



21 February 2022

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

**Half-year Report**

*Product rationalisation to deliver faster top-line growth and higher profitability*  
*Continued progress towards commercial launch in North America*

Tristel plc (AIM: TSTL), the manufacturer of infection prevention products utilising proprietary chlorine dioxide technology, announces unaudited interim results for the six months to 31 December 2021.

During the period the Company refocused the business to accelerate top-line growth and increase profitability as it exits the pandemic. This focus is on Tristel's proprietary chlorine dioxide technology and the hospital market. These represent "Continuing operations". The Company has discontinued the manufacture and sale of most products in its Anistel and Crystel product ranges and these represent "Discontinued operations". The Discontinued operations command substantially lower margins, and the Board considers that they will not contribute to future revenue growth without significant investment.

**Financial highlights (from Continuing operations unless otherwise stated)**

- Underlying revenues\* up 5% to £14.5m (H1 21: £13.8m) and 17% higher than pre-pandemic H1 20
  - Reported revenues down 7% to £13.6m (H1 21: £14.7m)
- Gross margin of 83% (H1 21: 83%) against 53% for Discontinued products
- Reported EBITDA of £2.4m (H1 21: £3.6m)
  - Adjusted<sup>†</sup> EBITDA of £3.3m (H1 21: £3.9m)
- Reported EBITDA margin of 18% (H1 21: 25%)
  - Adjusted<sup>†</sup> EBITDA margin 24% (H1 21: 26%)
- Reported Profit before tax of £1m (H1 21: £2.4m)
  - Adjusted<sup>†</sup> Profit before tax of £1.9m (H1 21: £2.6m)
- Diluted EPS 2.5p (H1 21: 3.96p)
- Interim dividend 2.62p per share (H1 21: 2.62p)
- Cash generated from operations £3.4m (H1 21: £4.2m)
- Cash of £8.8m (H1 21: £7.3m)
- Write down of intangible assets associated with Discontinued operations of £2.4m
- Revenue from Discontinued operations £1.5m (H1 21: 2.0m) down 27%

\* Underlying revenues adjusted for £0.9m NHS Brexit pre-stocking in H1 21, unwound in H1 22

† Adjusted for share-based payment charge of £0.9m (H1 21: £0.3m)

**Operational highlights**

- Tristel (medical device disinfection) and Cache (hospital surface disinfection) are the two product portfolio brands that represent Continuing operations and, in the view of the Board, the best opportunity to deliver a faster rate of top-line growth and increased profitability
- Animal health (Anistel) and pharma/life sciences (Crystel) product ranges discontinued
- Restarted state-by-state registration of EPA-approved Duo and progressed FDA De Novo submission for Duo, anticipating submission to FDA by 30 June

**Commenting on current trading, Paul Swinney, Chief Executive of Tristel, said:** "We are pleased with our progress in the first half. We are observing a recovery in hospital activity in most of our markets."

*“We are getting closer to entering the North American market, preparing to launch Duo Ophthalmology in Canada before the end of the year. In the USA we have re-commenced state-by-state registration of Duo Ultrasound under our EPA approval and are confident we will complete the FDA De Novo submission for Duo by June this year.*

*“The focus of the business is now solely on our core hospital market and our proprietary chlorine dioxide chemistry. The rationalisation of our business was substantially completed during the half, and we expect it to deliver faster top-line growth and higher profitability in the short and long term. We are going to exit this past two-year period of pandemic uncertainty with a sharper focus on the hospital market and will be better placed to capitalise on the enormous growth opportunities in healthcare where the need for our chlorine dioxide chemistry is greatest.”*

**Tristel plc**

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Liz Dixon, Finance Director

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## Chairman's statement

### Trading

Throughout the first half, COVID-19 has put enormous pressure on healthcare provision in all our markets. However, there are signs that hospitals are returning to pre-pandemic levels of service, although this improvement is neither uniform nor consistent. Whilst we expect this “start-stop-start” pattern to continue through the second half, the number of diagnostic procedures that generate demand for our products is reviving globally.

We anticipate that second half revenue from Continuing operations will be higher than first half revenue.

### Revenues

In H1 21 the NHS purchased Tristel products in preparation for Brexit. During the first half of the current financial year this inventory was fed back into the NHS system and used. Revenue in the comparative period last year was boosted by the Brexit purchase of £0.9m and this year's first half revenue has been reduced by the same amount. Adjusting for this distortion, sales of our Tristel and Cache products increased by 5% on H1 21 and were 17% higher than in H1 20, preceding the pandemic.

| £m                                    | H1<br>2019-20 | H1<br>2020-21 | H1<br>2021-22 |
|---------------------------------------|---------------|---------------|---------------|
| Continuing product revenue:           |               |               |               |
| Tristel                               | 11.9          | 12.8          | 12.2          |
| Cache                                 | 0.5           | 1.9           | 1.4           |
| Total Continuing product revenue      | 12.4          | 14.7          | 13.6          |
| <i>Year on year growth/(decline)</i>  |               | 19%           | (7%)          |
| Discontinued product revenue          | 2.3           | 2.0           | 1.5           |
| <i>Year on year growth/(decline)</i>  |               | (13%)         | (25%)         |
| £m                                    | H1<br>2019-20 | H1<br>2020-21 | H1<br>2021-22 |
| Continuing product revenue            | 12.4          | 14.7          | 13.6          |
| Brexit inventory                      | -             | (0.9)         | 0.9           |
| Underlying Continuing product revenue | 12.4          | 13.8          | 14.5          |
| <i>Underlying year on year growth</i> |               | 11%           | 5%            |

### Product range rationalisation and Discontinued operations

The Company's focus in the first half has been on our Tristel and Cache brands which represent our most significant growth opportunity. To sharpen this focus, we have discontinued the manufacture and sale of products that are:

- Non-chlorine dioxide based
- Not sold into our core hospital market

Sales of our non-chlorine dioxide products have been declining for several years (as shown above) and have been at lower gross margins than our core chlorine dioxide portfolio. Whilst the product ranges have always made a net profit contribution and have generated cash, the revenue decline could only be reversed by making a substantial and high-risk investment in bulking up our sales and marketing activities in markets which are dominated by multinationals manufacturing generic cleaning and disinfectant products at a scale which we did not believe we would be able to match. During the half we have discontinued over 150 SKUs. In the period, revenue of these products was £1.5m, generating gross profit of £0.8m (gross margin 53%); in the comparable period last year revenue of these products was £2.0m, generating gross profit of £1.1m (gross margin 52%). In the full year to 30 June 2021, revenue was £3.8m, generating gross profit of £2.0m (gross margin 54%).

By contrast, a gross margin of 83% was achieved on the continuing chlorine dioxide hospital product range.

Manufacturing activity in the first half was unaffected by the rationalisation which was phased in during the period. Production volumes were in fact constant as we enabled customers to stockpile inventory so they could locate alternative products and switch to them. The positive impact of the rationalisation on overhead will start to be felt in the second half, and the full impact will be experienced next financial year.

Overheads associated with Continuing operations were £0.2m lower than in the comparative period. Group headcount on 31 December 2021 was 196, compared with 189 on 30 June 2021.

We are experiencing labour cost increases and component and raw material price increases across the Group and are increasing prices this year to match them.

Group profit before tax from Continuing operations fell to £1.0m (H1 21: £2.4m), impacted by a share-based payment charge of £0.9m, which compared to £0.3m in the comparative period last year.

Discontinued operations produced a loss in the period of £2.2m (H1 21: profit £0.7m). The loss included a loss arising from the write down of intangible assets of £2.4m (H1 21: £nil).

We benefitted from a tax credit in the period of £0.2m, compared to a tax charge of £0.5m in H1 21. The write down of intangible assets has given rise to a tax deduction, creating tax losses for the UK group. As these losses can be carried forward to be utilised against profits in future years, a deferred tax asset has been recognised in respect of the losses and results in an overall tax credit for the period.

### **Cash flow**

We have continued to be very cash generative. Cash generated from operations was £3.4m in the first half (H1 21: 4.2m). Cash increased to £8.8m at 31.12.21 from £7.3m the previous year.

### **Earnings and Dividend**

Basic earnings per share from Continuing operations decreased from 4.07p to 2.53p. Basic loss per share from both Continuing and Discontinued operations was 2.08p in the period (H1 21: basic earnings per share of 5.62p).

Diluted earnings per share from Continuing operations was 2.50p (H1 21: 3.96p). Diluted loss per share from both Continuing and Discontinued operations was 2.05p (H1 21: diluted earnings per share of 5.47p).

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 caused by COVID-19, we have decided to deviate from this policy, and we will maintain the interim dividend at the same level as last year. The dividend will be 2.62p per share and will be paid to shareholders on the register on 8 April 2022. The associated ex-dividend date is 7 April 2022.

### **North America**

We have made good progress with our De Novo submission for the USA FDA for our DUO ULT product for ultrasound equipment, and expect to make the submission by the end of the financial year.

Working closely with our USA manufacturing and distribution partner, Parker Laboratories ("Parker"), we took the decision during the half to restart the state registration of DUO under its USA EPA approval. As background, we received EPA federal approval in two stages over the past few years and had started to register the product in individual states. However, we decided to put this programme on hold as Parker and ourselves were unsure of the commercial opportunity for the use of DUO with the EPA approval. Whilst this approval relates to ultrasound equipment it restricts DUO's use to skin surface ultrasound probes and other surfaces of the ultrasound console. Only FDA approval would permit DUO's use on intra-cavity probes which go inside the body and are considered higher risk procedures from an infection prevention standpoint.

There is a groundswell of professional opinion in the USA that a product like DUO, with the efficacy claims it has achieved, is more appropriate for skin surface probe disinfection, when the probe is used to guide the placement of venous catheters than more expensive equipment-based disinfection products that have FDA approval. A growing body of ultrasound practitioners is lobbying for the use of intermediate level disinfection in such circumstances rather than high-level

disinfection. Our EPA approval confers intermediate-level disinfection status on DUO and the future FDA approval will confer high-level status on DUO.

We believe that we have a substantially expanded commercial opportunity in the United States ultrasound market with the regulatory strategy that we have pursued.

In Canada we are discussing the market launch of DUO for ophthalmology with various potential distributors.

## **Outlook**

As the impact of the pandemic recedes and the number of endoscopies, ultrasound scans and other diagnostic procedures return to their pre-COVID-19 levels, we are confident that we will return to the growth trajectory we were on before 2020. The backlog for these procedures is front page news in all countries.

We have simplified the business and sharpened our focus on the hospital and our proprietary chlorine dioxide chemistry. We are better placed than before COVID-19 to capitalise upon a return to normal service in global healthcare. We look forward to growing our two core brands – Tristel and Cache – and expanding our global reach.

Bruno Holthof

Chairman

21 February 2022

Condensed Consolidated Income Statement for the six months ended 31 December 2021

|   |             | 6 months ended<br>31-Dec-21<br>(unaudited)<br>£'000 | 6 months ended<br>31-Dec-20<br>(unaudited)<br>£'000 | Year ended<br>30-Jun-21<br>(audited)<br>£'000 |
|---|-------------|---|---|---|
| <b>Continuing operations</b>                            | <b>Note</b> |   |   |   |
| <b>Revenue</b>  | 2           | 13,646  | 14,726  | 27,236  |
| Cost of sales   |             | (2,334)   | (2,453)   | (4,536)                                       |
| <b>Gross profit</b>                                     |             | 11,312  | 12,273  | 22,700  |
| Admin expenses - share based payments                   |             | (884)   | (260)   | (824)   |
| Admin expenses - depreciation and amortisation          |             | (1,300)   | (1,156)   | (2,321)                                       |
| Admin expenses - other                                  |             | (8,177)   | (8,377)   | (16,170)                                      |
| Other operating income                                  |             | 162   | -   | -   |
| <b>Operating profit</b>                                 |             | 1,113   | 2,480   | 3,385   |
| Movement in fair value of investments                   |             | -   | -   | (807)   |
| Finance income  |             | -   | -   | 1   |
| Finance costs   |             | (102)   | (100)   | (195)   |
| <b>Profit before taxation</b>                           |             | 1,011   | 2,380   | 2,384   |
| Taxation  |             | 183   | (501)   | (789)   |
| <b>Profit for the period from continuing operations</b> |             | 1,194   | 1,879   | 1,595   |

|  |  |         |       |       |
|--|--|---------|-------|-------|
| <b>Discontinued operations</b>                                   |  |         |       |       |
| Gross profit for the period from discontinued operations         |  | 783     | 1,057 | 2,043 |
| Admin expenses – discontinued operations                         |  | (520)   | (341) | (666) |
| Disposal of intangible assets – discontinued operations          |  | (2,439) | -     | -     |
| <b>(Loss)/profit for the period from discontinued operations</b> |  | (2,176) | 716   | 1,377 |

|   |  |       |       |       |
|---|--|-------|-------|-------|
| <b>(Loss)/profit for the period attributable to the Group's equity shareholders</b> |  | (982) | 2,595 | 2,972 |
|---|--|-------|-------|-------|

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

|                 |   |      |      |      |
|-----------------|---|------|------|------|
| Basic (pence)   | 4 | 2.53 | 4.07 | 3.43 |
| Diluted (pence) |   | 2.50 | 3.96 | 3.39 |

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

|                 |   |        |      |      |
|-----------------|---|--------|------|------|
| Basic (pence)   | 4 | (2.08) | 5.62 | 6.39 |
| Diluted (pence) |   | (2.05) | 5.47 | 6.32 |

Earnings from continuing operations before interest, tax depreciation and amortisation for the period ended 31 December 2021 were £2,413,000. (Period ended 31 December 2020 £3,636,000. Year ended 30 June 21 £4,899,000).

Condensed Consolidated Statement of Comprehensive Income for the six months ended 31 December 2021

|  | 6 months ended<br>31-Dec-21<br>(unaudited)<br>£'000 | 6 months ended<br>31-Dec-20<br>(unaudited)<br>£'000 | Year ended<br>30-Jun-21<br>(audited)<br>£'000 |
|--|---|---|---|
| <b>(Loss)/ profit for the period</b>                                   | (982)   | 2,595   | 2,972   |
| <b>Items that will be reclassified subsequently to Profit and loss</b> |   |   |   |
| Exchange differences on translation of foreign operations              | 75  | (30)  | (600)   |
| <b>Other comprehensive income for the period</b>                       | 75  | (30)  | (600)   |
| <b>Total comprehensive income for the period</b>                       | (907)   | 2,565   | 2,372   |
| <b>Attributable to:</b>  |   |   |   |
| Equity holders of the parent   | (907)   | 2,565   | 2,372   |
|  | (907)   | 2,565   | 2,372   |

Condensed Consolidated Statement of Financial Position as at 31 December 2021

|  | 6 months ended<br>31-Dec-21<br>(unaudited)<br>£'000 | 6 months ended<br>31-Dec-20<br>(unaudited)<br>£'000 | Year ended<br>30-Jun-21<br>(audited)<br>£'000 |
|--|---|---|---|
| <b>Non-current assets</b>                              |   |   |   |
| Investment   | -   | 807   | -   |
| Goodwill and other Intangible assets                   | 9,190   | 12,770  | 11,969  |
| Property, plant and equipment                          | 8,263   | 8,603   | 8,542   |
| Deferred tax asset                                     | 1,990   | 852   | 1,805   |
|  | 19,443  | 23,032  | 22,316  |
| <b>Current assets</b>                                  |   |   |   |
| Inventories  | 3,751   | 3,993   | 4,266   |
| Trade and other receivables                            | 4,842   | 5,888   | 5,255   |
| Cash and cash equivalents                              | 8,779   | 7,307   | 8,094   |
|  | 17,372  | 17,188  | 17,615  |
| <b>Total assets</b>                                    | 36,815  | 40,220  | 39,931  |
| <b>Capital and reserves</b>                            |   |   |   |
| Called up share capital                                | 472   | 465   | 471   |
| Share premium account                                  | 13,929  | 12,891  | 13,600  |
| Merger reserve   | 2,205   | 2,205   | 2,205   |
| Foreign exchange reserves                              | (128)   | 367   | (203)   |
| Retained earnings                                      | 11,255  | 13,150  | 14,003  |
| <b>Equity attributable to equity holders of parent</b> | 27,733  | 29,078  | 30,076  |
| Minority interest                                      | 7   | 7   | 7   |
| <b>Total equity</b>                                    | 27,740  | 29,085  | 30,083  |
| <b>Current liabilities</b>                             |   |   |   |
| Trade and other liabilities                            | 2,897   | 3,688   | 3,476   |
| Contingent liability                                   | -   | 76  | -   |
| Current tax liabilities                                | (474)   | 688   | (170)   |
| Current leased asset liabilities                       | 629   | 870   | 629   |
| <b>Total current liabilities</b>                       | 3,052   | 5,322   | 3,935   |
| <b>Non-current liabilities</b>                         |   |   |   |
| Deferred tax   | 874   | 612   | 637   |
| Non-current leased asset liabilities                   | 5,149   | 5,201   | 5,276   |
| <b>Total liabilities</b>                               | 9,075   | 11,135  | 9,848   |
| <b>Total equity and liabilities</b>                    | 36,815  | 40,220  | 39,931  |

## Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2021

|   | Share Capital | Share Premium | Merger reserve | Foreign exchange reserve | Retained earnings | Total attributable to owners of the parent | Non-controlling interests | Total Equity |
|---|---------------|---------------|----------------|--------------------------|-------------------|--|---------------------------|--------------|
|   | £'000         | £'000         | £'000          | £'000                    | £'000             | £'000                                      | £'000                     | £'000        |
| 30 June 2020  | 453           | 12,634        | 2,205          | 397                      | 12,767            | 28,456                                     | 7                         | 28,463       |
| <b>Transactions with owners</b>                           |               |               |                |                          |                   |  |                           |              |
| Dividends paid  |               |               |                |                          | (1,785)           | (1,785)                                    |                           | (1,785)      |
| Shares issued   | 12            | 257           |                |                          |                   | 269  |                           | 269          |
| Share-based payments                                      |               |               |                |                          | 260               | 260  |                           | 260          |
| Deferred tax through equity                               |               |               |                |                          | (686)             | (686)                                      |                           | (686)        |
| <b>Total transactions with owners</b>                     | 12            | 257           |                |                          | (2,211)           | (1,942)                                    |                           | (1,942)      |
| Profit for the period ended 31 December 2020              |               |               |                |                          | 2,594             | 2,594                                      |                           | 2,594        |
| <b>Other comprehensive income :-</b>                      |               |               |                |                          |                   |  |                           |              |
| Exchange differences on translation of foreign operations |               |               |                | (30)                     |                   | (30)                                       |                           | (30)         |
| Total comprehensive income                                |               |               |                | (30)                     | 2,594             | 2,564                                      |                           | 2,564        |
| <b>31 December 2020</b>                                   | 465           | 12,891        | 2,205          | 367                      | 13,150            | 29,078                                     | 7                         | 29,085       |
| <b>Transactions with owners</b>                           |               |               |                |                          |                   |  |                           |              |
| Dividends paid  |               |               |                |                          | (1,232)           | (1,232)                                    |                           | (1,232)      |
| Shares issued   | 6             | 709           |                |                          |                   | 715  |                           | 715          |
| Share-based payments                                      |               |               |                |                          | 564               | 564  |                           | 564          |
| Current tax through equity                                |               |               |                |                          | 593               | 593  |                           | 593          |
| Deferred tax through equity                               |               |               |                |                          | 550               | 550  |                           | 550          |
| <b>Total transactions with owners</b>                     | 6             | 709           |                |                          | 475               | 1,190                                      |                           | 1,190        |
| Profit for the period ended 30 June 2021                  |               |               |                |                          | 378               | 378  |                           | 378          |
| <b>Other comprehensive income :-</b>                      |               |               |                |                          |                   |  |                           |              |
| Exchange differences on translation of foreign operations |               |               |                | (570)                    |                   | (570)                                      |                           | (570)        |
| Total comprehensive income                                |               |               |                | (570)                    | 378               | (192)                                      |                           | (192)        |
| <b>30 June 2021</b>                                       | 471           | 13,600        | 2,205          | (203)                    | 14,003            | 30,076                                     | 7                         | 30,083       |
| <b>Transactions with owners</b>                           |               |               |                |                          |                   |  |                           |              |
| Dividends paid  |               |               |                |                          | (1,854)           | (1,854)                                    |                           | (1,854)      |
| Shares issued   | 1             | 329           |                |                          |                   | 330  |                           | 330          |
| Share-based payments                                      |               |               |                |                          | 884               | 884  |                           | 884          |
| Deferred tax through equity                               |               |               |                |                          | (796)             | (796)                                      |                           | (796)        |
| <b>Total transactions with owners</b>                     | 1             | 329           |                |                          | (1,766)           | (1,436)                                    |                           | (1,436)      |

**Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2021 (continued)**

|   | Share Capital | Share Premium | Merger reserve | Foreign exchange reserve | Retained earnings | Total attributable to owners of the parent | Non-controlling interests | Total Equity |
|---|---------------|---------------|----------------|--------------------------|-------------------|--|---------------------------|--------------|
|   | £'000         | £'000         | £'000          | £'000                    | £'000             | £'000                                      | £'000                     | £'000        |
| <b>Total transactions with owners brought forward</b>     | 1             | 329           |                |                          | (1,766)           | (1,436)                                    |                           | (1,436)      |
| Profit for the period ended 31 December 2021              |               |               |                |                          | (982)             | (982)                                      |                           | (982)        |
| <b>Other comprehensive income :-</b>                      |               |               |                |                          |                   |  |                           |              |
| Exchange differences on translation of foreign operations |               |               |                | 75                       |                   | 75   |                           | 75           |
| Total comprehensive income                                |               |               |                | 75                       | (982)             | (907)                                      |                           | (907)        |
| <b>31 December 2021</b>                                   | 472           | 13,929        | 2,205          | (128)                    | 11,255            | 27,733                                     | 7                         | 27,740       |

**Condensed Consolidated Statement of Cash Flows for the six months ended 31 December 2021**

|  | 6 months ended<br>31-Dec-2021<br>(unaudited)<br>£'000 | 6 months ended<br>31-Dec-2020<br>(unaudited)<br>£'000 | Year ended<br>30-Jun-2021<br>(audited)<br>£'000 |
|--|---|---|---|
| <b>Cash flows from operating activities</b>                  |   |   |   |
| Operating profit before tax from continuing operations       | 1,011   | 2,380   | 2,384   |
| Operating (loss)/profit from discontinued operations         | (2,176)   | 716   | 1,377   |
| Group operating (loss)/profit before tax for the period      | (1,165)   | 3,096   | 3,761   |
| Adjustments to cash flows from non-cash items                |   |   |   |
| Depreciation of leased assets                                | 369   | 346   | 772   |
| Depreciation of plant, property & equipment                  | 335   | 309   | 591   |
| Amortisation of intangible asset                             | 595   | 714   | 1,383   |
| Impairment of intangible asset                               | 33  | 33  | 67  |
| Movement on fair value of investment                         | -   | -   | 807   |
| Share based payments - IFRS 2                                | 884   | 260   | 824   |
| (Profit)/loss on disposal of PPE and intangible assets       | 2,439   | (3)   | 73  |
| Lease interest   | 100   | 99  | 195   |
| Unrealised loss in foreign exchange                          | -   | 55  | -   |
| Finance income   | -   | -   | (1)   |
|  | 3,590   | 4,909   | 8,472   |
| Working capital adjustments                                  |   |   |   |
| Decrease/(increase) in inventories                           | 515   | 626   | 353   |
| Decrease/(increase) in trade and other receivables           | 413   | 534   | 1,167   |
| (Decrease)/increase in trade and other payables              | (579)   | (872)   | (1,196)   |
| Lease interest paid  | (100)   | -   | (195)   |
| Corporation tax paid   | (488)   | (989)   | (1,925)   |
| <b>Net cash flow from operating activities</b>               | 3,351   | 4,208   | 6,676   |
| <b>Cash flows from investing activities</b>                  |   |   |   |
| Interest received  | -   | -   | 1   |
| Purchase of intangible assets                                | (428)   | (341)   | (608)   |
| Purchase of subsidiary undertakings & deferred consideration | -   | (36)  | -   |
| Purchase of property plant and equipment                     | (164)   | (730)   | (1,159)   |
| <b>Net cash used in investing activities</b>                 | (592)   | (1,107)   | (1,766)   |
| <b>Cash flows from financing activities</b>                  |   |   |   |
| Payment of lease liabilities                                 | (400)   | (435)   | (797)   |
| Share issues   | 330   | 269   | 984   |
| Dividends paid   | (1,854)   | (1,785)   | (3,017)   |
| <b>Net cash used in financing activities</b>                 | (1,924)   | (1,951)   | (2,830)   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  | 835   | 1,150   | 2,080   |
| Cash and cash equivalents at the beginning of the period     | 8,094   | 6,212   | 6,212   |
| Exchange differences on cash and cash equivalents            | (148)   | (55)  | (198)   |
| Cash and cash equivalents at the end of the period           | 8,781   | 7,307   | 8,094   |

## 1 Accounting policies

### Basis of Preparation

For the year ended 30 June 2021, the Group prepared consolidated financial statements under International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU). These condensed consolidated interim financial statements (the interim financial statements) have been prepared under the historical cost convention. They are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) which are effective from 1 July 2021.

**Forthcoming requirements:** This table lists the recent changes to the Standards that are required to be applied for annual periods beginning after 1 January 2021 and that are available for early adoption in annual periods beginning on 1 January 2021

|                |   |
|----------------|---|
| Effective date |   |
| 1 January 2023 | IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts                               |
| 1 January 2023 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) |
| 1 January 2023 | Definition of Accounting Estimates (Amendments to IAS 8)  |
| 1 January 2023 | Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)                   |
| 1 January 2023 | Classification of Liabilities as Current or Non-current (Amendments to IAS 1)                           |

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 2021 have had a material effect on the financial statements.

### Accounting Policies

The interim report is unaudited and has been prepared on the basis of IFRS accounting policies.

The accounting policies adopted in the preparation of this unaudited interim financial report are consistent with the most recent annual financial statements being those for the year ended 30 June 2021.

The financial information for the six months ended 31 December 2021 and 31 December 2020 has not been audited and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006.

The financial information relating to the year ended 30 June 2021 does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006. This information is based on the Group's statutory accounts for that period. The statutory accounts were prepared in accordance with International Financial Reporting Standards ("IFRS") and received an unqualified audit report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These financial statements have been filed with the Registrar of Companies.

## 2 Segmental Analysis

Management considers the Company's revenue lines to be split into two 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 90% of the Company's continuing revenues (2020: 88%).

The second segment which constitutes 10% (2020: 12%) of the business activity, relates to the manufacture and sale of hospital environmental surface disinfection products.

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, and assets and liabilities, cannot be allocated to individual segments.

|   | 6 Months ended<br>31 December 2021<br>(unaudited)     |  |                                    |               | 6 Months ended<br>31 December 2020<br>(unaudited)     |  |                                    |               |
|---|---|--|------------------------------------|---------------|---|--|------------------------------------|---------------|
|   | Hospital medical<br>device<br>decontamination<br>£000 | Hospital<br>environmental<br>surface<br>disinfection<br>£000 | Discontinued<br>operations<br>£000 | Total<br>£000 | Hospital medical<br>device<br>decontamination<br>£000 | Hospital<br>environmental<br>surface<br>disinfection<br>£000 | Discontinued<br>operations<br>£000 | Total<br>£000 |
| Revenue   | 12,238  | 1,408  | 1,479                              | 15,125        | 12,844  | 1,882  | 2,025                              | 16,751        |
| Cost of material  | (1,791)   | (543)  | (696)                              | (3,030)       | (1,774)   | (679)  | (968)                              | (3,421)       |
| <b>Gross profit</b>   | <b>10,447</b>   | <b>865</b>   | <b>783</b>                         | <b>12,095</b> | <b>11,070</b>   | <b>1,203</b>   | <b>1,057</b>                       | <b>13,330</b> |
| Depreciation and amortisation of non-financial assets                             |   |  | -                                  | (1,300)       |   |  | -                                  | (1,402)       |
| Other administrative expenses   |   |  | (520)                              | (8,697)       |   |  | (341)                              | (8,472)       |
| Share-based payments  |   |  | -                                  | (884)         |   |  | -                                  | (260)         |
| Other income  |   |  | -                                  | 162           |   |  | -                                  | -             |
| <b>Segment operating profit</b>   |   |  | 263                                | 1,376         |   |  | 716                                | 3,196         |
| Segment operating profit can be reconciled to Group profit before tax as follows: |   |  |                                    |               |   |  |                                    |               |
| Segment operating profit  |   |  | 263                                | 1,376         |   |  | 716                                | 3,196         |
| Finance income  |   |  | -                                  | -             |   |  | -                                  | -             |
| Finance costs   |   |  | -                                  | (102)         |   |  | -                                  | (100)         |
| Disposal of intangible asset  |   |  | (2,439)                            | (2,439)       |   |  | -                                  | -             |
| <b>Group (loss)/profit</b>  |   |  | (2,176)                            | (1,165)       |   |  | 716                                | 3,096         |

Year ended  
30 June 2021  
(audited)

|                     | Hospital medical<br>device<br>decontamination<br>£000 | Hospital<br>environmental<br>surface<br>disinfection<br>£000 | Discontinued<br>operations<br>£000 | Total<br>£000 |
|---------------------|---|--|------------------------------------|---------------|
| Revenue             | 23,827  | 3,409  | 3,762                              | 30,998        |
| Cost of material    | (3,274)   | (1,262)  | (1,719)                            | (6,255)       |
| <b>Gross profit</b> | <b>20,553</b>   | <b>2,147</b>   | <b>2,043</b>                       | <b>24,743</b> |

|   |              |              |
|---|--------------|--------------|
| Depreciation and amortisation of non-financial assets                             | -            | (2,813)      |
| Other administrative expenses   | (666)        | (16,376)     |
| Share-based payments  | -            | (824)        |
| Other income  | -            | 32           |
| <b>Segment operating profit</b>   | <b>1,377</b> | <b>4,762</b> |
| Segment operating profit can be reconciled to Group profit before tax as follows: |              |              |
| Segment operating profit  | 1,377        | 4,762        |
| Finance income  | -            | 1            |
| Finance costs   | -            | (195)        |
| Movement on fair value asset  | -            | (807)        |
| <b>Group profit</b>   | <b>1,377</b> | <b>3,761</b> |

### 3 Income tax

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:

|   | <b>6 months<br/>ended<br/>31 December<br/>2021<br/>(unaudited)<br/>£000</b> | <b>6 months<br/>ended<br/>31 December<br/>2020<br/>(unaudited)<br/>£000</b> | <b>Year ended<br/>30 June 2021<br/>(audited)<br/>£000</b> |
|---|---|---|---|
| (Loss)/profit before tax                                      | (1,165)   | 3,096   | 3,761   |
| Corporation tax at standard rate                              | (221)   | 588   | 715   |
| Adjustment in respect of prior years                          | 227   | -   | (156)   |
| Expenses not deductible for tax purposes                      | 29  | 31  | 68  |
| (Decrease) from effect of patent box                          | (48)  | (109)   | -   |
| Increase/(decrease) from effect of foreign tax rates          | 68  | 187   | 307   |
| Tax losses not utilised and other differences                 | 68  | (149)   | 64  |
| Remeasurement of deferred tax due to changes in tax rate      | (244)   | -   | (85)  |
| Enhanced relief on qualifying scientific research expenditure | (62)  | (47)  | (124)   |
| Total tax charge  | (183)   | 501   | 789   |

The disposal of intangible assets will give rise to a tax deduction, creating tax losses for the UK group. As these losses can be carried forward to be utilised against profits in future years a deferred tax asset has been recognised in respect of the losses and results in an overall P&L tax credit.

#### 4 Dividends

Amounts recognised as distributions to equity holders in the year:

|  | 6 months ended<br>31 December<br>2021<br>(unaudited)<br>£000 | 6 months ended<br>31 December<br>2020<br>(unaudited)<br>£000 | Year ended<br>30 June 2021<br>(audited)<br>£000 |
|--|--|--|---|
| Ordinary shares of 1p each   |  |  |   |
| Final dividend for the year ended 30 June 2021 of 3.93p (2020: 3.84p) per share **         | 1,854  | 1,785  | 1,785   |
| Interim dividend for the year ended 30 June 2021 of 2.62p (2020: 2.34p) per share          | -  | -  | 1,232   |
|  | <hr/>  | <hr/>  | <hr/>   |
|  | 1,854  | 1,785  | 3,017   |
| Proposed interim dividend for the year ended 30 June 2022 of 2.62p (2021: 2.62p) per share | 1,236  | 1,211  | 1,851   |
|  | <hr/>  | <hr/>  | <hr/>   |

\*\* Based on shares in issue at 14 December 2021 of 47,185,043 (14 December 2020 of 46,493,808).

The proposed interim dividend has not been included as a liability in the financial statements.

## 5 Earnings per share

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

|  | 6 months ended<br>31 December<br>2021<br>(unaudited)<br>£000 | 6 months ended<br>31 December<br>2020<br>(unaudited)<br>£000 | Year ended<br>30 June 2021<br>(audited)<br>£000 |
|--|--|--|---|
| Retained (loss)/profit for the period attributable to equity holders of the parent     | (982)  | 2,595  | 2,972   |
|  | <b>Shares</b>  | <b>Shares</b>  | <b>Shares</b>                                   |
|  | '000   | '000   | '000  |
|  | Number   | Number   | Number  |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 47,147   | 46,203   | 46,539  |
| Share options  | 708  | 1,246  | 494   |
|  | 47,855   | 47,449   | 47,033  |
| Earnings per ordinary share  |  |  |   |
| Basic (pence)  | (2.08)p  | 5.62p  | 6.39p   |
| Diluted (pence)  | (2.05)p  | 5.47p  | 6.32p   |
|  | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>                                    |
| Retained profit for the financial year attributable to equity holders of the parent    | (982)  | 2,595  | 2,972   |
| Adjustments:   |  |  |   |
| Share based payments   | 884  | 260  | 824   |
| Net adjustments  | 884  | 260  | 824   |
| Adjusted earnings  | (98)   | 2,855  | 3,796   |
| Adjusted basic earnings per ordinary share (pence)                                     | (0.21)p  | 6.18p  | 8.16p   |