



3 August 2017

Byotrol plc

UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

Byotrol plc ('Byotrol', the 'Company' or the 'Group'), the specialist antimicrobial technology company, is pleased to announce its unaudited final results for the 12 months ended 31 March 2017.

Highlights of the year include:

- Sales up 18% to £3,127k versus FYE 2016
- Gross profit up by 51% to £1,751k versus FYE 2016
- EBITDA positive before share-based payments – first time this has been achieved
- Cash positive in the second half of the year, with cash at year end of £951k
- Consumer and petcare performing well
- All three strategic initiatives progressing well
 - US EPA approval received post year end for 24 hour surface spray, with a unique set of claims for the US consumer market
 - Actizone progressing well alongside our partners Solvay – active FMCG conversations underway
 - Alcohol-free hand-sanitisers now launched into NHS and adjacent markets. Purchase of Winch Pharma Consumer Healthcare gives us direct access to NHS supply chain for the first time.

Commenting on the results and prospects, David Traynor, Chief Executive of Byotrol, said:

This has been another year of good progress, with greatly improved operations and finances and our first EBITDA positive result before share-based payments

Most importantly for us, we can now market three platform technologies, all patented, all regulatory-compliant in their targeted markets, all offering substantial revenue opportunities and all marketable across our different business segments. Our task now is to turn such opportunities into sustainable profitability.

As separately notified today, we have announced a placing and open offer to secure funding for sales and marketing resource to drive sales in the EU and US following the recent EPA approval. We believe this will provide us with a solid foundation for future growth.

UNAUDITED PRELIMINARY RESULTS
for the year ended 31 March 2017

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Notes to Editors:

Byotrol plc (BYOT.L), quoted on AIM, is a specialist developer of residual antimicrobial technologies, identifying, developing, formulating and commercialising cutting-edge antimicrobial solutions.

Our patented suite of technologies deliver powerful broad-spectrum efficacy with residual performance optimised against commonly occurring and industry-specific pathogens.

Founded in 2005, the Company has developed the technology that creates easier, safer and cleaner lives.

For more information, please go to www.byotrol.co.uk

UNAUDITED PRELIMINARY RESULTS
for the year ended 31 March 2017

Chief Executive's Report

We have again delivered to plan this year, with further substantial improvements in the quality of our technologies, operations, sales, financial performance and outlook.

All three strategic initiatives continue to remain on target:

- Post year end we received formal approval from the US EPA of our 24 hour, long-lasting anti-bacterial spray for hard surfaces. This is a major step forward for the Company.
- The joint sales initiative with Solvay of the Actizone technology continues to progress with global and regional FMCGs. We are already selling finished products using this technology into EU petcare markets by way of our licensee Beaphar NA.
- We have now launched new formulation alcohol-free hand sanitisers into the UK NHS and into other segments. Initial customer response is very encouraging at home and abroad.

Financial Overview

We are pleased to report for the first time ever that we have reached EBITDA break-even for the year, a significant milestone for the Company. As we have reported before, this is partly-dependent on large one-off amounts from technical development partners, but as a technology business now we have a good track record of securing such payments and expect to carry on doing so in the future (as well as generating good margin from finished product sales).

Financial highlights include:

- Revenue increased by 18% to £3,127k from £2,648k the previous year
- Gross profit increased by 51% to £1,751k from £1,154k the previous year
- EBITDA before share-based payments amounted to £50k versus a loss of £417k the previous year
- Sharply narrowed loss before tax for the financial year of £91k versus a loss of £532k the previous year
- Cash and cash equivalents of over £951k. Cash positive in the second half of the year

Markets

Professional

Year on year revenues fell in the year to £1,181k from £1,431k and gross profit to £330k from £419k.

Our Professional business continues to face challenges in its legacy markets, particularly in food manufacturing and food services. As previously reported we have been hit in food by a combination of (a) regulatory change, making our core products uncompetitive and (b) by increasing consolidation of competitors' chemical offers. We are simply too small to compete against broad-based chemical (and service) suppliers in many of these markets.

During the year under review we nevertheless continued to run this segment as efficiently as we could, with customer relationships, particularly in surface care wipes, generally remaining strong.

As a response to the above challenges, we are gradually re-focusing our Professional business into markets where (a) our new technologies show genuine differentiation to the competition and (b) customers are prepared to pay us prices reflecting the extra benefit the products bring them. This is particularly the case in healthcare and especially so in hand hygiene, where we have made substantial progress, including:

- The purchase of Winch Pharma Consumer Healthcare ("WPCH") on 13 March 2017, for an initial cash consideration of £70k and potential deferred consideration of up to £44k in cash in 2018, subject to contract renewal by its key customer, the NHS Business Services Authority ("NHS Supply Chain" or "NHSSC").
- WPCH is effectively a shell company with one key asset, being a formal one year (extendable to three) contract to supply the NHSSC with non-alcohol hand sanitising products, plus certain other surface disinfection products. The purchase gives us the ability to directly sell into the NHS and to then use the credibility this brings to sell into other healthcare and business environments. Since year end, we have launched hand sanitisers under a new Byotrol-owned brand - INVIRTU – and are very encouraged by progress with a steady stream of UK hospitals trusts now agreeing to convert to our product.
- A long-standing US partner, Advanced Hygienics Inc, has signed a licensing agreement with the American Red Cross. Under the agreement, Advanced Hygienics will be manufacturing and distributing Byotrol-formulation hand sanitisers as an official licensed product under the American Red Cross brand in retail and B2B channels.

UNAUDITED PRELIMINARY RESULTS for the year ended 31 March 2017

- Development work with Rentokil for its Ultraprotect range of washroom dispensers is now largely complete and sales now commencing.
- Exports to Kyorin Pharmaceutical Co. Ltd in Japan for sale into hospitals under its 'Noahtect' brand, and Goodlabs Medical Sdn Mhd Malaysia are also increasing steadily.

In due course and as resources allow we will also start selling our new surface care formulations into professional markets. We are particularly excited about the opportunities for our new US formulation in North America, especially in transport, leisure and janitorial sanitation markets.

Petcare

Year on year revenues increased in the year to £794k from £690k and gross profit to £269k from £207k.

Petcare performed fully to expectations in the year, with improvements across the segment including in supply chain and operational efficiency, increasing gross profit margin from 30% to 34% over the year.

Sales into UK retail (via Pets At Home and Petface) remained stable across pet grooming and pet environment surface care. Export was particularly strong:

- Our EU licensee, Beaphar NA launched 4 pet environment surface care products into the German market, with further EU territories due to launch in 2017/18 once regulatory registrations are finalised
- Our distributor in China, Sunon (via its Carexpro brand), reported strong growth, with its range now stocked in 2500 stores across mainland China

The majority of growth for the division has been achieved from customers in Asia Pacific, which will continue to be a significant focus for Byotrol in 2017/18

Consumer

Year on year revenues (and gross profit) increased to £1,152k (including a single very significant payment on one specific development contract with Solvay) from £527k in the previous year.

We are again pleased to report excellent progress in our consumer segment:

- We continue to market the Actizone formulation jointly with our partner Solvay. Our products are now in test with some of the biggest FMCGs in the world and we are expecting to show good financial progress in the new (2017/18) financial year as a result.
- The completion of the EPA approval process for our US-targeted household disinfecting/cleaning spray is a very important step for the Company. We now need to commercialise the technology, either directly to retailers under our own brand or via third parties/licensees. This effort will be a key focus for the Company in the new financial year
- Sales of Tesco surface sprays (via our strong relationship with Robert McBride plc) are increasing steadily as Tesco continues to refocus more effort on own-brand products.

Hand sanitisers are looking an increasingly good opportunity for the Company with several new launches in process, including in the US. We are also looking to increase our presence in high street retail, although sales into Boots were held back in the past year as we together work through the commercial and supply chain aspects of introducing our new formulations into the Boots supply chain.

Technology and Regulatory Environment

The past twelve months has seen real and significant progress within Byotrol's technical programmes, building on what had been a very challenging but positive period in the previous years.

- In just under 12 months we have gone from filing a new patent in alcohol-free hand sanitisers to launching a fully developed and consumer-ready formulation into B2B and B2C markets.
- Completion of all the technical (microbiological, safety, chemistry and environmental) tests required to satisfy the stringent protocols of the US EPA and secure approval for our unique 24 hour germ-kill product for US consumer markets. Much praise must go to the individual scientists who have contributed to such an exciting commercial opportunity for the Company.
- The residual surface sanitising test that we developed with the British Standards Institute (PAS2424) has progressed to the EU Commission's Test Committee's work plans for consideration as a European standard protocol for long lasting germ kill (there is currently no standard test in Europe). This is very good progress for the Company, but as the work of the Test Committee is undisclosed, we cannot yet give a view on likelihood or timings for decision.

UNAUDITED PRELIMINARY RESULTS
for the year ended 31 March 2017

- The team is in very early stage preparation for developing product dossiers for formal approval of our specific products under the European Biocidal Product Regulations. Timing for submission remains unclear but is unlikely to be completed before 2019/20.

Outlook

This was another year of steady improvement and the team is pleased with progress, though there still remains a lot to do.

Shareholders will have seen in the last few years that Byotrol has been devoting much of its resources to upgrading technologies, especially by tailoring them to specific markets (and ensuring they will then get regulatory approval).

We have also been doing (small, very focused) projects on blue-sky anti-microbial products, with seaweed becoming a particular area of excellence.

We have been largely successful in meeting technical objectives, something validated by continued securing of long-term technical and commercial partners, with Solvay being the primary example.

The next step is to focus on sales and marketing and generate more margin from product sales. Our aim is to maximise gross profit with as simple a business as possible by combining product sale, licenses and technical development agreements.

Our challenge is that at year end we employed only 17 people, plus a number of external consultants (to maximise flexibility and keep costs as variable as possible). Of those 17, 7 were technical/laboratory based and only 3 were full time sales people.

We now have to ensure continued excellence in our scientific work at the same time as complying with the various regulatory processes in our targeted markets. But it is fair to say that every extra pound of margin that we generate this coming financial year will be pushed into marketing and sales, especially in the US, where the Directors see a very substantial opportunity.

The good news is that (1) most of the core technical work is complete (2) the team is very enthused by the opportunities it is uncovering and (3) our shareholders continue to be very supportive of the approach we are taking and the progress we are making. We expect to continue this progress in the new financial year.

David Traynor
Chief Executive
3rd August 2017

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

	Notes	2017 £	2016 £
REVENUE	2	3,127,182	2,647,923
Cost of sales		(1,375,553)	(1,494,198)
GROSS PROFIT		1,751,629	1,153,725
Sales and marketing costs		(386,032)	(429,997)
Research and development costs		(388,683)	(317,959)
Other administrative costs		(926,501)	(822,658)
OPERATING PROFIT / (LOSS) BEFORE SHARE-BASED PAYMENTS, DEPRECIATION AND AMORTISATION		50,413	(416,889)
Share based compensation		(57,722)	(52,604)
LOSS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION		(7,309)	(469,493)
Amortisation		(117,790)	(77,797)
Depreciation		(15,504)	(39,220)
Finance income		184	1,403
Finance costs		(16,443)	(84,378)
Research and development (R & D) tax credits		65,435	136,516
LOSS BEFORE TAX		(91,427)	(532,969)
Taxation		-	-
LOSS FOR THE FINANCIAL YEAR		(91,427)	(532,969)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
<i>Other comprehensive income which may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		20,520	(542)
Other comprehensive expenditure		20,520	(542)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(70,907)	(533,511)
Basic and fully diluted loss per share – pence	3	(0.03)	(0.21)

The loss before income tax arises from the Group's continuing operations.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2017

	2017 £	2016 £
ASSETS		
Non-current assets		
Property, plant and equipment	44,067	22,422
Other intangible assets	690,987	565,078
	<u>735,054</u>	<u>587,500</u>
Current assets		
Inventories	200,795	220,318
Trade and other receivables	860,236	783,881
Cash and cash equivalents	951,088	1,017,188
	<u>2,012,119</u>	<u>2,021,387</u>
	<u><u>2,747,173</u></u>	<u><u>2,608,887</u></u>
LIABILITIES		
Current liabilities		
Trade and other payables	750,074	590,724
Convertible loan notes	-	359,975
	<u>750,074</u>	<u>950,699</u>
Non-current liabilities		
Convertible loan notes	352,096	-
	<u>352,096</u>	<u>-</u>
Equity		
Share capital	670,129	670,129
Share premium account	22,849,284	22,849,284
Merger reserve	1,064,712	1,064,712
Translation reserve	(25,728)	(46,248)
Convertible loan note reserve	69,301	69,301
Retained deficit	(22,982,695)	(22,948,990)
	<u>1,645,003</u>	<u>1,658,188</u>
TOTAL EQUITY	<u>1,645,003</u>	<u>1,658,188</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,747,173</u></u>	<u><u>2,608,887</u></u>

UNAUDITED CONSOLIDATED CHANGES IN EQUITY
for the year ended 31 March 2017

	Share capital £	Share premium £	Merger reserve £	Translation reserve £	Convertible loan note reserve £	Retained earnings reserve £	Total equity £
At as 1 April 2015	562,587	21,639,595	1,064,712	(45,706)	69,301	(22,468,625)	821,864
Loss for the year	-	-	-	-	-	(532,969)	(532,969)
Exchange differences on translation of foreign operations	-	-	-	(542)	-	-	(542)
Total comprehensive loss for the year	-	-	-	(542)	-	(532,969)	(533,511)
Share issue	107,542	1,290,504	-	-	-	-	1,398,046
Share issue costs	-	(80,815)	-	-	-	-	(80,815)
Share based payments	-	-	-	-	-	52,604	52,604
Equity as at 31 March 2016	670,129	22,849,284	1,064,712	(46,248)	69,301	(22,948,990)	1,658,188
Loss for the year	-	-	-	-	-	(91,427)	(91,427)
Exchange differences on translation of foreign operations	-	-	-	20,520	-	-	20,520
Total comprehensive loss for the year	-	-	-	20,520	-	(91,427)	(70,907)
Share based payments	-	-	-	-	-	57,722	57,722
Equity as at 31 March 2017	670,129	22,849,284	1,064,712	(25,728)	69,301	(22,982,695)	1,645,003

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2017

	2017 £	2016 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(91,427)	(532,969)
Adjustments for:		
Share based payments	57,722	52,604
Depreciation	15,504	39,220
Amortisation	94,205	77,797
Impairment of intangible asset	23,585	7,222
Finance income	(184)	(1,403)
Finance costs	16,443	84,378
Changes in working capital		
Decrease in inventories	19,523	9,704
(Increase) / decrease in trade and other receivables	(76,355)	143,009
Decrease in trade and other payables	159,350	(259,435)
CASH USED IN OPERATING ACTIVITIES	<u>218,366</u>	<u>(379,873)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(37,149)	(15,278)
Payments to acquire intangible assets	(243,699)	(139,456)
Interest received	184	1,403
NET CASH USED IN INVESTING ACTIVITIES	<u>(280,664)</u>	<u>(153,331)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	-	1,398,046
Share issue costs	-	(80,815)
Interest paid	(24,322)	(53,028)
NET CASH INFLOW FROM FINANCING	<u>(24,322)</u>	<u>1,264,203</u>
Net increase/(decrease) in cash and cash equivalents	(86,620)	730,999
Cash and cash equivalents at the beginning of the financial year	1,017,188	286,731
Effect of foreign exchange rate changes	20,520	(542)
Cash and cash equivalents at the end of the financial year	<u><u>951,088</u></u>	<u><u>1,017,188</u></u>

1 Basis of preparation

The financial statements have been prepared in accordance with the AIM rules and the basis of accounting policies set out in the accounts for the year ended 31 March 2016 and on the basis of all International Financial Reporting Standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts for the year ended 31 March 2017. The information set out herein is abbreviated and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The results for the year ended 31 March 2016 are in abbreviated form and have been extracted from the published financial statements. These were audited and reported upon without qualification by Mazars LLP and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. Statutory accounts for the financial year ended 31 March 2016 have been filed with the Registrar of Companies.

The financial statements for the year ended 31 March 2017 will be finalised on the basis of the financial information presented by the Directors in the preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The results are unaudited, however, the Directors do not expect there to be any difference between the numbers presented and those within the annual report.

The company is a limited liability company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange. The consolidated financial information of Byotrol plc is presented in Pounds Sterling (£), which is also the functional currency of the parent.

Byotrol Plc
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the year ended 31 March 2017

2 Segmental information

The Group has three reportable segments, being Professional (including food service, food manufacturing, industrial and health), Consumer and Pet. This disclosure correlates with the information which is presented to the Group's Chief Decision Maker, the Board. The Group's revenue, result before taxation and net assets were all derived from its principal activities.

The first segment concerns the Professional sector incorporating business to business sales into food and beverage, healthcare and facilities management. The second segment concerns the consumer sector and primarily revenue generated from licence agreements with third parties for the manufacture and sale of products incorporating Byotrol technology. The third segment concerns the Pet sector, where finished goods are manufactured and sold into the companion animal sector.

The Group operates in different geographic locations. The revenue generated from the different geographic locations is analysed separately in the information below.

The Group's centrally incurred administrative expenses, incorporating the ongoing research and development work, operating income and assets and liabilities cannot be allocated to individual segments.

Year ended 31 March 2017	Continuing operations			Total £
	Professional £	Consumer £	Pet £	
REVENUE				
United Kingdom	1,151,840	1,146,956	408,408	2,707,204
North America	25,228	5,402	-	30,630
Rest of World	3,763	-	385,585	389,348
Total revenue	1,180,831	1,152,358	793,993	3,127,182
Cost of sales	(850,699)	-	(524,854)	(1,375,553)
Gross profit	330,132	1,152,358	269,139	1,751,629

Centrally incurred income and expenditure not attributable to individual segments:

Sales and marketing costs	(386,032)
Research and development costs	(388,683)
Other administrative costs	(926,501)
Depreciation and amortisation	(133,294)
Share-based payments	(57,722)
Finance income	184
Finance costs	(16,443)
Research and development (R & D) tax credits	65,435
Loss before tax	(91,427)

2 Segmental information (continued)

Year ended 31 March 2016	Continuing operations			Total £
	Professional £	Consumer £	Pet £	
REVENUE				
United Kingdom	1,356,233	102,155	402,294	1,860,682
North America	16,241	375,000	-	391,241
Rest of World	58,096	50,366	287,538	396,000
Total revenue	1,430,570	527,521	689,832	2,647,923
Cost of sales	(1,011,313)	-	(482,885)	(1,494,198)
Gross Profit	419,257	527,521	206,947	1,153,725

Central income and expenditure not attributable to individual segments:

Administrative costs	(429,997)
Research and development costs	(317,959)
Other administrative costs	(822,658)
Depreciation and amortisation	(117,018)
Share-based payments	(52,604)
Finance income	1,403
Finance costs	(84,378)
Research and development (R & D) tax credits	136,517
Loss before tax	(532,969)

3 Loss per ordinary share

The loss per ordinary share attributable to the owners of the parent is based on the losses for the year ended of £91,427 (2016: £532,969) and the weighted average number of ordinary shares in issue during the year of 268,051,565 (2016:250,699,942).

The loss for the period and the weighted average number of ordinary shares for calculating the diluted earnings per share for the year ended 31 March 2017 and for the comparative periods are identical to those used for the basic earnings per share. This is because the outstanding share options and convertible loan notes would have the effect of reducing the loss per ordinary share and would therefore not be dilutive.

4 Taxation

No liability to UK corporation or overseas income taxes arises for the period due to losses incurred. The Directors have assessed the position in relation to deferred tax and concluded that no provision or asset should be created at this stage in respect of deferred tax in view of the timescale and uncertainty of the recovery of tax losses. This position will be reviewed again at 30 September 2017.

5 Report and Financial Information

It is intended that copies of the financial statements for the Group for the year ended 31 March 2017 will be posted to shareholders and on the Company's website during the course of August.