



25 April 2021

Tristel plc
("Tristel" or the "Company")

Trading Update

Tristel plc (AIM: TSTL), the manufacturer of infection prevention and contamination control products utilising proprietary chlorine dioxide chemistry, provides the following trading update.

As explained in our half-year report of February, second half sales in all markets started very slowly because of the impact of COVID-19 on patient examinations. In the UK, this trend has continued through our third quarter to 31 March and shows little sign of reversing meaningfully before year-end.

Whilst medical device disinfectant sales in the UK are significantly impacted by activity levels in the NHS, surface disinfectant product sales have continued to gain market share and UK sales for this product range to end of third quarter were £2.3m, 47% higher than in the same period last year.

Very encouragingly, at the end of the third quarter, sales of our 13 overseas subsidiaries and to our international distributor network have increased by 7% over the comparable period last year.

Combining our medical device and hospital surface disinfectants in both our home and overseas markets into a year-end outlook, we now expect global sales to exceed £31m, which is comparable with last year. This predicted outcome reflects a transient difficulty in the UK, caused by the impact of COVID-19 on patient examinations. We expect the situation to correct next year.

The departments and types of treatment that we focus upon are experiencing many of the longest NHS waiting times. NHS sources quoted recently in the Press¹ state the total numbers of people waiting for examinations in ENT is circa 366,000; ophthalmology 494,000; urology 270,000; cardiology 194,000, and gynaecology 265,000. These departments account for most of our medical device disinfectant product sales, and they also represent the highest patient waiting numbers in UK hospitals outside of orthopaedics, trauma, and general surgery. We understand that the NHS is making available a £1.5bn² Elective Recovery Fund to accelerate the restoration of services and treatment for as many people as possible.

Looking out to next financial year, we expect demand conditions in the UK to improve significantly. However, in these uncertain times we believe that we must take a cautious approach. Whilst our global revenues continue to diversify away from the UK, our home market remains our largest exposure to one healthcare system. The *NHS 2021/22 priorities and operational planning guidance* published on 25 March 2021 states

"While [the vaccination programme] gives us cause for optimism, we do not yet know what the pattern of COVID-19 transmission will look like over the next 12 months and it is clear that the impact of the last year will be felt throughout 2021/22 and beyond."

Whilst this year has been challenging, we have a strong balance sheet and have continued to build our team in preparation for future expansion. Accordingly, our cost base has risen during the year by approximately £0.8m, or 6%, excluding our investment in our North American regulatory programme. Given the scale of the opportunity in the United States, we have intensified our focus on our FDA and EPA regulatory programme and by year-end will have spent £750,000 in generating the scientific data required by the agencies compared to £80,000 last year. We will provide a detailed update with our year end results.

The consequence of sales being lower than anticipated in the year to 30 June 2021, at a gross profit margin of 80%, and a cost base that has increased, is that pre-tax profit (before share-based payments) is now expected to be not less than £5m.

Balance sheet and dividends

Our cash position of £8m gives us security and stability. The interim dividend of £1.2m (2.62 pence per share) will be disbursed at the end of April as detailed in the half year report.

The expectation for the final dividend is 3.93 pence, giving a total of 6.55p for the year. The Board commits to make a final dividend payment at this level irrespective of the level of year-end profit.

Outlook

We remain very confident that sales and profits growth will resume next year and the investments that we have made in people, systems and new market registrations will lay the foundation stones for strong growth in the years ahead.

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Notes

¹ <https://www.thetimes.co.uk/article/covid-pushes-nhs-treatment-waiting-list-to-4-7-million-vh762fj79>

² 2021/22 priorities and operational planning guidance 25 March 2021. Publication approval reference: PAR468

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