23 August 2018

Byotrol plc
("Byotrol" or the
"Company")

AUDITED RESULTS
FOR THE YEAR
ENDED 31 MARCH 2018

Byotrol plc ('Byotrol', the 'Company' or the 'Group'), the AIM listed anti-microbial hygiene company, is pleased to announce its audited results for the year ended 31 March 2018.

Highlights of the year include:

- EBITDA positive after R&D tax credits. Second year in a row and second year ever for Byotrol
- Reported EBITDA significantly ahead of expectations, boosted by year end deal on Actizone IP. Sales broadly flat year on year at £3.14m.
- Financial strength improved by £4.6m (net) equity capital raise in September 2017. Net cash at year end of £3.9m (versus £951k in the previous year), excluding a further £1.0m received on 3 April 2018.
- Company now has more than sufficient resources to pursue its growth strategy.
- All three strategic initiatives progressing:
    - Actizone initiative restructured, generating immediate cash from IP sale and retaining substantial future upside for less resource input.
    - US EPA approval received for 24 hour surface spray, with a unique set of claims for the US consumer market. Now under trial under the brand 'Byotrol24' in US mass merchandiser Target. Trial now extended beyond the initial 10 week expected period.
    - Alcohol-free hand-sanitisers now being sold into NHS and adjacent markets. Substantial customer interest but resource requirements higher and sales slower than expected.
- Consumer and petcare segments performing to plan, with significant growth opportunities.
- Professional segment behind plan, with new propositions now being developed and new alliance partners being sought.
- Separate announcement today regarding highly complementary acquisition of Medimark Scientific Limited.

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

This was another year of good progress, with further-improved operations and finances and our second ever profit at EBITDA level after including R&D tax credits.

We continue with our excellent-science, technology-based strategy and are very confident in growth at home and overseas as the biocide regulatory changes bite.

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Notes to Editors:

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

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

Founded in 2005, the Company seeks to develop and commercialise advanced antimicrobial technologies that create easier, safer and cleaner lives for everyone.

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

CHAIRMAN'S STATEMENT

I am pleased to report another year of progress, with reported results of EBITDA break-even after accounting for R&D tax credits and our financial position much more secure following the equity raising of £4.6m in September 2017.

In my report last year I indicated the need to increase the team's focus on product propositions, profit margins and sales and marketing expertise. There has been good progress in all these areas this year, but there is still a lot to do and many challenges remain.

One such challenge is how to invest our cash wisely and generate returns sufficiently quickly to achieve our targets. This is not an easy task for any listed company, but it is particularly difficult for SMEs where small teams generally need to align behind one large project at any time and where the downside of failure cannot then be offset against success in other areas. We frequently debate at Board level about investments that we should be making for the longer term but then decline due to potential adverse impact on the short term.

An example is that we thought long and hard about how to best monetise the intellectual property and commercial opportunities we had established with Solvay on our Actizone project – do we wait for eventual royalty income from jointly-targeted customers, or do we restructure the deal to bring forward funds and achieve short-term targets. In my view, the deal we closed at the year end was the right combination of near-term financial pragmatics and retention of future upside (commission/royalties), for negligible future investment and an excellent ongoing relationship with a world-class polymer company.

I believe that the team has managed the challenges well and has now hit its annual financial targets for three years in a row, all the time improving the quality of the Company behind the scenes. They are doing so in an industry that normally requires a large resource base, in-house manufacturing and a service offer, but they continue to feel that the "excellent science" competitive positioning is going to be a long-term winner, and progress so far seems to be supporting that.

Our three strategic initiatives using separate technology platforms continue to progress although not always as fast as we would like. It remains the case though that Byotrol's risk profile is high and we are all looking forward to the time when we can confidently run several projects in parallel, with a more balanced risk / reward profile across the portfolio. We were certainly helped in that journey with equity raising in September last year from existing and new shareholders. We were delighted to receive such excellent support and are fully committed to using the cash wisely.

We raised the money primarily to invest in sales and marketing, to support commercialising the Company's technologies and to start to get some economies of scale and distribution into the business. That investment is certainly now taking place, slowly and carefully. Our eyes are also open to potential strategic opportunities arising from our changing marketplace, where we are seeing consolidation, much of it driven by regulatory change. The right partner may well get us to critical mass at a lower risk than pure organic growth, although we would only proceed on such a path with great caution.

Whilst we are investing more resources in sales and marketing we remain committed to developing our technologies as we consider that this is what makes our business stand out from the competition. Our challenge is to convert the interest we are generating in those technologies into acceptable returns.

We are a small business but we operate in a number of different sectors and have technologies that can apply across them all. Investment in our traditional sectors has been low as we try to exploit larger opportunities in the US, in healthcare and with Actizone. Our new arrangements with Solvay should mean that we need to commit less resource to the project and can focus more on the US, healthcare and our traditional businesses including petcare where we continue to see good growth opportunities.

Our strategy continues to be a technology-led company that commercialises those technologies by direct product sale, by technology sale and by licensing.

On Brexit we expect the chemical industry to continue to follow EU rules, that we believe are generally appropriate for our industry for which we are already well-positioned. Our greatest concern is that a no-deal exit could create supply chain issues, especially on incoming raw materials, so we watch political progress with some interest and will take precautionary steps should we need to.

While many challenges remain I am grateful for the support and engagement of the Company's shareholder base. I would also like to extend my thanks to our employees for their efforts and positivity.

The company remains well positioned with good technologies and a sound financial position and I continue to look to our long-term future with optimism and confidence.

John Langlands, Chairman

CHIEF EXECUTIVE'S REPORT

I am pleased to report that we have again hit financial and technical targets for the year. We remain confident that we are doing the right things in the right way and that as the biocide regulatory changes continue to bite , the hard work will pay off for shareholders, employees and other stakeholders.

Our strategy remains in place i.e.

- Developing and designing unique, high-performance anti-microbial technologies that are approved under national and super-national regulatory rules.
- Monetising those technologies by way of IP sale and alliances, license agreements and finished product sale, in both business and consumer markets
- Supporting three particular technologies, where we believe we have good competitive advantage, namely:

    - US surface sanitisation for consumer markets – federal and individual state approvals have been completed and supply chain is in place. Target is one of the largest mass market retailers in the US and our surface sanitiser is now on trial in 10% of their stores (from July 2018) under the brand 'Byotrol24'.
    - EU surface care – this year we completed a restructure of our commercialisation partnership with Solvay to (a) monetise Actizone IP (b) secure more resources for future investment in the project (c) retain rights to sell finished product using the Actizone IP and (d) secure funds for FYE 2018 and FYE 2019, plus ongoing sales commission/royalty on future Actizone sales.
    - Hand hygiene – increasing sales of Invirtu hand sanitisers into healthcare and other institutional markets, including via white-label with existing healthcare supplies.

We have made this progress with only 18 employees and very little cash prior to September 2017, when we raised £4.6m in new share capital from existing and new investors. Since then we have started to invest more but we continue to be cautious with cash and to run as lean an operation as we can. We are very aware of the execution risk in hiring sales and marketing resources, but it is now a necessary spend as we switch the emphasis of investment from technology to sales and marketing (into human and animal health in business and consumer markets).

Senior sales resources have to date been focussed on a small number of larger-ticket relationships. With the extra investment we must now spread our efforts more broadly.

Financial Overview

We are pleased to report EBITDA ahead of plan for the full year. As with the prior year, FYE 2018's result was partially dependent on closing one new particularly large deal (see disclosure of consumer revenue under note 1), but we now have a consistent track record of such transactions and are confident of doing more in the future.

Financial highlights include:

- Gross profit increased by 15% to £2,010k from £1,751k the previous year, with sales broadly flat year on year at £3,140k
- EBITDA amounted to a loss of £84k compared to a prior year profit of £27k.
- We expect to secure R&D tax credits of £129k for the year (versus £65k in the previous year), which offsets costs and effectively takes the Company to report profits at EBITDA level after R & D tax credits for the second year in a row and for the second time in Byotrol's history
- Cash and cash equivalents at year end of £3,852k (versus £951k in the previous year), excluding a further £1,000k that arrived into our account on 3rd April 2018, just past the year end. For the first time under current management the Company has sufficient resources to pursue a growth strategy.

Markets

Professional

Professional revenues totalled £917k (versus £1,181k in the previous year) and gross profit £174k (versus £330k in the previous year).

Each year we report increasing challenges in this business area for Byotrol, which is largely a legacy business for the team and is based on finished product sale, mostly via distributors. We are still battling with (a) the extraordinary amount of regulatory change in food and in healthcare markets (and the technical resources this then absorbs) and (b) severe competition from very large competitors with deeper resources, including broader product and service offering.

We have been expecting more technical sales opportunities to arise as some existing technologies disappear (due to regulation) and as demand for innovation increases from market participants and customers. This does indeed now seem to be happening, most visibly-so in hand hygiene markets where we are getting increasing numbers of incoming customer calls for our alcohol-free product.

In food manufacturing and services, we continue to see product commoditisation and strong competition by way of service offering. We have no intention of building a service offer to compete with the larger players and we are not engaging in the price-cutting that we regularly see in products such as surface care wipes. We are instead concentrating in niche areas such as listeria control, where our products are very high performance and where we can secure decent margins. We believe that regulators will eventually remove the commodity players from highly hygiene-sensitive uses as their technologies will not meet the stringent regulatory-approval standards.

In healthcare, we have been trialling direct sales of alcohol-free hand sanitisers under our brand “Invirtu” to healthcare providers, including the NHS. There is certainly demand for the product and very little competition, but the marketing and service resources required to support direct sales are greater than we expected and the sales cycle considerably longer. This means that despite some excellent, high profile customer wins such as at Essex Partnership University Trust hospitals, we are increasingly pursuing white label and distributor deals, where the return on investment is more attractive at the moment.

Outside of food and health, we service incoming calls reactively but as efficiently as we can. A particularly interesting area to emerge is in elite sports where we are now supplying premier league football teams, Tour de France cycling teams, Olympic athletes and international rugby teams, amongst others. Unfortunately, we cannot name them publicly without cash sponsorship deals.

The Board recognises that this segment needs to improve in performance to remain within the portfolio. We have therefore been investing carefully in senior sales and marketing resource and in product proposition development. This is a slow process though and carries a substantial execution risk, so we are in parallel talking to potential distribution partners/alliances, particularly where those partners are lacking innovative technical product offerings. With the right partner, we think we should be able to accelerate results with lower risk than under the current set-up.

Petcare

Petcare revenues totalled £731k (versus £794k in the previous year) and gross profit increased by 28% to £344k (versus £269k in the previous year).

This segment continued to perform solidly in the year, with progress in gross margin and new customer acquisition, particularly overseas.

We officially launched the new and improved ‘Byopet’ range (pet environment and pet grooming products) at the China International Pet Show (CIPS) in Shanghai, with updated branding and optimised product range. First orders have been despatched and we are engaging with multiple new leads, especially for Asia, including China. We are hopeful that this initiative will drive progress in the new financial year

We also made good progress in launching hand sanitisers into animal health markets, including a new agreement signed with Medimark Scientific Limited, a premier distributor of hygiene products into vet care markets. Medimark launched the product under the Esense brand (with Byotrol as an ingredient brand), to the UK veterinary market in November at the London Vet Show.

Consumer

Consumer revenues and gross profits totalled £1,493k (versus £1,152k in the previous year).

Revenues in this segment were heavily dependent this year on a large deal near to year end on Actizone. This deal was essentially a sale by Byotrol to Solvay of Actizone patents and intellectual property, in return for:

- payments falling due in financial years ending March 2018 and March 2019;
- an ongoing royalty on all Actizone sales thereafter, with minimum guarantees in years ending March 2020 and 2021;
- a further payment in early 2022 should sales exceed certain sales targets in 2021;

- an ongoing right to sell Actizone technologies in finished product form, which we believe will be of interest to both consumer and business markets

The Company has also made excellent progress in the US, with formal federal and individual-state approvals now in place to sell to consumers our EPA-registered, long-lasting anti-microbial surface sprays, which we are doing under the brand name “Byotrol24”. In July 2018 we were delighted to commence our first US mass market trial.in the retailer Target.

In surface care in the UK, sales in Tesco (via our license with Robert McBride plc) of Byotrol ingredient-branded surface sprays continued to increase.

Elsewhere in consumer activities:

- We are now starting to receive royalties in the US from a license with Advanced Hygienics LLC, which is manufacturing and distributing alcohol-free hand sanitisers under the American Red Cross brand, targeted to US consumers via retail. We are excited about the progress being made here.
- Boots has now transitioned across to the new formulation alcohol-free hand sanitiser and we are now back on shelf in most Boots stores in their own-brand healthcare section.
- We are now in discussions with other high street retailers to put our products in their stores under their or our brand.

Technology, Supply Chain and Regulatory Environment

Much attention has been given in R & D over the past 12 months on consolidating products and formulations with the imminent impact of the EU Biocidal Product Regulations. Our technologies are now well-positioned here, so efforts are now being targeted to maximising efficiencies by reducing portfolio complexity.

In R & D, we have a new and potentially highly innovative development in the field of anti-viral biocides from natural sources. We have not completed IP protection on this yet, but it is very on-trend in our markets and good progress has been made in verifying that results are repeatable and potentially scalable. We will report more on this in due course.

Over the last 12 months our supply chain has seen a considerable level of development and change. As the Company has been improving its financial stability, it has also been seeking to establish a supply chain that whilst remaining cost conscious, would represent working with manufacturers of higher quality. We have moved hand sanitiser and surface sanitiser manufacture and have upgraded our distribution company

In USA, the launch of Byotrol24 and supply of the 32fl.oz product into Target stores has been an exceptional achievement for a company of our size and one that has required establishing a fully operational co-packer and distribution activity in a very short period of time. Our co-packer, based in Montreal, has helped to quickly establish supply while work continues to establish a fully effective supply chain that can make and ship products across large distances without high freight costs.

Fundraising and Convertible Loan Note redemption

As reported in our Interim results, we were very pleased to complete a £4.6m (net of expenses) fundraising on 5 September 2017 from new and existing equity investors. The funds were raised to invest in sales and marketing and we have since been cautiously investing some of the proceeds in new, senior professionals including VP Sales and Marketing US, a Head of Sales and a Head of Marketing in the UK, all of whom come to us with excellent track records in the respective targeted markets.

In parallel with the refinancing and in response to many investors’ wishes, the Company converted its outstanding £380k Convertible Loan Notes. This exercise was completed in early September and resulted in 100% conversion of the notes by investors into Byotrol share capital.

Outlook

There are some similarities in our performance this year to the previous year – steady progress across all activities, improved finances, continued benefits from large, but limited number, of corporate relationships. The difference is that through new shareholder support we are now fully funded to achieve sustainable profitability and to grow. After four years of battling to survive, this is a very exciting point for the team.

We have – as agreed with investors at the time of the fund-raising – been re-orienting our efforts to sales and marketing and have been hiring people and investing in marketing strategy and proposition development. This should start to deliver returns in the new financial year, part by organic growth and part by more alliances with sales and distribution partners.

At the same time, our belief that competitor products would start disappearing as regulations bite seems to be materialising. This has been something of a slow burn to date, but regulatory rules are now having an effect and our telephones are ringing more often from companies that were historically competitors but that are now seeking technically-oriented suppliers and partners.

David Traynor
Chief Executive

STRATEGIC REPORT

The Directors present their strategic report for Byotrol plc for the year ended 31 March 2018

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

Business Review

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

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. The Management consider the primary financial KPIs for each segment of the Group to be revenue and gross margin %. These are both measured and monitored closely. Current year revenue is £3.14M (2017: £3.13M) and gross margin for the year is 64% (2017: 56%). In addition to the financial KPIs, the Directors measure and monitor various non-financial KPIs such as the timeliness and efficiency of the research and development team against project timelines and objectives and monitoring the OTIF (on time in full) logistics performance ensuring that customers are being delivered to on time and in full.

The Board believes these KPIs are entirely suited to the needs of a growing business. Further analysis of the Group's performance is set out in the Chief Executive's Report.

Development and financial performance during the year

The results show continued efforts to focus on higher margin business, on more efficient commercial structures, continued investment in sales & marketing initiatives and to de-emphasise many of the legacy products, businesses and initiatives from before the Company was restructured in late 2013.

- Gross profit increased to £2,010k on turnover of £3,140k (compared to gross profit of £1,751k on turnover of £3,127k in the previous year)
- EBITDA loss of £84k versus a profit of £27k the previous year
- Cash and cash equivalents of £3,853k, compared to £951k in the prior year
- On 1 September 2017, the Convertible Loan Notes holders agreed to convert their Convertible Loan Notes into ordinary shares at a conversion price of 3.5p per new Ordinary Share
- On 5 September 2017, the Company raised £4.6m net of expenses in equity capital from new and existing investors.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Regulatory risks

The regulatory environment within Europe's biocides industry continues to change significantly. At the core of this are the Biocidal Products Regulations, under which the European Union is intending to harmonise the market in Europe for biocidal active substances and products containing them. This means industry participants will be required to (a) register all their formulations with the EU and (b) use only active ingredients specifically approved by the EU authorities.

The Group's management must always be pro-active in responding to any changing market conditions and see the changes as an opportunity to build market share and benefit from consolidation within the biocides industry.

Credit risks

The Group's principal financial assets comprise cash and cash equivalents and trade and other receivables. As these instruments are conventional risks, they are managed on the simple basis of credit terms, credit worthiness and cash collection or settlement.

The Group did not enter into derivative transactions during the year. It is the Group's policy that no speculative trading in financial instruments will be undertaken.

Liquidity risk

As at 31 March 2018, the Group had cash and bank balances of £3,852,446. Funds will be used in the marketing of the group's product range, obtaining regulatory approvals and securing the intellectual property rights. Funds surplus to the Group's short-term requirements will be deposited in an interest- bearing account with UK clearing banks.

Group cash balances are monitored on a weekly basis to ensure that the Group has sufficient funds to meet its needs. Cash flow forecasts are generated and reviewed regularly by management.

The Directors have prepared projected cash flow information for the coming year. The projections take into account the new business opportunities highlighted in the Chairman's and Chief Executive's Statements, the timing and quantum of which will affect the Group's cash requirements, which are continually monitored by the Board. On the basis of these projections, the Group has sufficient working capital facilities in place.

Foreign currency risk

The majority of the Group's cash flows are denominated in Sterling or US dollars. However, currency revenues and expenditure do not match. During the period the Group used the spot market to balance the inflows and outflows. The foreign currency risk is monitored on a monthly basis.

Supply chain risk

The Group's supply chain is undertaking a period of change with the Group seeking to establish relationships with higher quality manufacturers. Agreements with new hand hygiene and surface sanitiser manufacturers have been initiated and a new distribution company is in place

Other risks

The Group's asset base is founded upon its patent and regulatory approvals. Patent applications and approvals continue to be sought worldwide to protect the intellectual property portfolio. As the products are based upon existing approved biocides, regulatory issues are still complex but not as complex as with a newly designed chemical compound.

David Traynor
Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

	2018 £	2017 £
REVENUE	3,140,031	3,127,182
Cost of sales	(1,129,348)	(1,375,553)
GROSS PROFIT	2,010,683	1,751,629
Sales and marketing costs	(549,326)	(386,032)
Research and development costs	(450,561)	(412,269)
Other administrative costs	(1,094,461)	(926,501)
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	(83,665)	26,827
Share based compensation	(67,337)	(92,722)
Expense on amendment of convertible loan note terms	(26,000)	-
Depreciation	(18,769)	(15,504)
Amortisation	(156,962)	(94,204)
OPERATING LOSS	(352,733)	(175,603)
Finance income	3,309	184
Finance costs	(24,540)	(16,443)
Research and development (R & D) tax credits	129,025	65,435
LOSS BEFORE TAX	(244,939)	(126,427)
Taxation	-	-
LOSS FOR THE FINANCIAL YEAR	(244,939)	(126,427)
OTHER COMPREHENSIVE INCOME, NET OF TAX		
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	2,919	20,520
Other comprehensive income	2,919	20,520
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(242,020)	(105,907)
Basic and fully diluted loss per share – pence	(0.07)	(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	2018 £	2017 £
ASSETS		
Non-current assets		
Property, plant and equipment	44,478	44,067
Other intangible assets	487,078	690,987
Trade and other receivables	425,291	-
	956,847	735,054
Current assets		
Inventories	185,316	200,795
Trade and other receivables	2,025,626	860,236
Cash and cash equivalents	3,852,446	951,088
	6,063,388	2,012,119
	7,020,235	2,747,173
LIABILITIES		
Current liabilities		
Trade and other payables	593,660	750,074
	593,660	750,074
Non-current liabilities		
Convertible loan notes	-	352,096
	-	352,096
Equity		
Share capital	1,007,092	670,129
Share premium account	27,468,576	22,849,284
Merger reserve	1,064,712	1,064,712
Convertible loan note reserve	-	69,301
Retained deficit	(23,113,805)	(23,008,423)
TOTAL EQUITY	6,426,575	1,645,003
TOTAL EQUITY AND LIABILITIES	7,020,235	2,747,173

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ending 31 March 2018

	Share capital £	Share premium £	Merger reserve £	Convertible loan note reserve £	Retained earnings reserve £	Total equity £
At as 1 April 2016	670,129	22,849,284	1,064,712	69,301	(22,995,238)	1,658,188
Loss for the year	-	-	-	-	(126,427)	(126,427)
Exchange differences on translation of foreign operations	-	-	-	-	20,520	20,520
Total comprehensive loss for the year	-	-	-	-	(105,907)	(105,907)
Share based payments	-	-	-	-	92,722	92,722
Equity as at 31 March 2017	670,129	22,849,284	1,064,712	69,301	(23,008,423)	1,645,003
Loss for the year	-	-	-	-	(244,939)	(244,939)
Exchange differences on translation of foreign operations	-	-	-	-	2,919	2,919
Total comprehensive loss for the year	-	-	-	-	(242,020)	(242,020)
Share issue	309,820	4,647,293	-	-	-	4,957,113
Share issue costs	-	(380,858)	-	-	-	(380,858)
Share based payments	-	-	-	-	67,337	67,337
Conversion of convertible loan notes	27,143	352,857	-	(69,301)	69,301	380,000
Equity as at 31 March 2018	1,007,092	27,468,576	1,064,712	-	(23,113,805)	6,426,575

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

	2018 £	2017 £
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(244,939)	(126,427)
Adjustments for:		
Share based payments	67,337	92,722
Expense on the amendment of convertible loan note terms	26,000	-
Depreciation	18,769	15,504
Amortisation	156,962	94,204
Loss on disposal of property, plant and equipment	-	139
Impairment of intangible asset	-	23,586
Finance income	(3,309)	(184)
Finance costs	24,540	16,443
Disposal of intangibles (see note 9)	198,474	-
Changes in working capital		
Decrease in inventories	15,479	19,523
(Increase) / decrease in trade and other receivables	(1,590,681)	(76,355)
(Decrease) / increase in trade and other payables	(156,414)	159,350
CASH USED IN / GENERATED FROM OPERATING ACTIVITIES	(1,487,782)	218,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	(19,180)	(37,288)
Payments to acquire intangible assets	(151,527)	(243,699)
Interest received	3,309	184
NET CASH USED IN INVESTING ACTIVITIES	(167,398)	(280,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of ordinary shares	4,957,113	-
Share issue costs	(380,858)	-
Interest paid	(22,636)	(24,322)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING	4,553,619	(24,322)
Net increase / (decrease) in cash and cash equivalents	2,898,439	(86,620)
Cash and cash equivalents at the beginning of the financial year	951,088	1,017,188
Effect of foreign exchange rate changes	2,919	20,520
Cash and cash equivalents at the end of the financial year	3,852,446	951,088

ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis in accordance with the AIM rules, International Financial Reporting Standards ("IFRS") as adopted by the European Union that are applicable to the Group's statutory accounts for the year ended 31st March 2018 and the applicable provisions of the Companies Act 2006.

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.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Company Statement of Comprehensive Income has not been disclosed in accordance with Section 408 Companies Act 2006. The profit for the year of the parent company amounted to £412,669 (2017: loss of £720,850).

GOING CONCERN

Byotrol plc has prepared financial statements on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future funding and working capital requirements, and therefore continue as a going concern, is dependent upon the Group being able to generate recurring and sustainable revenues and free cash flow from existing customers and opportunities as well as the sales opportunities highlighted in the Chairman and Chief Executive's Statements. The Directors have prepared projected cash flow information for the period ending 12 months from the date of approval of these financial statements. These projections include assumptions around the quantum and timing of receipts from customers. Based on this analysis and on the result of the fundraising of £4.6m in September 2017, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting. The cash and cash equivalents of the Group as at 31 March 2018 was £3.9m

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1 SEGMENTAL INFORMATION

Revenue recognised in Consolidated Statement of Comprehensive Income is analysed as follows:

	2018	**2017**
	£	**£**
Product sales	1,647,306	1,974,824
Royalty and licensing income	172,450	1,152,358
Sale of patents and associated intellectual property	1,320,275	-
Revenue	3,140,031	3,127,182

The Group considers the Group's revenue lines to be split into 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.

Segmental information is presented using Group policies.

	Continuing operations			
Year ended 31 March 2018	**Professional £**	**Consumer £**	**Pet £**	**Total £**
REVENUE				
United Kingdom	890,584	172,450	282,535	1,345,569
North America	3,037	1,320,275	-	1,323,312
Rest of World	22,899	-	448,251	471,150
Total revenue	916,520	1,492,725	730,786	3,140,031
Cost of sales	(742,245)	-	(387,103)	(1,129,348)
Gross profit	174,275	1,492,725	343,683	2,010,683

Centrally incurred income and expenditure not attributable to individual segments:

Sales and marketing costs	(549,326)
Research and development costs	(450,561)
Other administrative costs	(1,094,461)
Depreciation and amortisation	(175,731)
Share-based payments	(67,337)
Expense on amendment of convertible loan note terms	(26,000)
Finance income	3,309
Finance costs	(24,540)
Research and development (R & D) tax credits	129,025
Loss before tax	(244,939)

Included within the revenues of the Professional segment is revenue of £235,171 relating to customer A (2017: £289,963) and £100,426 relating to customer B (2017: £69,694). Included within the revenues of the Consumer segment is revenue of £1.3m (2017: £1.0m) relating to customer C. Included within the revenues of the Pet segment is revenue of £251,190 relating to customer D (2017: £254,163), £179,094 from customer E (2017: £143,985) and £141,875 from customer F (2017: £94,714).

	Continuing operations			
Year ended 31 March 2017	**Professional £**	**Consumer £**	**Pet £**	**Total £**
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

Central income and expenditure not attributable to individual segments:

Sales and marketing costs	(386,032)
Research and development costs	(412,269)
Other administrative costs	(926,501)

Depreciation and amortisation	(109,708)
Share-based payments	(92,722)
Finance income	184
Finance costs	(16,443)
Research and development (R & D) tax credits	65,435
Loss before tax	(126,427)

The Group's operations are located in the United Kingdom.

The following table provides an analysis of the Group's current assets and current liabilities, where identifiable, by segment.

Year ended 31 March 2018	**Professional £**	**Pet £**	**Consumer £**	**Total £**
Segment current assets	1,629,982	1,327,662	3,075,420	6,033,064
Segment current liabilities	195,585	120,866	246,885	563,336

Year ended 31 March 2017	Professional £	Pet £	Consumer £	Total £
Segment current assets	877,900	654,749	479,470	2,012,119
Segment current liabilities	283,230	190,444	276,400	750,074

2. LOSS BEFORE TAX

Loss before tax is stated after charging / (crediting):

	2018 £	**2017 £**
Loss before tax is stated after charging / (crediting):		
Amortisation	156,962	94,204
Depreciation of property, plant and equipment	18,769	15,504
Loss on sale of property, plant and equipment	-	139
Impairment of patents	-	23,586
Auditor's remuneration		
- as auditor	34,500	33,500
- other services	1,500	1,500
Research & development costs	450,561	412,269
Research and development (R & D) tax credits	(129,025)	(65,435)
Operating lease costs – office rent	81,780	64,446
Impairment of trade receivables	81,968	4,036
Foreign exchange differences	4,712	(19,370)

Amounts payable to Mazars LLP and their associates (2017: Mazars LLP) in respect of both audit and non-audit services:

	2018 £	**2017 £**
Audit Services		
Statutory audit of parent and consolidated financial statements	28,000	23,500
Other Services		
Audit of subsidiaries where such services are provided by Mazars LLP and their associates	6,500	10,000
Other services	1,500	1,500

	36,000	35,000

3. FINANCE (COST) / INCOME

	2018 **£**	**2017** **£**
Convertible loan interest	(24,540)	(16,443)
Interest payable	(24,540)	(16,443)
Bank interest receivable	3,309	184

4. TAXATION

	2018 **£**	**2017** **£**
Corporation tax at 19% (2017: 20%)	-	-
Research and development tax credits received	-	-
Total current tax	-	-
Deferred tax	-	-
	-	-

There is no tax charge as the Group has made losses in both the current and the previous year. At 31 March 2018 the Group had an unrecognised deferred tax asset relating to unutilised trading losses and other temporary differences of £3,006,963 (2017: £3,099,249).

The charge for the year can be reconciled to the loss per the Consolidated Statement of Comprehensive Income as follows:

	2018 £	2017 £
Loss for the year	(244,939)	(126,427)
Loss on ordinary activities before tax	(244,939)	(126,427)
Tax at the UK corporation tax rate of 19% (2017: 20%)	(46,538)	(18,285)
Expenses not deductible for tax purposes	3,474	2,155
Unrecognised, unrelieved tax losses	43,064	16,130
Total tax	-	

Unrecognised and unrelieved tax losses are calculated at 17% being the substantively enacted rate effective 1 April 2020.

5. LOSS PER SHARE

	2018 £	2017 £
Loss on ordinary activities after taxation	(244,939)	(126,427)
Weighted average number of shares (No) For basic and fully diluted loss per ordinary share	345,229,785	268,051,565
Loss per ordinary share – basic and fully diluted	(0.07)p	(0.05)p

The weighted average number of shares and the loss for the year for the purposes of calculating the fully diluted earnings per share are the same as for the basic loss per share calculation. This is because the outstanding share options and warrants would have the effect of reducing the loss per ordinary share and would, therefore, not be dilutive under the terms of IAS33.

6. SHARE BASED PAYMENTS

The Company has granted equity settled share options to certain directors and employees. The exercise price is equal to or more than market value of the shares at the date of grant. If the options remain unexercised after a period of ten years from the date of grant the options expire.

Details of the share options and warrants outstanding during the year are as follows:

	2018		2017	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of year	33,532,500	5.40	26,762,500	6.45
Share options granted during the year	14,516,750	4.00	8,100,000	4.125
Share options lapsed during the year	(8,710,000)	4.02	(1,330,000)	18.86
Outstanding at the end of the year	39,339,250	5.19	33,532,500	5.40

The number of options exercisable at 31 March 2018 is 7,200,000 (2017: 2,700,000).

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

	2018 £	2017 £
Charged to Consolidated Statement of Comprehensive Income	67,337	92,722

Of this amount, £32,767 relates to costs of share options issued to subsidiary employees.

The fair value of options granted under the employee option schemes is measured using the Black-Scholes model.

	New Grants EMI Scheme	Executive Scheme
Grant date	9 November 2017	14 December 2017
Share price at grant date	3.50p	3.38p
Exercise price	4.00p	4.00p
Number of employees	14	1
Share options granted	9,516,750	5,000,000
Vesting period (years)	1	-

Expected volatility	41.5%	41.5%
Option life (years)	10	3
Expected life (years)	7	3
Risk free rate	2.61	2.61
Expected dividends expressed as a dividend yield	-	-
Fair value per option	1.45p	1.16p

The options outstanding at 31 March 2018 had a weighted average exercise price of 5.19 p (2017: 5.40p) and a weighted average remaining contractual life of 5.1 years (2017: 6.1 years).

The aggregate of the estimated fair values of the options granted in the year is £580,670 (2017: £ 334,125).

At 31 March 2018 there were options outstanding over 39,339,250 (2017: 33,532,500) ordinary shares of 0.25p each which are exercisable at prices in the range from 3.5p to 13p under the company's various share option schemes exercisable at various times until 14 April 2025.

Expected volatility was based upon the historical volatility over the expected life of the schemes. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

8. AUDITED REPORT AND FINANCIAL STATEMENTS

This financial information does not constitute the Financial Statements. The Group's statutory Audited Report which includes an unqualified audit report and Financial Statements for the year ended 31 March 2018 will be posted to shareholders, together with a notice of AGM, on or around 28 August 2018 and will be available to view on the Company's website: www.byotrol.co.uk/investors shortly thereafter.