a little (but at levels higher than pre-Covid) and Q4 was relatively slow as our main market, the UK, went into another lockdown. We are a business that sells consumables mostly into institutional and business environments and, when they are closed down, consumption is low. Further details on this are given in the Chief Executive's report.

## **US operations**

We reported last year that we had concluded that we did not have the resources to go it alone in the US and as a result in May 2020 we licensed out our proprietary, EPA-approved surface sanitiser Byotrol24 to Integrated Resources Inc. ("IRI"). This agreement then led to a sub licence in the US in B2B and B2C with Turtlewax Inc. and a new relationship for Byotrol in Europe with Turtlewax Europe, which then agreed a direct licence with us for our European surface care formulations. We understand IRI has been doing well during the pandemic and we expect the commencement of royalty income from them in the current financial year.

In parallel with IRI, we have a financial interest in the US activities of Solvay SA, which has now launched Actizone, a long lasting anti-microbial surface technology that we helped develop, globally. We understand Solvay is progressing the necessary US registrations, but while we do not have visibility on exact timings and on likely customers we remain highly confident that they will be successful.

With those two agreements in place directly with Byotrol plc – and excellent de facto representation in the US - we have closed our US office and reduced the remaining costs to negligible levels (principally the costs of maintaining patents) and the results of the US operations are accordingly reported as a discontinued business in these accounts.

## **Board and employees**

In my report last year, I announced that Dr Trevor Francis would be stepping down as Chief Technology Officer and take up a seat as a non-executive director. We then deferred that change as we needed our most experienced people in the business during the pandemic, and only now do we feel able to complete the process. So we thank Trevor for his very valuable extra input this year and again wish him well in his delayed retirement, whilst still looking forward to his input in Board meetings. As we reported last year Dr Till Medinger stepped down at the AGM and as a result I assumed the Chairmanship of the Audit Committee and Sean Gogarty was appointed Chairman of the Remuneration Committee.

The Byotrol team has been operating under substantial pressure throughout the financial year and has produced some good results. I want to put on record my thanks to all employees, currently numbering 39, for their efforts and commitment to the Company.

## **AGM**

The Company's AGM is expected to be held on a date to be confirmed in September. We are hoping to hold this meeting in public in London, as pre-Covid, but that will clearly be dependent on legislation at the time. I have found our AGMs to be well attended in the past and I am pleased that the Q&A elements to date have been lively, and I hope informative. We value the participation of smaller and retail shareholders in these meetings and I encourage your attendance. The executive team will also be conducting retail investor presentations via familiar online platforms post results.

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

## **Prospects**

Our market background has changed for good and there is a new awareness of the damage viruses can do if unconstrained and it is clear that governments are not able to protect everybody all the time. Biocides - and other infection prevention technologies - now sit at the centre of protecting lives and human interaction, delivered by governments but also used proactively by individuals, employers and institutions. Companies that deliver technologies that are efficacious, science-led, validated by regulators and cognisant of risk/reward, including for the environment, should be very big winners. This is the positioning that Byotrol has been adopting for the last several years and which the team is very motivated to continue to exploit. Our strategy has therefore remained constant from pre-Covid through the worst of the pandemic and will remain in place post Covid, although there is an increasing need for us to focus more on fewer markets.

The slight imponderable this new financial year is the degree to which continued lockdowns are going to limit product sales. The first quarter has for instance been relatively slow, exacerbated by Brexit and by high levels of stock in the industry (and some heavy discounting as a result), but demand from potential licencees has correspondingly increased in preparation for the post Covid, virus-aware world. This means our sales mix may change over the year from initial expectations, but our commercial model has been designed to be flexible to deal and to generate profits in whatever the market conditions, within reason.

We continue to see many opportunities on our markets and continually review how best to maximise returns from them. Your Board remains optimistic for Byotrol's prospects and future growth.

**John Langlands**  
**Chairman**

## Chief Executive Officer's statement

This was another good year for Byotrol in business terms, exceeding the targets that we had set at the beginning of the year and improving on all key performance indicators. It was also an unusual year for obvious reasons, with performance and focus being heavily skewed by the Covid pandemic. Revenue for the year was £11.2m (from £6.0m the previous year), adjusted EBITDA just under £1.8m (FY20: £0.5m) and reported EPS (from continuing operations) 0.22p (FY20: 0.13p). At year end we had no debt and cash resources of £1.6m, plus already contracted minimum guaranteed future royalty payments from licences amount to around £1.6m. The Directors are pleased with these results and the continually improving health of the business. The long-term outlook for our sector remains outstanding and our strategic positioning within it appropriate and we believe scalable.

### Strategy and pragmatics

Byotrol's positioning has worked well during the pandemic and we believe it will work well post pandemic. We focus on technologies and chemical formats that satisfy infection prevention needs and that have a degree of innovation and uniqueness that should generate sustainable and high returns. In recent times we have concentrated on biocidal chemicals in institutional and consumer markets, but the strategy also extends into other technical areas that we may add in future. Our markets are developing very quickly, and we need to be flexible as we grow.

The reality of market demand in the year under review was that we needed to focus on making and distributing as much of our product as we could, as fast as our supply chain could make them. Virtually all management time this year was therefore on servicing professional customers' heightened demand, and in particular doing what we could for the community by servicing first of all emergency and medical services alongside long-standing customers and secondarily on other new segments.

This meant, amongst other things, dealing with variable supplies of raw material ingredients, with national border closures, with extreme shortages in packaging materials and with logistical systems under extreme stress. The reality of having a completely outsourced supply chain is that the team therefore had to work with suppliers themselves under pressure and facing multiple demands on their time and resources. This meant we sometimes found ourselves in direct competition with multi-nationals many times our size and with deeper pockets – and political leverage - to finance sizeable forward orders, potentially squeezing us out.

All things considered, our team did very well to increase sales so effectively over this time and we are of course grateful for the excellent service received from our long-term suppliers, particularly in the UK. Our high level of operational gearing means that the margin from extra sales fed through to our bottom line, with no extra risk to the business through investing in in-house capacity. We almost doubled product sales in the year, whilst total costs rose by less than a quarter, contributing to EBITDA quadrupling over the year; and we do not have high fixed costs to manage as market conditions return to some degree of normality.

### Markets

#### *Professional*

Full year revenues increased to £9.4m from £5.2m in the prior year, and gross profit to £4.1m from £2.5m. Within this, IP sales (including royalties from licensing) increased to £1.1m from £0.8m, split £0.23m 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% versus 38% in the prior year, reflecting extra cost of goods as supply chains struggled with demand and competition for raw materials.

Product mix in the year remained broadly consistent with previous years, with 85% of sales in surface care and 15% in hand hygiene. Customer mix varied through the year as lockdowns had differential impacts on channels; for example sales in H1 into veterinary groups and facilities management were slower than into human health environments as there were more temporary closures in the former.

Over the year, 25% of sales in Professional were into human health, of which the majority was under Medical Device Rules in the UK and EU.

We continued our strategy of licensing out technologies to third parties in markets that we cannot access ourselves directly for example for geographic reasons, or for cost of entry and service reasons. In the year under review we announced four such licence agreements, predominantly in the Professional segment but also potentially in Consumer in future, with:

- Integrated Resources Inc (“IRI”) in the US. This agreement, signed in May 2020, gave IRI – a group of specialist investors and manufacturing experts – exclusive rights over our EPA approved long lasting surface sanitiser Byotrol24. They are already making good progress on sales and on sub licensing, with a notable sub licensee Turtlewax Inc, already launched in the US in B2B and limited B2C
- Turtlewax Europe Limited, a subsidiary of Turtlewax, introduced to Byotrol by IRI, which has licensed our long-lasting surface sanitisers in Europe for the automotive market. These are already available in Halfords in the UK, and further launches will take place in Europe once the various national registrations are completed
- SC Johnson Professional Limited in the UK, for alcohol-free hand sanitisers, sold under their brand into UK and Ireland hospitals. This agreement was signed in April 2020 and represented a strengthening in our existing relationship, moving from an existing relatively short-dated supply and manufacturing agreement to a longer-term technology licence with guaranteed minimum revenues
- Byoworks (PTY) Ltd in South Africa, a long-standing agent of the Group and now under new professional management. Byoworks has licensed all Byotrol technologies for distribution in sub-Saharan Africa, a geography that we could not reasonably and efficiently access ourselves directly

All of these agreements include minimum guaranteed royalty payments which are reflected in our balance sheet as long-term receivables/contract assets. We fully expect the actual royalties to exceed the minimums over time.

Regarding the other licence agreements in Professional markets signed in prior years (including with Tristel plc in non sporicidal surface disinfection in UK healthcare and dvanced Hygienics Inc. in US hand sanitisers), all are currently performing to our expectations. We are particularly excited about the potential returns from Solvay SA, which has now launched globally Actizone, the long-lasting antimicrobial surface sanitiser that Byotrol co-developed and that will pay Byotrol an ongoing commission linked to Solvay’s sales. Solvay’s CEO has been encouragingly describing this as a “potential blockbuster” technology on recent investor calls and we continue to expect to report the first sales-based income from this relationship in FY22 in both Professional and Consumer markets worldwide.

## **Consumer**

Full year revenues increased to £1.8m from £0.8m in the prior year, and gross profit to £0.7m from £0.4m, all from product sales. We did not agree any consumer-oriented IP transactions in this year, although we expect that licences with Solvay, Turtlewax and Byoworks will lead to royalty income from consumer sales in due course.

The gross margin from product sales in this segment in the year was 39% versus 51% in the prior year, reflecting increased costs from finding suppliers outside China for our petcare business whilst China was effectively closed for international business.



Sales across existing customers all increased in this segment, especially into Japan via our long-standing agents in pet and healthcare. One particular success was working with Boots to increase our alcohol-free, anti-viral hand sanitising foam into all 2,500 Boots UK stores. We continue to look at methods of building on our retail and direct-to-consumer presence and have been putting more resource into this area since year end.

In consumer surface care, matters have been helped but also complicated a little for us by launches from two global FMCGs into our core long-lasting anti-microbial claims space - Microban (backed by P&G) and Lifebuoy (Unilever). The good news for us is that significant advertising and promotion spend is now going into the long-lasting category in global consumer markets and we believe our product performs better than those new arrivals. The challenge we have now is to be noticed and heard when we have much less marketing fire power to employ. We do have some initiatives under way that we hope will take advantage of the opportunity.

As reported in our Interim statement, resource invested in Consumer was relatively light this year compared to Professional, which in the period was taking up the majority of our management and supply chain capacity.

### **Research and Development**

Much of our R&D resource this year was invested into:

- solidifying and validating our products' efficacy against coronavirus, both for instant and longer-lasting elimination claims
- Testing and approving new formulations and packaging options for our products when supply chain limitations necessitated change
- ensuring relevant regulatory approval for our products, now as a non-EU country

We also made excellent progress in three technical areas, namely:

- in our research programme into seaweed as a potent anti-viral, where we secured a Innovate UK grant of £350k over 16 months to fund investigations into the mode of action behind the observed potency, which in turn should lead to a clear direction on what route to commercialisation we should adopt. This project continues very encouragingly, with interest in the project now emerging from potential partners ranging across surface and skin sanitising, nutraceuticals and pharmaceuticals
- we opened a fully-staffed class 2 virology laboratory in our scientific facilities at Thornton Science Park in Cheshire. This is a big step for a company of our size but we see it as a key element of our strategy and excellent technical leadership and support for product sale and for licensing
- in February 2021 we announced that we had developed and validated a test protocol to support long-lasting efficacy of anti-microbials against viruses. We believe we are the first company to support such claims and we hope that it will help to challenge an increasing number of competitors making dubious long-lasting claims, including fudging the difference between bacteria and viruses. Regulators will undoubtedly catch up with offenders in due course, but it may take time without technical support from companies such as Byotrol

Total cash spend into technical activities this year was £0.51m compared to £0.43k in the previous year, representing around 10% of total costs net of around £0.19m of these cash costs which were capitalised; no cash R&D tax credit was accrued this year as the relevant subsidiary was profitable for tax purposes.

## **Outlook**

Your Board remains very excited about the opportunities in our industry, sees multiple routes to profitable growth and believes in the strategy we have now been adopting for many years.

In the short term, product sales are likely to be softer than during the pandemic as our industry works through a degree of overstocking and increased capacity, caused by the unforeseen and extended UK (and overseas) lockdown into the summer 2021. Byotrol is primarily focussed on selling consumables into business and institutional environments, which is not a buoyant market when those environments are closed down. However, demand for our IP remains strong, either as licences or alliances/partnerships and we expect such agreements to underpin and promote profitability for the current financial year and beyond.

It is clear that our targeted markets and customers are becoming more and more knowledgeable on the technical aspects of products such as ours and are now more insistent on proper data support and regulatory approval, all of which we have proved to an exceptionally high standard. We remain convinced that Byotrol will be long-term winners in this new environment, to the great benefit of shareholders, but also to the benefit of our broader stakeholders and to the environment. We look forward with both enthusiasm and confidence in delivering further progress in this growing market.

**David Traynor**

**Chief Executive Officer**

## Financial review

Our results for the year show the results of the Group's positioning in previous years, enabling us successfully to satisfy extraordinary demand during the Coronavirus pandemic whilst continuing to monetise the Group's proprietary technologies by way of IP licensing transactions with a number of third parties which will provide cash income for several years to come.

During the year, the Board took the view that the Group's US trading operations were unlikely to be viable in the medium term and accordingly they were closed down following the licensing of the technology in US and related territories to a third party; the FY21 figures below (unless specified otherwise) relate solely to the continuing operations of the Group, and the FY20 figures have been restated to exclude the US operations.

### Income Statement

#### Revenue

##### *Professional*

Revenues for product sales increased by 89% to £8.33m from £4.41 m, with gross profit increasing from £1.69m to £3.07m; not unexpectedly sales of surface cleaners were particularly strong. In addition, approximately £1.1m of income arose from royalty and licensing activities (2020: £0.78m).

##### *Consumer*

Revenues for product sales increased by 117% to £1.80m from £0.83m, with gross profit increasing from £0.42m to £0.71m.

##### *Finance income*

In addition to the above, notional finance income arose from the imputed cost of funds on long-term contracts (£53,000 in 2021; 2020: £33,000). This has been added back to adjusted EBITDA in the calculation set out in Note 7.

#### Cost of sales

Cost of sales of £6.36m (2020: £3.13m) represents the direct manufacturing costs of products and the cost of logistics (warehousing, transport etc). Given the mix of Byotrol's activities, gross margin across the sales mix is not a particularly meaningful measure of performance and is better considered on a segmental by product basis. In the Professional segment (excluding royalties, IP etc.), the gross margin fell marginally to around 37% (2020: 38%), largely due to difficulties in the supply chain and the effect of certain suppliers increasing prices (and in some cases surcharging) during the peak of the coronavirus pandemic. For the Consumer business (again excluding royalties, IP etc.) the gross margin fell to 39% (2020: 51%); in this segment the Group's activities are smaller and more concentrated and hence supply chain pressures were harder to pass on to underlying customers (additionally there is a broader spread of customers and hence margins can vary considerably depending on the end customer).

#### Overhead expenses and research and development

Overhead costs were in line with a planned modest expansion of resources with an increase from £2.4m to £3.2m. Of this, some £1.86m (2020: £1.59m) related to staff costs. Cash research and development costs increased slightly to £0.51m (2020: £0.41m). The Group continues to invest in the research and development of further anti-microbial products and has 9 employees in its research and development department.

Furthermore, the Group continues to collaborate with respected research institutions (typically universities) to supplement the internal resource. In particular, during the year the Group successfully applied for a £350,000 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.

During the year we completed construction and setup of a dedicated virology lab in our head office in Thornton Science Park, Cheshire, staffed by two specialist virologists. This, together with the other investment referred to above, is essential for the maintenance of the Group's market position and for future growth.

### **Finance income and expense**

Finance income arises both from interest receivable on interest-bearing deposits as well as notional interest arising on contracts with a "Significant Financing Component" as defined by IFRS 15. The increase in the latter from £33,000 to £53,000 relating to a number of contracts signed in the year as well as in previous years.

Total finance expense of £44,000 fell from £0.13m in FY20; however, the majority of the FY20 figure related to the non-cash cost of amounts arising from the discounting of liabilities related to contingent consideration relating to the acquisition of Medimark to their expected value at the relevant reporting date. The balance comprises cash interest on the Group's factoring facility, bank charges and an element of lease expenses now recognised as interest under IFRS 16. The factoring facility was terminated during the year and hence no further interest or administrative charges arise on this; however, the Group continues to incur modest finance charges relating to (for example) online routes to market such as eBay and Amazon.

### **Profitability**

Adjusted EBITDA increased by 278% in the year to £1.78m (2020: £0.47m). The Group's pre-tax profit from continuing operations was £1.04m (2020: £0.17m). After a tax charge of £58,000 (2020: £0.38m credit) this resulted in statutory EPS of 0.22p (2020: 0.13p) and 0.29p on an adjusted basis (2020: 0.11p).

### **Taxation**

Taxable profits arising in the year to 31 March 2021 were wholly off-settable against tax losses brought forward and accordingly no current taxation was payable. 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 partly derecognised with a resulting deferred tax charge of £0.13m (2020: £0.43m)

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

## **Statement of Financial Position**

### **Goodwill and other intangible assets**

*Goodwill, customer relationships and brands*

The intangible assets acquired as part of the 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 £1.78m at the year end (2020: £2.04m). 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 2021 was £1.12m (2020: £0.94m) after capitalising expenditure of £0.33m and amortisation of £0.14m. Some £90,000 of this expenditure related to the Group's activities in developing the biocidal properties of seaweed and 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 £0.11m. Following this and expenditure of £66,000 and amortisation of £43,000, the book value of such patents and licences was £0.13m (2020: £0.22m).

#### **Property, plant and equipment**

Expenditure of £55,000 on property, plant and equipment relates principally to £33,000 (2020: £21,000) spent on laboratory equipment to support the needs of the business, notably a new virology lab. Depreciation in the year amounted to £26,000 (excluding amounts relating to Right-to-Use assets now recognised under IFRS 16) (2020: £28,000); as a result the aggregate net book value of property, plant and equipment increased to £84,000 (2020: £54,000).

#### **Inventories**

Inventories comprise raw materials, work in progress and finished goods held at the Group's third-party contract manufacturers for sale to customers. Total inventory held at the year-end rose significantly from £0.29m in 2020 to £1.10m in 2021 – the FY20 year-end figure reflected a low point as a result of the sales upturn in the last month of FY20 and the closing FY21 figure represents a high point as additional stock was taken on to satisfy demand. Given the rapid turnover of inventory, write offs in the year were minimal and stock levels now have returned to a normalised figure of around £0.8m.

#### **Trade receivables**

Trade receivables arising from product sales declined to £0.88m (2020: £1.22m); however, the FY20 figure reflects the sharp upturn in sales experienced in the last month of that year in the then early stages of the coronavirus pandemic, whilst the FY21 figure reflects a more normal level of sales.

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, £0.40m was due in one year (of which £0.20m was the result of a deferred income payment due on 31 March

but received on 6<sup>th</sup> April) (2020: £0.55m) and £1.25m was due after one year (£0.71m). Of this balance, £0.75m was due to be collected within 2-5 years and £0.50m after 5 years (2020: £0.32m and £0.39m respectively).

The Group has stringent credit control policies and will not contract with customers who present an undue credit risk. In addition, the Group may request pro forma (i.e. advance) payments from new customers or existing customers who wish to increase the volume of business they do with the Group above a pre-agreed credit limit. As a result, the impairment charge for the year was minimal at £8,000 (including the expected credit loss provision required by IFRS 9 of £17,000) (2020: £35,000).

### **Trade and other payables**

Trade payables fell in the year from £0.83m to £0.74m as did accruals and deferred income from £0.37m to £0.18m, notably as fewer customers were required to pay upfront for increased (or new) order volumes.

## **Statement of Cash Flows**

### **Cash flow and financing**

Operating cash inflow from continuing activities for the year was £0.78m (2020: £0.34m outflow); this includes an outflow of c. £0.8m relating to purchase of stock. Expenditure capitalised as development of intangible assets was slightly more than that in the previous year (2021: £0.39m; 2020 £0.30m), as was expenditure on tangible assets (2021: £55,000; 2020 £24,000). The Group repaid in full its invoice discounting facility in the year resulting in a net cash outflow of £0.30m.

### **Capital reduction**

The capital reduction approved by the Group's shareholders in November 2020, together with significantly increased profitability in the past two years, have increased the Group's consolidated retained earnings by over £30 million.

## **Summary**

The Group finished the year in robust financial health and free of debt. Our historic investment in intellectual property, enhanced by the trading relationships acquired as part of the Medimark acquisition positioned us well for the considerable upturn in demand during the year and continues to form a sound base for both product sales as well as further monetisation of the IP portfolio by way of licensing deals.

**Nic Hellyer**

**Chief Financial Officer**

# Group Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £'000 <i>(audited)</i>	2020 £'000 <i>(audited, restated)</i>
<b>Revenue</b>	5	<b>11,214</b>	<b>6,016</b>
Cost of sales		(6,359)	(3,126)
<b>Gross profit</b>		<b>4,855</b>	<b>2,890</b>
Adjusted administrative expenses	6, 8	(3,486)	(2,743)
<b>Adjusted operating profit/(loss)</b>		<b>1,369</b>	<b>147</b>
Exceptional items	7	-	382
Amortisation of acquisition-related intangibles		(243)	(243)
Share-based payments	11	(111)	(47)
<b>Operating profit</b>		<b>1,015</b>	<b>239</b>
Finance income	12	66	59
Finance expense	13	(44)	(128)
<b>Profit/(loss) before taxation</b>		<b>1,037</b>	<b>170</b>
Income tax (charge)/ credit	14	(58)	377
<b>Profit for the year from continuing operations</b>		<b>979</b>	<b>547</b>
<b>Discontinued operations</b>			
(Loss) for the year from discontinued operations	15	(98)	(213)
<b>Profit for the year</b>		<b>881</b>	<b>334</b>
<b>Other comprehensive income/(expense):</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(98)	7
<b>Other comprehensive income, net of tax</b>		<b>(98)</b>	<b>7</b>
<b>Total comprehensive income for the year</b>		<b>783</b>	<b>341</b>
Total comprehensive income for the year arises from:		881	559
- continuing operations		(98)	(218)
- discontinued operations			
		<b>783</b>	<b>341</b>
<b>Earnings per share – from continuing operations</b>			
Attributable to the owners of Byotrol plc (basic)	16	0.22p	0.13p
Attributable to the owners of Byotrol plc (diluted)	16	0.22p	0.13p
<b>Earnings per share – from discontinued operations</b>			
Attributable to the owners of Byotrol plc (basic)	16	(0.02)p	(0.05)p
Attributable to the owners of Byotrol plc p (diluted)	16	(0.02)p	(0.05)p
<b>Earnings per share – from profit for the year</b>			
Attributable to the owners of Byotrol plc (basic)	16	0.20p	0.08p
Attributable to the owners of Byotrol plc (diluted)	16	0.20p	0.08p





# Group Statement of Financial Position

For the year ended 31 March 2021

	Note	2021 £'000 <i>(audited)</i>	2020 £'000 <i>(audited)</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	19	3,552	3,691
Tangible assets	20	84	54
Right-of-use assets	21	30	69
Deferred tax assets	22	315	431
Trade receivables	24	1,249	714
		<b>5,230</b>	<b>4,959</b>
<b>Current assets</b>			
Inventories	23	1,099	285
Trade and other receivables	24	1,614	2,185
Cash and cash equivalents		1,598	1,712
		<b>4,311</b>	<b>4,182</b>
<b>TOTAL ASSETS</b>		<b>9,541</b>	<b>9,141</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	25	4	31
Deferred tax liabilities	22	348	394
		<b>352</b>	<b>425</b>
<b>Current liabilities</b>			
Trade and other payables	26	1,023	1,319
Short term borrowings	27	-	296
Lease liabilities	25	26	39
		<b>1,049</b>	<b>1,654</b>
<b>TOTAL LIABILITIES</b>		<b>1,401</b>	<b>2,079</b>
<b>NET ASSETS</b>		<b>8,140</b>	<b>7,062</b>
<b>Issued share capital and reserves</b>			
Share capital	28	1,116	1,101
Share premium	28	190	28,423
Other reserves	28	728	1,891
Retained earnings		6,106	(24,353)
<b>TOTAL EQUITY</b>		<b>8,140</b>	<b>7,062</b>

# Group Statement of Cash Flows

For the year ended 31 March 2021

	2021 £'000 <i>(audited)</i>	2020 £'000 <i>(audited, restated)</i>
<b>Cash flows from operating activities</b>		
<b>Profit for the year</b>	<b>881</b>	<b>334</b>
<i>Adjustments for:</i>		
Finance income	(66)	(59)
Finance costs	44	128
Depreciation of tangible non-current assets	26	28
Amortisation and impairment of intangible non-current assets	426	467
Loss on disposal of assets	107	-
Income tax charge/(credit) recognised in profit or loss	58	(377)
Fair value adjustment on contingent consideration	-	(363)
Share-based payments	111	47
Costs relating to Capital Reduction recognised in equity	(36)	-
	<hr/>	<hr/>
<b>Operating cash flows before movements in working capital from continuing operations</b>	<b>1,551</b>	<b>205</b>
(Increase)/decrease in trade and other receivables	37	(995)
(Increase)/decrease in inventories	(814)	131
Increase/(decrease) in trade and other payables	(34)	321
Cash in/(out)flow from discontinued operations	(211)	(119)
	<hr/>	<hr/>
<b>Cash generated from/(used in) operating activities</b>	<b>529</b>	<b>(457)</b>
Income tax refund received	25	-
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>554</b>	<b>(457)</b>
<b>Cash flows from investing activities</b>		
Development of intangible assets	(394)	(295)
Acquisition of property, plant and equipment	(55)	(24)
Cash outflow on acquisition of businesses net of cash acquired	-	(290)
	<hr/>	<hr/>
<b>Net cash (used) in investing activities</b>	<b>(449)</b>	<b>(609)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares, net of issue costs	205	-
Movement in invoice discounting facility	(296)	51
Repayments of principal on lease liabilities	(39)	(39)
Finance income	53	6
Finance costs	(42)	(42)
Interest expense on lease liabilities	(2)	(3)
	<hr/>	<hr/>
<b>Net cash (used in) financing activities</b>	<b>(121)</b>	<b>(27)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(16)</b>	<b>(1,093)</b>
Foreign exchange differences	(98)	8
Cash and equivalent at beginning of period	1,712	2,797
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>1,598</b>	<b>1,712</b>

# Group Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital	Share premium	Exchange reserve	Merger reserve	Retained earnings	Total
	£'000	£'000	£000's	£'000	£'000	£'000
<b>Balance at 1 April 2019</b>	<b>1,077</b>	<b>28,282</b>	<b>819</b>	<b>1,065</b>	<b>(24,835)</b>	<b>6,408</b>
Profit after taxation for the period	-	-	-	-	334	334
<i>Other comprehensive income:</i>						
Exchange differences	-	-	7	-	-	7
<i>Transactions with owners:</i>						
Share-based payments	-	-	-	-	47	47
Deferred tax on share-based payment transactions	-	-	-	-	101	101
Shares issued by Byotrol Plc as part of a business combination	24	141	-	-	-	165
<b>Balance at 31 March 2020</b>	<b>1,101</b>	<b>28,423</b>	<b>826</b>	<b>1,065</b>	<b>(24,353)</b>	<b>7,062</b>
Profit after taxation for the period	-	-	-	-	881	881
<i>Other comprehensive income:</i>						
Exchange differences	-	-	(98)	-	-	(98)
<i>Transactions with owners:</i>						
Share-based payments	-	-	-	-	111	111
Deferred tax on share-based payment transactions	-	-	-	-	15	15
Shares issued during the year for cash	15	190	-	-	-	205
<i>Transactions with owners – capital reduction:</i>						
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)
<b>Balance at 31 March 2021</b>	<b>1,116</b>	<b>190</b>	<b>728</b>	<b>-</b>	<b>6,106</b>	<b>8,140</b>

## Notes to the financial statements

### 5 Revenue and segmental analysis

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

#### Revenue by type

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

To 31 March 2020	Continuing operations		Discontinued operations	Total
	Professional	Consumer		
	£'000	£'000	£'000	£'000
Product sales	4,410	829	53	5,292
Royalty and licensing income	777	-	-	777
<b>Total revenue</b>	<b>5,187</b>	<b>829</b>	<b>53</b>	<b>6,069</b>

#### Gross profit by type

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

To 31 March 2020	Continuing operations		Discontinued operations	Total
	Professional	Consumer		
	£'000	£'000	£'000	£'000
Product sales	1,693	420	-	2,113
Royalty and licensing income	777	-	-	777

<b>Total gross profit</b>	<b>2,470</b>	<b>420</b>	<b>-</b>	<b>2,890</b>
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### Revenue by geography

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

	<b>2021</b>	<b>2020</b>
	£'000	£'000
United Kingdom	8,468	5,177
Rest of World	2,455	487
North America *	291	352
<b>Total continuing operations</b>	<b>11,214</b>	<b>6,016</b>

\* 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.

Discontinued operations comprise the entirety of the Group's US operations which sold a range of biocidal products primarily to consumers via major retailers. 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*.

### Customer concentration

The Group has no customers representing individually over 10% of revenue each (2020: nil).

### 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 2021 this figure amounts to licence revenue of £1.08m and related notional interest income of £53,000 (2020: £0.78m and £33,000).

### 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

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

<b>Continuing operations</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000

Amortisation and impairment of intangible non-current assets	426	466
Depreciation of tangible non-current assets	26	28
Auditor's remuneration (see note 8)	40	30
Staff costs (see note 9)	1,856	1,587
Research & development costs (net of capitalisation)	323	265
Research and development (R & D) tax credits	-	(120)
Short-term lease expenses	87	90
Realised foreign exchange (gains)/losses	98	(7)

## 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	2021 £'000	2020* £'000
<b>Operating profit</b>	<b>1,015</b>	<b>239</b>
Amortisation and depreciation	491	534
<b>EBITDA</b>	<b>1,506</b>	<b>773</b>
<i>Adjusted for:</i>		
Loss on disposal of assets	106	-
Revenue recognised as interest under IFRS 15	53	33
Expensed share-based payments	111	47
<i>Exceptional items:</i>		
- gain on adjustment of contingent liability	-	(443)
- audit expenses relating to prior year	-	61
Total exceptional items	-	(382)
<b>Adjusted EBITDA</b>	<b>1,776</b>	<b>471</b>

\* Restated to reflect the change in presentation of discontinued operations

## 8 Auditor's remuneration

Year to 31 March	2021 £'000	2020 £'000
<b>Charged in the financial year:</b>		
Audit of the financial statements of Byotrol Plc	40	30
<i>Amounts receivable by auditor in respect of:</i>		
Audit of financial statements of subsidiaries pursuant to legislation	-	61
Other services	3	-
	<b>43</b>	<b>91</b>
Amounts expensed relating to prior year	(3)	(61)
Total expense relating to year	<b>40</b>	<b>30</b>

## 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	2021	2020
Directors	5	3
Research and development	9	9
Sales	10	10
Technical support	10	7
Finance and administration	5	4
	39	33

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

Year to 31 March	2021 £'000	2020 £'000
Wages and salaries	1,882	1,544
Social security contributions	214	184
Other pension costs	46	51
Less: amounts capitalised as intangible assets	(286)	(192)
	1,856	1,587

## 10 Directors' remuneration and transactions

The Directors' emoluments in the year ended 31 March 2021 were:

	Basic salary or fee 2021 £'000	Benefits in kind 2021 £'000	Share-based payments 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Executive Directors</b>					
T. Francis	82	-	-	82	83
N. Hellyer	65	6	7	78	67
D. Traynor	156	3	-	159	140
<b>Non-Executive Directors</b>					
S. Gogarty	34	-	-	34	34
J. Langlands	40	-	-	40	40
T. Medinger	15	-	-	15	24
	392	9	7	408	388

Till Medinger retired from the board on 20 October 2020.

## 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 2021 there were options outstanding over 32,823,400 (2020: 36,939,500) 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 2024. Options outstanding at 31 March 2021 had a weighted average exercise price of 4.13p (2020: 3.70p) and a weighted average remaining contractual life of 3.0 years (2020: 3.7 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	
	2021	2020	2021	2020
Outstanding at the beginning of the year	<b>36,939,500</b>	41,448,250	3.70p	4.90p
Granted during the year	7,500,000	4,000,000	5.90p	2.00p
Forfeited during the year	(5,334,000)	(8,508,750)	4.38p	8.90p
Exercised in the year	(6,282,100)	-	3.26p	-
<b>Outstanding at the end of the year</b>	<b>32,823,400</b>	<b>36,939,500</b>	<b>4.13p</b>	<b>3.70p</b>

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

Range	Number of options
2.0 – 3.0p	5,750,000
3.1 – 4.0p	12,093,400
4.1 – 5.0p	6,970,000
5.1 – 6.0p	6,750,000
6.1 – 7.0p	1,260,000
	<b>32,823,400</b>

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

	2021	2020
	£'000	£'000
Charged to Consolidated Statement of Comprehensive Income	111	47

Of this amount, £104,000 (2020: £26,000) relates to costs of share options issued to subsidiary employees.

## 12 Finance income

2021	2020
£'000	£'000



Interest receivable on interest-bearing deposits	13	26
Notional interest accruing on contracts with a significant financing component	53	33
	66	59
<b>Total finance income</b>	<b>66</b>	<b>59</b>

### 13 Finance expense

	2021	2020
	£'000	£'000
Interest and finance charges paid or payable on borrowings	42	45
Interest on lease liabilities under IFRS 16	2	3
Acquisition-related financing expense (unwinding of discount on financial liabilities)	-	80
	44	128
<b>Total finance expense</b>	<b>44</b>	<b>128</b>

### 14 Taxation

#### Tax on profit on ordinary activities

Year to 31 March	2021	2020
	£'000	£'000
<b>Current tax</b>		
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	(25)	-
	(25)	-
Total current income tax		
<b>Deferred tax</b>		
(Recognition)/derecognition of deferred tax asset arising from temporary differences	130	(330)
(Reversal) of deferred tax liability	(47)	(47)
	83	(377)
Total deferred income tax charge/(credit)		
<b>Total income tax expense/(credit) recognised in the year</b>	<b>58</b>	<b>(377)</b>

### 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 *IFRS 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 2020 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:

<b>Results of discontinued operations</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Revenue	15	53
Cost of sales	(28)	(53)
	<hr/>	<hr/>
<b>Gross profit</b>	<b>(13)</b>	<b>-</b>
Operating costs	(85)	(213)
	<hr/>	<hr/>
<b>Operating (loss)</b>	<b>(98)</b>	<b>(213)</b>
Exchange differences on translation of foreign operations	-	(5)
	<hr/>	<hr/>
<b>Total comprehensive expense for the year</b>	<b>(98)</b>	<b>(218)</b>
<b>Cash in/(out) flows from discontinued operations</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Cash inflow/(outflow) from operating activities	(48)	23
	<hr/>	<hr/>
<b>Net cash in/(out)flow for the year</b>	<b>(48)</b>	<b>23</b>
<b>Assets/(liabilities) relating to discontinued operations</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Assets	6	53
(Liabilities)	(97)	(121)

## 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

<b>Year to 31 March</b>	<b>2021</b>	<b>2020</b>
	£'000	£'000
Weighted number of ordinary shares in issue	442,947,561	432,424,400
Effect of dilutive potential ordinary shares	11,338,201	703,183
	<hr/>	<hr/>
	454,285,762	433,127,583

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

Year to 31 March 2020	£'000	£'000	£'000
	Continuing operations	Discontinued operations	Total
<b>Profit/(loss) attributable to ordinary equity holders of the Company (numerator for basic earnings per share calculation)</b>	<b>547</b>	<b>(213)</b>	<b>334</b>
Adjusting items:			
- exceptional items	(382)	-	(382)
- share-based payments	47	-	47
- finance expense on liabilities relating to contingent consideration	80	-	80
- amortisation of acquisition-related intangibles	243	-	243
- deferred tax credit arising from acquisition-related intangibles	(47)	-	(47)
<b>Adjusted earnings attributable to owners of the Parent</b>	<b>488</b>	<b>(213)</b>	<b>275</b>

## Adjusted earnings per share from continuing operations

	2021	2020
	£'000	£'000
- basic	<b>0.29p</b>	<b>0.11p</b>
- diluted	<b>0.28p</b>	<b>0.11p</b>

## 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:

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

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

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 £287,000 which has not yet started to generate commercial returns and hence is yet to be amortised; Technology B with a book value of £135,000 which has not yet started to generate commercial returns and hence is yet to be amortised; and Patent Group C with a book value of £127,000 with a remaining life (i.e. to an amortised value of zero) of approximately 8 years.

### 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.

## 20 Tangible assets

<b>Year to 31 March 2021</b>	Computer equipment £'000	Plant and machinery £'000	<b>Total £'000</b>
<i>Cost</i>			
At 1 April 2020	72	135	<b>207</b>
Additions	17	38	<b>55</b>
	-----	-----	-----
<i>At 31 March 2021</i>	90	173	<b>263</b>
<i>Depreciation</i>			
At 1 April 2021	(60)	(93)	<b>(153)</b>
Charge for the year	(11)	(15)	<b>(26)</b>
	-----	-----	-----
<i>At 31 March 2021</i>	(71)	(108)	<b>(179)</b>
<i>Net carrying amount</i>			

<b>At 31 March 2021</b>	<b>19</b>	<b>65</b>	<b>84</b>
At 1 April 2020	12	42	54

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

## 21 Right-of-use assets

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

	Office buildings £'000	Vehicles £'000	<b>Total £'000</b>
<b>Cost</b>			
At 1 April 2020	103	47	<b>150</b>
Additions in the period	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2021	103	47	<b>150</b>
<b>Depreciation</b>			
At 1 April 2020	(52)	(29)	<b>(81)</b>
Charge for the period	(23)	(16)	<b>(39)</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2021	(75)	(45)	<b>(120)</b>
<b>Net carrying amount</b>			
<b>At 31 March 2021</b>	<b>28</b>	<b>2</b>	<b>30</b>
At 1 April 2020	51	18	69
	Office buildings £'000	Vehicles £'000	<b>Total £'000</b>
<b>Cost</b>			
At 1 April 2019	-	-	-
Effect of change of accounting policy (IFRS 16)	103	47	<b>150</b>

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

## 22 Deferred tax

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

### Recognised deferred tax assets

	Tax losses	Share-based payments	Total
	£'000	£'000	£'000
At 1 April 2019	-	-	-
Recognised in profit or loss	330	-	330
Recognised directly in equity	-	101	101
<b><i>At 31 March 2020</i></b>	<u><b>330</b></u>	<u><b>101</b></u>	<u><b>431</b></u>
At 1 April 2020	-	-	-
Recognised in profit or loss	(186)	56	(130)
Recognised directly in equity	-	14	14
<b><i>At 31 March 2021</i></b>	<u><b>144</b></u>	<u><b>171</b></u>	<u><b>315</b></u>

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 2021 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £2.85m (2020: £3.57m).

### Deferred tax liabilities

	2021	2020
	£'000	£'000
At 1 April	<b>394</b>	<b>441</b>
Recognised in profit or loss	(46)	(47)
<b>At 31 March</b>	<u><b>348</b></u>	<u><b>394</b></u>

Comprising:

Amounts recognised on intangible assets arising on consolidation	348	394
	<u>348</u>	<u>394</u>

## 23 Inventories

	2021	2020
	£'000	£'000
Raw materials and consumables	124	71
Finished goods and goods for resale	975	214
	<u>1,099</u>	<u>285</u>

## 24 Trade and other receivables

At 31 March	2021	2020
	£'000	£'000
Trade receivables – product sales	878	1,223
Prepayments	334	264
Other receivables	4	132
Other tax repayable	-	19
Current portion of long-term trade receivables (IP sales)	398	547
	<u>1,614</u>	<u>2,185</u>
<b>Total other assets</b>	<b>1,614</b>	<b>2,185</b>

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:

	2021	2020
	£'000	£'000
Loss allowance at 1 April	34	100
Amounts written off	-	(73)
Amounts recovered	(34)	(27)
Specific impairment charge	8	10
Additional expected credit loss provision	17	25
	<u>25</u>	<u>34</u>
<b>Loss allowance at 31 March</b>	<b>25</b>	<b>34</b>



### Aged analysis of trade receivables

<b>At 31 March 2021</b>	Current	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross	645	194	18	5	41	-	<b>903</b>
Specific impairment	-	-	-	-	(8)	-	<b>(8)</b>
Additional expected credit loss provision	(3)	(2)	(1)	-	(11)	-	<b>(17)</b>
	<u>642</u>	<u>192</u>	<u>17</u>	<u>5</u>	<u>22</u>	<u>-</u>	<b>878</b>
<b>At 31 March 2020</b>	Current	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross	953	207	8	25	-	65	<b>1,258</b>
Specific impairment	-	-	-	-	-	(10)	<b>(10)</b>
Additional expected credit loss provision	(7)	(2)	(1)	(2)	-	(13)	<b>(25)</b>
	<u>946</u>	<u>205</u>	<u>7</u>	<u>23</u>	<u>-</u>	<u>42</u>	<b>1,223</b>

### 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.

#### Current portion of long-term trade receivables

	<b>2021</b>	<b>2020</b>
	£'000	£'000
At 1 April	547	275
Recognised in the period, net of cash received	(245)	96
Transfer from non-current trade receivables	96	176
<b>At 31 March</b>	<b>398</b>	<b>547</b>

#### Due after one year

	<b>2021</b>	<b>2020</b>
	£'000	£'000
At 1 April	714	176
Recognised in the period	631	714
Transfer to current	(96)	(176)

**A 31 March**

**1,249**

**714**

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.

2021

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

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

2020

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

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

At 31 March 2020

24

15

39

## 26 Trade and other payables

At 31 March	2021 £'000	2020 £'000
<i>Due within a year</i>		
Trade payables	739	828
Social security and other taxes	109	119
Accruals and deferred income	175	372
<b>Total trade and other payables</b>	<b>1,023</b>	<b>1,319</b>

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

Accruals comprise around £0.14m of accrued expenses plus £29,000 of customer payments received in advance.

## 27 Loans and borrowings

Loans and borrowings comprise:

At 31 March	2021 £'000	2020 £'000
<i>Current liabilities</i>		
Invoice discounting facility	-	296
	-	296

The invoicing discounting facility was fully repaid and cancelled during the year.

## 28 Share capital and reserves

### Share capital and share premium

<i>Ordinary shares of 0.25p each (issued and fully paid)</i>	£'000	Number
At 1 April 2019	1,077	430,885,271
Issued as consideration for business combination during the year	24	9,363,034
<b>At 31 March 2020</b>	<b>1,101</b>	<b>440,248,305</b>
Issued for cash during the year	15	6,282,100
<b>At 31 March 2021</b>	<b>1,116</b>	<b>446,530,405</b>

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 6,282,100 (2020: nil) ordinary shares were exercised for proceeds of £205,000 (2020: £nil).

<b>B Ordinary shares of (approximately) 0.24p each</b>	£'000	Number
At 1 April 2019	-	-
	<hr/>	<hr/>
<b>At 31 March 2020</b>	-	-
Capitalisation of merger reserve to B ordinary shares	1,065	443,149,405
Cancellation of B ordinary shares	(1,065)	(443,149,405)
	<hr/>	<hr/>
<b>At 31 March 2021</b>	-	-

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.

### Capital reduction

During the year the Directors determined that they would request shareholder and court approval for a capital reduction for Byotrol plc, whereby the balance on the Company's share premium account and merger reserves would be used to eliminate the deficit on the retained earnings reserve (the "Capital Reduction"). The Capital Reduction was approved by shareholders at a General Meeting of the Company held on 13 November 2020. The Capital Reduction was sanctioned by the High Court of England and Wales on 8 December 2020 and was registered with the Registrar of Companies on 5 January 2021 whereupon it became effective.

The Capital Reduction comprised: (i) the cancellation of the entire amount standing to the credit of the Company's share premium account and (ii) the capitalisation of the entire amount standing to the credit of the Company's merger reserve by issuing B ordinary shares in the capital of the Company and the subsequent cancellation of such B ordinary shares (the 'Merger Reserve Reduction'). As a result of the Capital Reduction the entire amount then standing to the credit of the Company's Share premium as at 31 March 2020, being £28,423,000, was cancelled.

Additionally as part of the Capital Reduction, one B ordinary share ("B Share") was issued for each ordinary share in issue at the time, i.e. 443,149,405 B shares. The aggregate nominal value of the B Shares was the amount of the merger reserve (£1,065,000) thus the nominal value of each B share was £0.0024032526908165.

## 31 Capital commitments and contingent liabilities

As at 31 March 2021 the Group had no material capital commitments (2020: nil) nor any contingent liabilities (2020: nil).

## 32 Events after the reporting date

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

## **General**

### *Audited accounts*

The financial information set out above does not comprise the Group or the Company's statutory accounts. The Annual Report and Financial Statements for the year ended 31 March 2020 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements ("Annual Report") for the year ended 31 March 2020 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The Independent Auditors' Report on the Annual Report for the year ended 31 March 2021 is unqualified, does not draw attention to any matters by way of emphasis, and does not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The Annual Report will be filed with the Registrar of Companies following the annual general meeting.

The Annual Report, together with the notice of the annual general meeting, are expected to be made available to shareholders in September 2021. Copies will also be available on the Company's website and from the Company's registered office from that date.

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

### *Principal risks and uncertainties*

The principal risks and uncertainties facing the Group together with actions being taken to mitigate them and future potential items for consideration will be set out in the Strategic Report section of the Annual Financial Report 2021.

### *Presentation of figures*

Figures are rounded to the nearest £0.1m, £0.01m or £'000 as the case may be. Minor differences may arise in tabulation and figures presented elsewhere due to rounding differences.

This announcement was approved by the Board of Directors on 18 August 2021.