Byotrol plc

FINAL AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2022

Byotrol plc (AIM: BYOT), ("Byotrol" or "the Company") the specialist infection prevention and control company is pleased to present its audited results for the year ended 31 March 2022.

Our results for the year to 31 March 2022 reflect the return to some degree of normality in our markets following the Covid pandemic. Our sales are ahead of the partially covid-driven FY 2020, but behind the fully covid-driven FY2021, and reflect an increased investment across the business from extra resources generated during the pandemic. Byotrol has exited the Covid pandemic as a significantly stronger business than it entered.

Financial Highlights

- 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)
- Debt free with cash at year end of £1.1m (versus £1.6m and £1.7m respectively)
- Post year end issue of £1m convertible loan notes, subscribed for by Directors, Senior Management and certain shareholders

Operational Highlights

- Restructuring of team and concentration of activities and reporting in Chester, including hires of a full time CFO and full time CGO, both with blue-chip backgrounds and experience. Consolidation of the Byotrol and Medimark sales and marketing functions, under the new CGO
- Reorganised our technical team to concentrate on innovation rather than testing, under a new CTO
- 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.

IP/Licencing Highlights

- First commission now generated from Solvay SA on its sales of Actizone 24 hours surface sanitiser. 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 sanitisers
- Sale of our own proprietary EPA registered, 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 two new IP agreements reached
    - in conjunction with IRI, an exclusive sub-licence over Byotrol24 to an internationally-recognised brand in US institutional markets
    - a 7 year license with Rentokil Initial Plc in alcohol-free hand sanitisers for serviced washrooms

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

"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. Additionally stability is starting to return to the marketplace with ordering patterns returning to more regular levels which we expect to settle further in the second half of this new financial year.

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. Our markets do continue to offer significant opportunities and we remain highly confident that we are on the right path to taking advantage of them. We remain optimistic about future growth and profitability. "

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

For further information, visit www.byotrolplc.com, follow on twitter @byotrol, or contact

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Notes to Editors:

Byotrol plc (BYOT.L), quoted on AIM, is a leading infection prevention and control company, operating globally in the animal health, human health, facilities management, and consumer sectors.

Byotrol develops unique antimicrobial technologies for use on surfaces, skin and instruments, which it then commercialises through market-leading distribution partners in each sector.

Byotrol's antimicrobial technologies can be licensed for use in leading brands, to significantly improve their product claims, while reassuring consumers and end-users of their efficacy and quality.

Founded in 2005, the Company develops technologies and products with the aim of providing easier, safer and cleaner lives for everyone.

CHAIRMAN'S STATEMENT

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

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	2022 £'000 *(audited)*	2021 £'000 *(audited)*
Revenue	1	**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		(214)	-
Gross profit		**2,826**	**4,855**
Adjusted administrative expenses		(3,315)	(3,486)
Adjusted operating (loss) / profit		**(489)**	**1,369**
Exceptional items		(372)	-
Amortisation of acquisition-related intangibles		(317)	(243)
Share-based payments		(95)	(111)
Operating (loss) / profit	2	**(1,273)**	**1,015**
Finance income		48	66
Finance expense		(20)	(44)
(Loss) / Profit before taxation		**(1,245)**	**1,037**
Income tax (charge)		(102)	(58)
(Loss) / Profit for the year from continuing operations		**(1,347)**	**979**
Discontinued operations			
(Loss) for the year from discontinued operations		-	(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)		(0.30p)	0.22p
Attributable to the owners of Byotrol plc (diluted)		(0.29p)	0.22p
Earnings per share – from discontinued operations			
Attributable to the owners of Byotrol plc (basic)		-	(0.02)p
Attributable to the owners of Byotrol plc p (diluted)		-	(0.02)p
Earnings per share – from profit for the year			
Attributable to the owners of Byotrol plc (basic)		(0.30p)	0.20p
Attributable to the owners of Byotrol plc (diluted)		(0.29p)	0.20p

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		3,506	3,552
Tangible assets		73	84
Right-of-use assets		25	30
Deferred tax assets		134	315
Trade receivables		1,561	1,249
		5,299	**5,230**
Current assets			
Inventories		399	1,099
Trade and other receivables		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		12	4
Deferred tax liabilities		383	348
		395	**352**
Current liabilities			
Trade and other payables		1,246	1,023
Lease liabilities		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		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 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**

1 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		Discontinued operations	Total
	Professional	Consumer		
	£'000	£'000	£'000	£'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		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
Total revenue	**9,409**	**1,805**	**15**	**11,229**

Gross profit by type

To 31 March 2022	Continuing operations		Discontinued operations	Total
	Professional	Consumer		
	£'000	£'000	£'000	£'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		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
Total gross profit	**4,143**	**712**	(13)	**4,842**

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).

2 Reconciliation of Operating Profit to Adjusted EBITDA

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**

3 Annual Report & Accounts

The full Annual Report & Accounts for the year ended 31 March 2022, including Accounting Policies and Notes to the Financial Statements, will be available today on our website www.byotrolplc.com, along with Notice of the AGM, to be held at finnCap's offices in London at 11am on 22nd September 2022.