**18 October 2021**

**Tristel plc**
**("Tristel", the "Company" or the "Group")**

**Unaudited Preliminary Results**
**for the year ended 30 June 2021**

Tristel plc (AIM: TSTL), the manufacturer of infection prevention products announces its unaudited preliminary results for the year ended 30 June 2021.

**Financial Highlights**

- Turnover down 2% to £31.0m (2020: £31.7m)
- Overseas sales up 3% to £19.6m (2020: £19m), representing 63% of total sales (2020: 60%)
- Gross margin remained steady at 80% (2020: 80%)
- Pre-tax profit before share-based payments and adjustment in fair value of investment in Israeli medtech company (£0.8m), down 24% to £5.4m (2020: £7.1m)
- Pre-tax margin before share-based payments and fair value adjustment decreased to 17% (2020: 22%)
- Unadjusted pre-tax profit £3.8m (2020: £6.6m)
- Unadjusted pre-tax margin 12% (2020: 21%)
- EPS before share-based payments down 34% to 8.16p (2020: 12.35p). Unadjusted down 44% to 6.39p (2020: 11.38p)
- Dividend per share for the full year increased by 6% to 6.55p (2020: 6.18p)
- Strong operating cashflow of £6.5m (2020: £7m)
- Net cash of £8.1m (2020: 6.2m)

**Operational Highlights**

- New regulatory approvals for medical device disinfectants gained during the year in India, South Korea, Canada and for our surface disinfectant from the United States EPA
- Further investment in people and systems to ensure the Company can meet the ever-more stringent requirements of regulators worldwide

**Paul Swinney, Chief Executive of Tristel plc, said:** *"The year was a disappointing one for the Company. The top-line and profits growth trajectory we have been on since 2013 was impacted significantly by COVID-19 and the unprecedented challenges it brought. We are confident that we will re-boot our progress this year as hospitals worldwide return to pre-pandemic levels of patient examinations.*

*"We are confident that we will make our submission to the FDA for Duo for Ultrasound by 30 June 2022. The only caveat is that we can recruit two to three clinics in the USA to carry out short patient-side evaluations of the product. Only COVID-19 can complicate this. With a submission in this financial year, we can expect a decision from the FDA before 30 June 2023.*

*"During the first quarter of the current financial year, we can see that patient examinations in most of our markets are increasing. Furthermore, in the UK, the NHS has almost used up the stock of Tristel products it purchased in late 2020 to safeguard against a disorderly Brexit, and this supply overhang will soon be removed. For the first time in eighteen months, we are confident that our normal predictable pattern of business has resumed."*

**Chairman's Statement**

**Strategy and growth**

After seven years of continuous revenue growth, our progress stalled in the year because of COVID-19. Worldwide sales of all products fell by 2% from £31.7m to £31.0m. Tristel products accounted for 77% and Cache products 13% of global sales in the year. The remainder of our revenues derived from other chemistries and sectors outside of the hospital which we consider to be non-core, and it is our intention to discontinue many of these products in the current financial year because they are lower margin than our chlorine dioxide products and draw upon our resources disproportionately to the contribution they make to our financial and strategic objectives.

The pandemic caused hospitals worldwide to curtail the number of patient examinations that use the medical devices that our products disinfect. Globally, Tristel medical device decontamination products sales grew by only 2% in the year to £24m, in contrast to the double-digit growth rates experienced in each of the past seven years.

In the final quarter of the year ended 30 June 2020, the pandemic caused a surge in demand for our Cache surface disinfectant product sales and, as a result, sales increased by 88% to £4.9m. As the understanding of coronavirus developed during the latter half of 2020 and into 2021, and hospitals adjusted the delivery of their services to COVID-19, demand conditions stabilised. Global sales of our Cache products declined to £4m during the year but were significantly higher than before the pandemic.

Sales of non-core products fell by 9% to £3m from £3.3m in the prior year.

| **Global revenue breakdown** | | **2019-20** | **2020-21** | **% change** |
|---|---|---|---|---|
| Tristel | UK | 8.0 | 6.9 | -14% |
| | Overseas | 15.5 | 17.1 | 10% |
| | | **23.5** | **24.0** | **2%** |
| Cache | UK | 2.8 | 2.8 | - |
| | Overseas | 2.1 | 1.2 | -43% |
| | | **4.9** | **4.0** | **-18%** |
| Non-core | UK | 1.8 | 1.7 | -6% |
| | Overseas | 1.5 | 1.3 | -13% |
| | | **3.3** | **3.0** | **-9%** |
| Group | UK | 12.6 | 11.4 | -10% |
| | Overseas | 19.1 | 19.6 | 3% |
| | | **31.7** | **31.0** | **-2%** |

During the last quarter of the year ended 30 June 2021, we observed that hospital out-patient departments were gradually returning to pre-pandemic levels of activity in all our markets, and this trend has continued into the current financial year.

**Regulatory, people and systems**

The regulatory environment in which we operate is changing rapidly and becoming more demanding. Over three-quarters of our revenue derives from disinfectant products that are classified by regulators as medical devices, and the standards that we must apply to the manufacture of what appears a simple disinfectant product must follow the same principles as those applied to a surgical implant. Our challenge during the early days of COVID-19 was to expand our manufacturing output significantly to meet demand. Whilst we succeeded in this, in the aftermath of that exceptional period we identified that substantial investment must be made in our people and systems if we are to be capable of achieving our strategic objectives and be ready for our entry into the USA market. The necessity for this investment was confirmed in an audit by our Notified Body of our quality management system in March 2021 which revealed certain weaknesses. Our response has been to bolster our quality assurance and regulatory functions with new recruits, to bring in specialist consultants, and to direct all the resources of the Company to redress the weaknesses identified. We will ensure we have the organisational capabilities that will return us to the top-line and profit growth trajectory we were on before the pandemic.

**Results**

Our gross profit margin remained steady at 80%. Overheads (excluding share-based payments) rose by 6% from £15.4m to £16.4m, principally due to the increase in headcount from 164 to 189. The associated increase in payroll cost of £1m (excluding share-based payments) was partially offset by a reduction in travel and the number of medical conferences at which we exhibited.

Towards the end of the year, we decided to impair in full the value of the equity investment that we had made in Mobile ODT, a medical device company focussed on women's health. The investment led to a close collaboration between our two companies which has been a key influence in the development of Tristel's 3T App and product development initiatives that are underway involving AI, and for which several patent applications have been made. The impairment charge is £0.8m.

Adjusted pre-tax profit (before share-based payments of £0.8m and the impairment charge of £0.8m) fell 24% from £7.1m to £5.4m. Unadjusted pre-tax profit (after share-based payment and the impairment charge) fell 42% from £6.6m to £3.84m. The adjusted pre-tax profit margin was 17% (2020: 22%) and the unadjusted margin was 12% (2020:21%).

Earnings per share (EPS) (adjusted for the add-back of the share-based payment charge) was 8.16 pence. (2020: 12.35 pence). Basic EPS was 6.39 pence (2020: 11.38 pence).

**Balance sheet, cash, and dividend**

The Group has continued to be highly cash generative during the year and the balance sheet is debt-free (with the exception of lease liabilities). The cash balance on 30 June 2021 was £8.1m (2020: £6.2m).

The Company's policy has been to pay out half of adjusted EPS in the form of an ordinary dividend each year. Given the extraordinary circumstances of 2021, we have decided to deviate from this policy and pay a dividend linked to the market's expectation for the year's dividend. The Board is recommending that the final dividend is 3.93 pence (2020: 3.84 pence), an increase of 2%, reducing the dividend cover to 1.25 times from the standard 2 times. This final dividend will be paid to shareholders on the register on 19 November and the associated ex-dividend date is 18 November 2021.

**Investing in growth**

We have continued to invest for future growth. During the year we spent £0.4m on product development and testing (2020: £0.4m) and £0.1m on intellectual property protection (2020: £0.1m). Both these expenditures are held in intangible assets. We also invested £0.7m (2020: £0.5m) in regulatory and product enhancement programmes where we have recognised this cost as an expense. Included in this cost is an amount of £0.4m (2020: £0.08m) relating to our initiative to enter the United States market which commenced in 2014. The cumulative investment in this regulatory project and in the establishment of a commercial structure within the country has been £2.2m.

**Overseas expansion**

During the year we received important new regulatory approvals: for Duo as a medical device disinfectant in India, South Korea and Canada and an enhanced approval from the United States EPA for Jet for surface disinfection. In India we appointed a very capable distributor, Genworks, which is a GE Health investee company; in South Korea we have an existing distributor, and in Canada and the United States we are developing a commercial plan for the products. The pandemic is making for slow progress in each country, but we anticipate that conditions will be more favourable this year.

Our programme to gain approval from the United States FDA for Duo's use in ultrasound has made good progress. We anticipate that, subject to being able to recruit two to three clinics to undertake short in-use studies, we will be able to make the FDA Do Novo submission by 30 June 2022. If this is achieved, a decision from the FDA could be expected in the year ending 30 June 2023.

**Our people**

I would like to thank our employees for their commitment and resilience throughout the year. We all know how difficult the past eighteen months have been and we have been under pressure from circumstances both within our organisation and without; but I am certain our team is now match fit for the better times ahead.

**Outlook**

We are pleased to report that during the first quarter patient examinations in most of our markets have increased from earlier in the year. Furthermore, the UK NHS has been using up the stock of Tristel products that it purchased in late 2020 to safeguard against a disorderly Brexit, and this supply overhang has nearly disappeared. For the first time in eighteen months, we look forward confidently to a resumption of our normal predictable pattern of business and a return to our growth trajectory.

**Dr Bruno Holthof**

**Chairman**

**Chief Executive's Report**

**Overview**

The year ended 30 June 2021 was a disappointing one for the Group. The top-line and profits growth trajectory we have been on since 2013 went sideways because of COVID-19. We are determined to re-boot our progress this year.

In October 2019, we set a new financial plan for the three years to 30 June 2022. The three key financial targets of the plan are: i) sales growth in the range of 10% to 15% per annum as an annual average over the three years; ii) the achievement in each year of an EBITDA margin (excluding share-based payment charge) of at least 25%, and iii) to increase profit before tax (excluding share-based payments) year-on-year, independently of the other two targets.

| Financial year £m | Revenue | Annual revenue growth | Average revenue growth | Adjusted EBITDA margin % | Increase in profit before tax |
|---|---|---|---|---|---|
| Ended 30.06.19 (base year) | 26.2 | - | - | - | - |
| Ended 30.6.20 | 31.7 | 21% | 21% | 30% | Yes |
| Ended 30.6.21 | 31.0 | -2% | 9% | 24% | No |

COVID-19 has impacted sales growth and, as a consequence, we have fallen short of our average revenue growth and EBITDA targets. We have also failed to increase pre-tax profit.

**Our technology and marketplace**

Our entire business is focussed on preventing the transmission of microbes from one object or person to another. We pursue this purpose because microbes are the cause of infection in humans. They can cause illness or death and place a heavy cost on individuals and society. We achieve our purpose by developing products based upon a very powerful disinfectant: chlorine dioxide.

Our mission is most relevant to hospitals where the risks of infection to individuals are highest. Infection prevention is a basic requirement for the safe and effective provision of healthcare, true for all hospitals in all countries. Over 98% of our revenues are of consumable products performing a vital function that is non-discretionary.

We segment our business to reflect our corporate strategy. The strategy focusses upon our proprietary chlorine dioxide chemistry and two principal applications for it: first, the high-level disinfection of medical devices (Tristel: accounting for 77% of global sales in the year), and second, the disinfection of surfaces in hospitals (Cache: accounting for 13% of sales). Within this second activity, we make a distinction between sporicidal efficacy that is achieved with the use of our chlorine dioxide chemistry, and the low-level performance claims that are made by most other disinfectant chemistries. Our objective is to create a clearly identifiable segment within surface disinfection for sporicidal products and to be the global market leader in this segment.

The other segment, which we regard as non-core, represents the remainder of our revenues which derive from other chemistries and sectors outside of the hospital. It is our intention to discontinue many of these non-core activities in the 2022 financial year.

With respect to Tristel, our proposition is unique in two respects: first, we are the only provider of chlorine dioxide-based high-level disinfectants validated and regulated for use with semi-critical medical devices; and second, we are unique in applying the active ingredient in a manual process. Other high-level disinfection processes using the active ingredients peracetic acid and hydrogen peroxide – alternatives to chlorine dioxide – require automated equipment to contain and control the chemistry.

Manual application means Tristel products are ideally suited for hospital departments that carry out diagnostic procedures with small heat-sensitive medical instruments. These include: the nasendoscope used in Ear, Nose and Throat departments; the laryngoscope blade used in emergency medicine; cardio echo probes used in the diagnosis of heart disease; tonometers used in ophthalmology, and ultrasound probes used in both women and men's health. In these areas of the hospital, we are the simplest, quickest, and most affordable high-performance disinfection method available. Consequently, in geographical markets in which we have been present for some time, we hold a truly significant market share.

The cleaning and disinfection of environmental surfaces in hospitals is ubiquitous and the global expenditure by hospitals on surface disinfection is far greater than the expenditure on decontaminating medical devices. The capability of a disinfectant to kill bacterial spores is the defining hallmark of the best-performing biocides, and chlorine dioxide is one of the elite chemistries than can kill spores.

We expect the legacy of COVID-19 to be that hospitals will be more rigorous in their selection of the best performing and most scientifically validated disinfectant products, which will benefit Cache.

**Revenue by segment**

We have developed distinctly different brands for the two segments: Tristel for medical device disinfection and Cache for sporicidal surface disinfection. Our strategic intention is to develop the Tristel and Cache brands and product portfolios with a significant degree of independence from each other, but both anchored upon our chlorine dioxide technology platform and using the same sales teams in all countries.

During the year, the revenue split across the three segments was:

| £m | Brands | Revenue 2019-20 | % of total | Revenue 2020-21 | % of total |
|---|---|---|---|---|---|
| Medical device decontamination in hospitals | *Tristel* | 23.5 | 74% | 24.0 | 77% |
| Environmental surface disinfection in hospitals | *Cache* | 4.9 | 16% | 4.0 | 13% |
| Other – non-core | Various | 3.3 | 10% | 3.0 | 10% |
| **Group** | | **31.7** | **100%** | **31.0** | **100%** |

We sell our products directly to end-users in those markets in which we have established a subsidiary, and through distributors in markets where we have no corporate presence. During the year, the revenue split by sales channel was:

| £m | Revenue 2019-20 | Revenue 2020-21 | Year on year change | % change |
|---|---|---|---|---|
| **Hospital medical device decontamination:** | | | | |
| UK & Europe direct | 16.8 | 16.9 | 0.1 | 1% |
| APAC region direct | 4.6 | 5.0 | 0.4 | 9% |
| Worldwide distributors | 2.1 | 2.1 | - | - |
| | **23.5** | **24.0** | **0.5** | |
| **Hospital environmental surface disinfection:** | | | | |
| UK & Europe direct | 3.9 | 3.2 | (0.7) | (18)% |
| APAC region direct | 0.2 | 0.7 | 0.5 | 250% |
| Worldwide distributors | 0.8 | 0.1 | (0.7) | (88)% |
| | **4.9** | **4.0** | **(0.9)** | |
| **Other revenues – direct & worldwide distributors** | 3.3 | 3.0 | (0.3) | (9)% |
| **Group** | **31.7** | **31.0** | **(0.7)** | **(2)%** |

**Revenue by geography**
The proportion of our revenue generated in overseas markets continued to increase and reached 63% in the year (2020: 60%). The history over the past five years is shown in the table below.

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---|---|---|---|---|
| **Revenue split %** | | | | | |
| United Kingdom | 53% | 49% | 45% | 40% | 37% |
| Overseas | 47% | 51% | 55% | 60% | 63% |
| **Annual revenue growth %** | | | | | |
| United Kingdom | 3% | 2% | 9% | 7% | (10)% |
| Overseas | 43% | 19% | 26% | 32% | 3% |

We have fourteen subsidiaries selling directly into the hospital marketplace in the United Kingdom, Belgium, the Netherlands, France, Italy, Germany, Switzerland, Poland, Russia, Hong Kong, China, Malaysia, Australia, and New Zealand. We have subsidiaries in the United States, Japan, India, and Ireland which are not yet active in terms of selling.

During the year, we sold products in nineteen countries through national distributors.

**Our Strategic Assets**
We consider the assets that enable the Group to achieve its strategic goals to be:

*Our chlorine dioxide chemistry*
There are three critically important elements that account for the unique positioning of our chlorine dioxide chemistry:

1. The proprietary formulation,

2. Our focus over two decades on exploring the potential for chlorine dioxide in the decontamination of medical instruments. There is another application for chlorine dioxide chemistry which all other businesses have concentrated upon which is water treatment. From the inception of our business in the 1990’s we looked in a different direction – towards medical device disinfection – a direction which others have not followed, and this has given us the pioneer’s advantage,

3. The length of time that we have enjoyed this pioneer position has allowed us to collate a significant body of knowledge, including published scientific data, the testimony of almost two decades of safe use, a significant global footprint of regulatory approvals and a library of proven compatibility with hundreds of medical instruments, all of which would take a new entrant significant time and cost to match.

Our regulatory programme succeeded in attaining 37 approvals for 20 products in 10 countries during the year.

*Intellectual property protection*
On 30 June 2021, we held 246 patents granted in 38 countries providing legal protection for our products.

In its broadest sense, our intellectual property relates to:

1. Patents, trademarks, and registered designs,
2. The scientific validation of our chemistry and our products that has entered the public domain via 29 peer-reviewed and published papers,
3. 19 guidelines have been published by professional clinical bodies, infection prevention bodies, and national healthcare institutions that reference the use of chlorine dioxide recognisable as one of our products,
4. The certification by medical device manufacturers that our chemistry is compatible with their products. We enjoy official compatibility with the instrumentation of 55 medical device manufacturers, with respect to 1,845 of their individual models.

*Our people*

Our people possess an unrivalled body of knowledge relating both to infection prevention and to chlorine dioxide, and they are a key asset for the future of our business. Their domain knowledge relates to the manufacture of chlorine dioxide-based products and their development. The Company's R&D investment focusses exclusively on our proprietary technology, searching for improvements in microbial efficacy, reductions in hazards, and greater efficiency in manufacture. In parallel, we invest in the creation of packaging and delivery forms that enhance and simplify the delivery of the chemistry and the user experience.

**Progress in North America/Expansion into new markets**

*Health Canada*

During the year, Tristel Duo OPH was approved by Health Canada as a class 2 medical device and included in Health Canada's Medical Device Listing. Duo OPH is a high-level disinfectant intended for use on ophthalmic instruments including ultrasound devices and re-usable tonometers and lenses that contact the cornea. Parker Laboratories in the United States will manufacture the product on our behalf, and we are in discussions with potential distribution partners.

*South Korea Ministry of Food and Drug Safety*

We obtained approval from the Ministry for Tristel Duo ULT as high-level disinfectant for ultrasound devices. The product will be imported into the country and be sold by HP&C Limited, Tristel's distributor since 2013.

*United States Environmental Protection Agency (EPA)*

We received our first approval from the EPA for our foam-based disinfectant for surfaces in April 2018. We successfully enhanced the performance claims of the product with a second approval in January 2019 and then registered the product in three States before curtailing the nationwide registration programme until a third submission could be made to bolster further the competitive positioning of the product. This submission was made in October 2020, and we have now received the third approval for Jet. This expands the product's efficacy claims to include mycobacteria, and all efficacy claims are within a contact time of two minutes. We expect to complete State-by-State registration by the end of June 2022, including California where our existing registration will require amendment, which can be a lengthy process.

We have appointed Parker Laboratories as our manufacturing partner will sell Jet through Parker's nationwide network of distributors on a non-exclusive basis, commencing in FY23. Other distribution channels will be put in place.

*United States Food and Drug Administration (FDA)*

After more than five years of data generation, we believe that we are approaching the final straight for the submission of a De Novo application for Duo ULT. Barring any unforeseen obstacles, and subject to the successful recruitment of a small number of clinics that will cooperate with us to undertake short in-clinic evaluations of Duo in real-time conditions, we anticipate that a submission can be made by 30 June 2022. Our best intelligence is that De Novo submissions are typically decided upon by the Agency within twelve months.

**Paul Swinney**

**Chief Executive Officer**

**Tristel Plc**

**Consolidated Income Statement for the Year Ended 30 June 2021**

| | Note | Unaudited 2021 £ 000 | 2020 £ 000 |
|---|---|---|---|
| Revenue | 3 | 30,998 | 31,678 |
| Cost of sales | | (6,255) | (6,431) |
| Gross profit | | 24,743 | 25,247 |
| Share based payments | | (824) | (435) |
| Depreciation, amortisation and impairments | | (2,813) | (2,558) |
| Administrative expenses, excluding share-based payments, depreciation, amortisation and impairment | | (16,376) | (15,449) |
| Other operating income | | 32 | - |
| Operating profit | | 4,762 | 6,805 |
| Movement in fair value of investments | | (807) | - |
| Finance income | | 1 | 1 |
| Finance costs | | (195) | (167) |
| Net finance cost | | (194) | (166) |
| Profit before tax | | 3,761 | 6,639 |
| Income tax expense | 4 | (789) | (1,539) |
| Profit for the year | | 2,972 | 5,100 |
| **Profit attributable to :** | | | |
| Owners of the company | | 2,972 | 5,100 |

**Earnings per share from total and continuing operations attributable to equity holders of the parent**

| | | Unaudited 2021 | 2020 |
|---|---|---|---|
| Basic - pence | 6 | 6.39 | 11.38 |
| Diluted - pence | 6 | 6.19 | 10.88 |

The above results were derived from continuing operations.

Earnings before interest, tax, depreciation and amortisation for the year ended 30 June 2021 were £6,768,000 (2020 £9,363,000).

**Tristel Plc**

**Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2021**

| | **Unaudited 2021 £ 000** | **2020 £ 000** |
|---|---|---|
| Profit for the year | 2,972 | 5,100 |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Foreign currency translation gains | (600) | 314 |
| Total comprehensive income for the year | 2,372 | 5,414 |
| **Total comprehensive income attributable to:** | | |
| Owners of the company | 2,372 | 5,414 |

**Tristel Plc**

**Consolidated Statement of Financial Position as at 30 June 2021**

| | Note | Unaudited 30 June 2021 £ 000 | 30 June 2020 £ 000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 8,542 | 8,080 |
| Goodwill | | 5,265 | 5,626 |
| Intangible assets | | 6,704 | 7,624 |
| Investments | | - | 807 |
| Deferred tax assets | | 1,805 | 1,544 |
| | | 22,316 | 23,681 |
| **Current assets** | | | |
| Inventories | | 4,266 | 4,619 |
| Trade and other receivables | | 5,255 | 6,422 |
| Cash and cash equivalents | | 8,094 | 6,212 |
| | | 17,615 | 17,253 |
| Total assets | | 39,931 | 40,934 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 7 | 471 | 453 |
| Share premium | | 13,600 | 12,634 |
| Foreign currency translation reserve | | (203) | 397 |
| Merger reserve | | 2,205 | 2,205 |
| Retained earnings | | 14,003 | 12,767 |
| Equity attributable to owners of the company | | 30,076 | 28,456 |
| Non-controlling interests | | 7 | 7 |
| Total equity | | 30,083 | 28,463 |
| **Non-current liabilities** | | | |
| Non-current lease liabilities | | 5,276 | 5,185 |
| Deferred tax liabilities | | 637 | 615 |
| | | 5,913 | 5,800 |
| **Current liabilities** | | | |
| Trade and other payables | | 3,476 | 4,672 |
| Income tax liability | | (170) | 1,182 |
| Current lease liabilities | | 629 | 817 |
| | | 3,935 | 6,671 |
| Total liabilities | | 9,848 | 12,471 |
| Total equity and liabilities | | 39,931 | 40,934 |

**Tristel Plc**

**Consolidated Statement of Changes in Equity for the Year Ended 30 June 2021**

| | Share capital £ 000 | Share premium £ 000 | Foreign currency translation £ 000 | Merger reserve £ 000 | Retained earnings £ 000 | Total £ 000 | Non- controlling interests £ 000 | Total equity £ 000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2020 | 453 | 12,634 | 397 | 2,205 | 12,767 | 28,456 | 7 | 28,463 |
| Profit for the year | - | - | - | - | 2,972 | 2,972 | - | 2,972 |
| Exchange difference on translation of foreign operations | - | - | (600) | - | - | (600) | - | (600) |
| Total comprehensive income | - | - | (600) | - | 2,972 | 2,372 | - | 2,372 |
| Dividends | - | - | - | - | (3,017) | (3,017) | - | (3,017) |
| New share capital subscribed | 18 | 966 | - | - | - | 984 | - | 984 |
| Deferred tax through equity | - | - | - | - | (136) | (136) | - | (136) |
| Current tax through equity | - | - | - | - | 593 | 593 | - | 593 |
| Share based payment transactions | - | - | - | - | 824 | 824 | - | 824 |
| At 30 June 2021 unaudited | 471 | 13,600 | (203) | 2,205 | 14,003 | 30,076 | 7 | 30,083 |

**Tristel Plc**

**Consolidated Statement of Changes in Equity for the Year Ended 30 June 2021 (continued)**

| | Share capital £ 000 | Share premium £ 000 | Foreign currency translation £ 000 | Merger reserve £ 000 | Retained earnings £ 000 | Total £ 000 | Non- controlling interests £ 000 | Total equity £ 000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2019 | 446 | 11,427 | 83 | 2,205 | 9,191 | 23,352 | 7 | 23,359 |
| Change in accounting policy | - | - | - | - | (242) | (242) | - | (242) |
| At 1 July 2019 (As restated) | 446 | 11,427 | 83 | 2,205 | 8,949 | 23,110 | 7 | 23,117 |
| Profit for the year | - | - | - | - | 5,100 | 5,100 | - | 5,100 |
| Exchange difference on translation of foreign operations | - | - | 314 | - | - | 314 | - | 314 |
| Total comprehensive income | - | - | 314 | - | 5,100 | 5,414 | - | 5,414 |
| Dividends | - | - | - | - | (2,621) | (2,621) | - | (2,621) |
| New share capital subscribed | 7 | 1,207 | - | - | - | 1,214 | - | 1,214 |
| Deferred tax through equity | - | - | - | - | 904 | 904 | - | 904 |
| Share based payment transactions | - | - | - | - | 435 | 435 | - | 435 |
| At 30 June 2020 | 453 | 12,634 | 397 | 2,205 | 12,767 | 28,456 | 7 | 28,463 |

**Tristel Plc**

**Consolidated Statement of Cash Flows for the Year Ended 30 June 2021**

| | Note | Unaudited 2021 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | **£000** | **£000** |
| Profit before tax | | 3,761 | 6,639 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation of leased assets | | 771 | 692 |
| Depreciation of plant, property & equipment | | 591 | 598 |
| Amortisation of intangible assets | | 1,383 | 1,201 |
| Impairment of Goodwill | | 67 | 67 |
| Share based payments - IFRS 2 | | 824 | 435 |
| Movement on fair value asset Mobile ODT | | 807 | - |
| Gain on fair value of investment Tristel Italia | | - | (111) |
| Loss on disposal of property, plant and equipment | | 73 | 54 |
| Lease interest | | 193 | 165 |
| Unrealised loss in foreign exchange | | (197) | 8 |
| Finance income | | (1) | (1) |
| | | 8,272 | 9,747 |
| Working capital adjustments | | | |
| Decrease/(increase) in inventories | | 353 | (1,655) |
| Decrease/(increase) in trade and other receivables | | 1,167 | (805) |
| (Decrease)/increase in trade and other payables | | (1,196) | 1,007 |
| Lease interest paid | | (193) | (165) |
| Corporation tax paid | | (1,925) | (1,140) |
| **Net cash flow from operating activities** | | 6,478 | 6,989 |
| **Cash flows from investing activities** | | | |
| Interest received | | 1 | 1 |
| Purchase of intangible assets | | (608) | (610) |
| Purchase of investment in Italia/Ecomed | | - | (595) |
| Purchase of property plant and equipment | | (1,159) | (1,770) |
| **Net cash used in investing activities** | | (1,766) | (2,974) |
| **Cash flows from financing activities** | | | |
| Payment of lease liabilities | | (797) | (614) |
| Share issues | | 984 | 1,214 |
| Dividends paid | 5 | (3,017) | (2,621) |
| **Net cash used in financing activities** | | (2,830) | (2,021) |
| **Net increase in cash and cash equivalents** | | 1,882 | 1,994 |
| Cash and cash equivalents at the beginning of the year | | 6,212 | 4,170 |
| Exchange differences on cash and cash equivalents | | - | 48 |
| Cash and cash equivalents at the end of the year | 16 | 8,094 | 6,212 |

**Tristel Plc**

**Consolidated Statement of Cash Flows for the Year Ended 30 June 2021 (continued)**

**Net Debt - liabilities from financing activities and other assets**

| | Leases | Cash | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Net debt as at 1 July 2019** | 4,367 | 4,170 | 8,537 |
| Cash movement | - | 1,994 | 1,994 |
| Payment of lease liabilities | (779) | - | (779) |
| Lease interest | 165 | - | 165 |
| Acquisition - leases | 3,161 | - | 3,161 |
| Disposals - leases | (914) | - | (914) |
| Foreign exchange adjustments | 2 | 48 | 50 |
| **Net debt at 30 June 2020** | 6,002 | 6,212 | 12,214 |
| Cash movement | - | 1,882 | 1,882 |
| Payment of lease liabilities | (990) | - | (990) |
| Lease interest | 193 | - | 193 |
| Acquisition - leases | 701 | - | 701 |
| Foreign exchange adjustments | (1) | - | (1) |
| **Net debt as at 30 June 2021 unaudited** | 5,905 | 8,094 | 13,999 |

## 1 Accounting policies

**Basis of accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS").

Tristel plc, the Group's ultimate parent company, is a limited liability company incorporated and domiciled in the United Kingdom.

**Basis of consolidation**

The unaudited Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2021. Subsidiaries are entities over which the Group has rights or is exposed to variable returns from its involvement with the investee and has the power to affect those returns by controlling the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains and losses on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are assessed for indications that an impairment of the asset transferred needs to be recognised in the Group financial statements. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. These fair values are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Non-controlling interests, presented as part of equity, represent a proportion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the assets of the parent and the non-controlling interests based on their respective ownership interests.

**Audit exemption**

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act :

• Tristel International Limited - Registered number 07874262
• Scorcher Idea Limited - Registered number 04602679

**Parent Company exemption to disclose profit and loss account**

The following company is exempt from the requirements of the UK Companies Act 2006 relating to the disclosure of a profit and loss account by virtue of s408(3) of the Act:

• Tristel PLC - Registered number 04728199

## 1 Accounting policies (continued)

### Changes in accounting policy

### Adopted IFRSs not yet applied

As of 30 June 2021, the following Standards and Interpretations are in issue but not yet effective and have not been adopted early by the Group:

- IFRS 17 Insurance contracts (effective 1 January 2021)
- Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)
- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9 (effective 1 January 2021)
- IAS 1 - Classification of liabilities as current or non-current (effective 1 January 2022)

The Directors anticipate that the adoption of both IFRS 17 and IAS 1 in future periods will not have a material effect on the financial statements of the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

None of the standards, interpretations, and amendments effective for the first time from 1 July 2020 have had a material effect on the financial statements.

## 2 Publication non-statutory accounts

The financial information set out above does not constitute the company's statutory accounts for the years ended 30 June 2021 or 2020, but is derived from those accounts. Statutory accounts for 2020 have been delivered to the registrar of companies, and those for 2021 will be delivered in due course.

The Board of Tristel plc approved the release of this unaudited Preliminary Announcement on 18 October 2021.

## 3 Segmental Analysis

Management considers the Company's revenue lines to be split into three operating segments, which span the different Group entities. The operating segments consider the nature of the product sold, the nature of production, the class of customer and the method of distribution. The Company's operating segments are identified initially from the information which is reported to the chief operating decision maker.

The first segment concerns the manufacture and sale of medical device decontamination products which are used primarily for infection control in hospitals. This segment generates approximately 77% of Company revenues (2020: 74%).

The second segment which constitutes 13% (2020: 15%) of the business activity, relates to the manufacture and sale of hospital environmental surface disinfection products.

The third segment addresses the pharmaceutical and personal care product manufacturing industries, veterinary and animal welfare sectors and has generated 10% (2020: 11%) of the Company's revenues this year.

The operation is monitored and measured on the basis of the key performance indicators of each segment, these being revenue and gross profit, and strategic decisions are made on the basis of revenue and gross profit generating from each segment.

The Company's centrally incurred administrative expenses and operating income cannot be allocated to individual segments.

### 3 Segmental Analysis (continued)

| | Hospital medical device decontamination | Hospital environmental surface disinfection | Other revenue | Unaudited total 2021 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Revenue | | | | |
| From external customers | 24,003 | 4,018 | 2,977 | 30,998 |
| Cost of material | (3,875) | (1,286) | (1,094) | (6,255) |
| Segment gross profit | 20,128 | 2,732 | 1,883 | 24,743 |
| Gross margin | 84% | 68% | 63% | 80% |
| Centrally incurred income and expenses not attributable to individual segments: | | | | |
| Depreciation and amortisation of non-financial assets | | | | (2,813) |
| Other administrative expenses | | | | (16,376) |
| Share-based payments | | | | (824) |
| Other income | | | | 32 |
| Segment operating profit | | | | 4,762 |
| Segment operating profit can be reconciled to Group profit before tax as follows: | | | | |
| Finance (expense) | | | | (194) |
| Movement on fair value asset Mobile ODT | | | | (807) |
| Total profit before tax | | | | 3,761 |

### 3 Segmental Analysis (continued)

| | Hospital medical device decontamination | Hospital environmental surface disinfection | Other revenues | Total 2020 |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| Revenue | | | | |
| From external customers | 23,497 | 4,882 | 3,299 | 31,678 |
| Cost of material | (4,499) | (1,132) | (800) | (6,431) |
| Segment gross profit | 18,998 | 3,750 | 2,499 | 25,247 |
| Gross margin | 81% | 77% | 76% | 80% |
| Centrally incurred income and expenses not attributable to individual segments: | | | | |
| Depreciation and amortisation of non-financial assets | | | | (2,558) |
| Other administrative expenses | | | | (15,449) |
| Share based payments | | | | (435) |
| Segment operating profit | | | | 6,805 |
| Segment operating profit can be reconciled to Group profit before tax as follows: | | | | |
| Finance (expense) | | | | (166) |
| Total profit before tax | | | | 6,639 |

**3 Segmental Analysis (continued)**

The Group's revenues from external customers are divided into the following geographical areas:

| | Hospital medical device decontamination | Hospital environmental surface disinfection | Other revenues | Unaudited total 2021 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| UK & Europe direct | 16,895 | 3,253 | 2,269 | 22,417 |
| APAC region direct | 5,023 | 663 | 357 | 6,043 |
| Worldwide distributors | 2,085 | 102 | 351 | 2,538 |
| Total Revenues | 24,003 | 4,018 | 2,977 | 30,998 |

| | Hospital medical device decontamination | Hospital environmental surface disinfection | Other revenues | Total 2020 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| UK & Europe direct | 16,768 | 3,891 | 2,528 | 23,187 |
| APAC region direct | 4,613 | 231 | 374 | 5,218 |
| Worldwide distributors | 2,116 | 760 | 397 | 3,273 |
| Total Revenues | 23,497 | 4,882 | 3,299 | 31,678 |

Revenues from external customers in the Company's domicile (United Kingdom), as well as its other major markets (Rest of the World) have been identified on the basis of internal management reporting systems, which are also used for VAT purposes.

Hospital medical device decontamination revenues were derived from a large number of customers, but include £5.727m from a single customer which makes up 24% of this segment's revenue (2020: £6.487m, being 22%). Other revenues were derived from a number of customers, with the largest customer accountable for £0.251m, which represents 8% of revenue for that segment (2020: £0.160m, 19% from a single customer).

During the year 18.5% of the Group's total revenues were earned from a single customer (2020: 20.5%).

## 4 Income tax

Tax charged in the income statement

| | Unaudited 2021 £000 | 2020 £000 |
|---|---|---|
| **Current taxation** | | |
| Overseas tax | 1,187 | 1,223 |
| UK corporation tax | 133 | 265 |
| UK corporation tax adjustment to prior periods | (156) | (5) |
| | 1,164 | 1,483 |
| **Deferred tax** | | |
| Arising from origination and reversal of temporary differences | (290) | (152) |
| UK deferred tax adjustment to prior periods | - | 286 |
| Tax rate effect | (85) | (78) |
| | (375) | 56 |
| Tax expense in the income statement | 789 | 1,539 |

## 4 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

| | **Unaudited 2021 £ 000** | **2020 £ 000** |
|---|---|---|
| Profit before tax | 3,761 | 6,639 |
| Corporation tax at standard rate | 715 | 1,261 |
| Adjustment in respect of prior years | (156) | 281 |
| Income not taxable | - | (21) |
| Expenses not deductible for tax purposes | 68 | 23 |
| (Decrease) from effect of patent box | - | (134) |
| Increase from effect of foreign tax rates | 307 | 342 |
| Tax losses not utilised and other differences | 64 | - |
| Remeasurement of deferred tax due to changes in tax rate | (85) | (118) |
| Enhanced relief on qualifying scientific research expenditure | (124) | (95) |
| Total tax charge | 789 | 1,539 |

## 5 Dividends

Amounts recognised as distributions to equity holders in the year:

| | **Unaudited 2021 £000** | **2020 £000** |
|---|---|---|
| Ordinary shares of 1p each | | |
| Final dividend for the year ended 30 June 2020 of 3.84p (2019: 3.50p) per share | 1,785 | 1,562 |
| Interim dividend for the year ended 30 June 2021 of 2.62p (2020: 2.34p) per share | 1,232 | 1,059 |
| | 3,017 | 2,621 |
| Proposed final dividend for the year ended 30 June 2021 of 3.93p (2020: 3.84p) per share | 1,851 | 1,737 |
| **Company** | | |
| Dividend received from subsidiaries | (4,332) | (3,759) |

The proposed final dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

## 6 Earnings per share

The calculations of earnings per share are based on the following profits and number of shares:

| | Unaudited 2021 £000 | 2020 £000 |
|---|---|---|
| Retained profit for the financial year attributable to equity holders of the parent | 2,972 | 5,100 |
| | **Shares** '000 Number | **Shares** '000 Number |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 46,539 | 44,831 |
| Share options | 1,490 | 2,033 |
| | 48,029 | 46,864 |
| Earnings per ordinary share | | |
| Basic | 6.39p | 11.38p |
| Diluted | 6.19p | 10.88p |

A total of 260,000 options of ordinary shares were anti-dilutive at 30 June 2021 (130,000 at 30 June 2020). The Group also presents an adjusted basic earnings per share figure which excludes the share-based payments charge:

| | Unaudited 2021 £000 | 2020 £000 |
|---|---|---|
| Retained profit for the financial year attributable to equity holders of the parent | 2,972 | 5,100 |
| Adjustments: | | |
| Share based payments | 824 | 435 |
| Net adjustments | 824 | 435 |
| Adjusted earnings | 3,796 | 5,535 |
| Adjusted basic earnings per ordinary share | 8.16p | 12.35p |

## 7 Share capital

**Allotted, called up and fully paid shares**

| | Unaudited 2021 | | 2020 | |
|---|---|---|---|---|
| | **No. 000** | **£ 000** | **No. 000** | **£ 000** |
| Ordinary of £0.01 each | 47,094 | 470.94 | 45,297 | 452.97 |

| | Number | £000 |
|---|---|---|
| 30 June 2020 | 45,296,533 | 453 |
| Issued during the year | 1,797,910 | 18 |
| 30 June 2021 unaudited | 47,094,443 | 471 |

1,797,910 ordinary shares of 1 pence each, related to the exercise of 1,797,910 share options issued during the year (2020: 733,210). The weighted average exercise price was 51.00 pence (2020: 107.56 pence).

## 8 Annual report

Printed copies of the annual report and financial statements, along with the notice of AGM, will be sent to shareholders prior to the Company's Annual General Meeting taking place on 13 December 2021 in Snailwell, Newmarket.