



16 October 2023

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Tristel plc
(“Tristel”, the “Company” or the “Group”)

Audited Preliminary Results
for the year ended 30 June 2023

Sales and adjusted PBT ahead of consensus forecasts
Strongest ever outlook in Tristel’s 30 year history driven by key North American regulatory approvals

Tristel plc (AIM: TSTL), the manufacturer of infection prevention products for hospitals, announces its audited preliminary results for the year ended 30 June 2023, showing strong revenue growth from continuing products well ahead of internal growth targets. The business continues to be profitable with high gross margins and remains both debt free and cash generative.

The Company’s core business is the sale to hospitals of its proprietary chlorine dioxide chemistry for the decontamination of medical devices under the [Tristel](#) brand (86% of total sales), and for the sporicidal disinfection of environmental surfaces under the [Cache](#) brand (9% of total sales).

Financial Highlights

- Turnover of £36.0m (2022: £31.1m), a 16% increase. 22% growth to £36.0m from continuing products (2022: £29.6m)
- Overseas sales continue to grow, up 17% to £23.5m (2022: £20.1m), representing 65% of total sales (2022: 65%)
- Gross margin increased to 81% (2022: 80%)
- Adjusted EBITDA* margin of 25% (2022: 24%)
- Adjusted pre-tax profit* of £6.2m (2022: £4.5m) slightly above consensus forecasts
- Reported pre-tax profit of £5.1m (2022: £1.6m)
- Adjusted EPS* up 39% to 10.67p (2022: 7.68p). Basic EPS of 9.44p (2022: 2.09p)
- Dividend per share for the full year up 10% to 10.50p (2022: 9.55p)
- Cash of £9.5m (2022: £8.9m), with continued strong operating cashflow of £8.4m in the year (2022: £5.6m)

** before share-based payments, and impairment of intangibles in FY 2022*

Operational Highlights

- US FDA Class II device approval for Tristel ULT as a high-level disinfectant for ultrasound probes, with nationwide launch underway
- Regulatory approval in Canada for Tristel OPH as a high-level disinfectant for ophthalmic devices with first sales recorded in Q1 FY 2024
- Majority of UK and European regulatory approvals for Cache product range expected to be secured in FY 2024
- Continued investment in exciting pipeline of new product innovations

Paul Swinney, Chief Executive of Tristel plc, said: *“The enormous achievement of the year has been the FDA approval, which enables us to enter the largest healthcare market in the world. We will also be able to leverage the significance of an FDA approval in countries that look to the USA regulator for their own practice. This includes Central and South America. We now have the opportunity to establish a global footprint for our products and technology.*

We have commenced manufacture and have shipped product to our first customers in the USA. The outlook for the Company is the strongest it has been in its 30-year history.”

CFO video & investor presentations

Please find a link to a video overview relating to the Company's preliminary results from the Group's Chief Financial Officer, Liz Dixon here - <https://stream.brrmedia.co.uk/broadcast/6529123cebb7e6c1a1dcb0da>.

Paul Swinney, CEO, and Liz Dixon, CFO, will present the Company's results via the Investor Meet Company platform today at 11:30 BST. The presentation will also be available for playback after the event. Investors can sign up to Investor Meet Company for free and add to meet Tristel plc via: <https://www.investormeetcompany.com/tristel-plc/register-investor>

An in-person presentation will take place at 16:30 BST, which is open to all existing and potential shareholders. The Company will welcome investors to 85 Gresham Street, London, EC2V 7NQ from 4.15pm for a 4.30pm start and will be followed by refreshments. If you would like to attend, please contact Walbrook PR on 020 7933 8780 or email tristel@walbrookpr.com.

The results presentation is available on the Company's website: www.tristelgroup.com

For further information please contact:

Tristel plc

Paul Swinney, Chief Executive Officer
Liz Dixon, Chief Financial Officer

www.tristelgroup.com

via Walbrook PR

Walbrook PR Ltd

Paul McManus / Lianne Applegarth /
Charlotte Edgar

Tel: +44 (0)20 7933 8780 or tristel@walbrookpr.com

Mob: +44 (0)7980 541 893 / +44 (0)7584 391 303
+44 (0)7884 664 686

Cavendish

Geoff Nash/ Charlie Beeson (Corporate Finance)
Sunila de Silva (ECM)

Tel: +44 (0)20 7220 0500

CHAIRMAN'S STATEMENT

GROUP STRATEGY

The Group continues to focus on the global hospital market, using its proprietary chlorine dioxide chemistry for two applications: the decontamination of medical devices under the Tristel brand, and the disinfection of environmental surfaces under the Cache brand.

During the year we achieved the milestone of securing De Novo clearance for our hand-held high-level disinfectant, Tristel ULT, from the United States Food and Drug Administration (FDA). The agency has approved Tristel ULT as a Class II device for endocavity ultrasound probes and skin surface transducers. This approval complements an earlier approval that we received from the United State Environmental Protection Agency (EPA) for our chemistry's use in the same packaging format, but for general surfaces in the ultrasound setting. In granting its approval the FDA has created a new category of high-level disinfectant being a foam or gel. This format implies application to the device by hand, which is the USP of Tristel's high-level medical device disinfectants: they are applied by hand rather than administered inside a machine.

Today, Tristel is the market leader in Europe, Middle East and Asia-Pacific in manual high-level disinfection of heat sensitive non-lumened diagnostic medical devices. During the current financial year we will enter the North American market and our ambition to become the global market leader can be further pursued. We are delighted to announce that manufacturing has begun in the USA and we have already shipped our first orders to customers.

During the year, 35% of our revenues were generated in the United Kingdom and 65% in the rest of the world. Throughout the 40 countries in which we actively market our products, the number of diagnostic procedures involving medical devices that can be disinfected by a Tristel product increased to pre-pandemic levels. During the year, Tristel medical device disinfectant revenue, which is driven by the number of diagnostic procedures, increased to £30.8m from £25.4m in the previous year, and £20.8m in FY19, the year before COVID-19 disrupted hospital services worldwide.

Our second product range, Cache, made much slower progress during the year. Revenue was £3.3m compared to £3.2m in the previous year. Part of the new Cache range is still in the product design and testing stage, and a further portion of the range is waiting for regulatory approvals in key markets. In Europe, CE marking is required for medical device disinfectants, and whilst the Cache product range is intended for environmental surfaces, many of the surfaces around the patient are considered medical devices requiring CE marking as well as approval under the European Biocidal Products Regulation. Post Brexit, the UK introduced UKCA Marking Certification for medical devices, and we are waiting to receive UKCA approval for the new Cache products.

These approvals have taken longer than originally anticipated but we are confident that the majority will be secured in the current financial year, giving us the opportunity to deliver significant growth in sales of the Cache product range going forward.

INVESTING IN GROWTH

The regulatory environment in which we are operating is becoming ever more complicated and demanding and we must comply with parallel (and sometimes competing) regulatory frameworks. Compliance can only be achieved by building the best Quality Assurance and Regulatory Affairs teams in a highly competitive market for such skills and we have invested in this capability consistently over the course of the past five years. Furthermore, highly regulated products require highly technical marketing and we have also invested heavily in our marketing and technical support functions during the year.

We continue to invest in the best systems for a business of our size and complexity. The organisation is deeply committed to a digital transformation programme across all facets of our operation. Equally, we have committed significant expenditure in our IT and cyber security infrastructure, increasing spend to £1.2m from £0.8m in the previous year.

New product development is a key focus for the Board and we continued to invest during the year in three areas:

- The 3T platform which is our app-based Train, Trace and Test tool that enables a user of a Tristel medical device high-level disinfectant to record all steps of the decontamination process.
- AI – capabilities incorporated into the app that enable objective verification that the key steps in the decontamination process have been performed correctly.
- Colour change technology – visual indicators that provide compliance training tools for the user and which can be incorporated into the decontamination process to ensure key steps in the decontamination process are performed correctly.

We made 62 patent applications during the year and six applications went to grant. During the year we invested £0.9m in product development and £0.3m in securing and maintaining intellectual property protection.

NORTH AMERICA

During the current financial year, we will launch Tristel ULT in the United States for the high-level disinfection of ultrasound probes. Our business partner for North and South America is Parker Laboratories Inc, located in New Jersey, who will manufacture our products and will sell Tristel ULT through its well-established distribution network. Parker's own product range is focussed on the conductive gels that are used in every ultrasound scan and the Parker gel and the Tristel hand-applied high-level disinfectant are perfect complementary products for all ultrasound scans, of which we estimate 215 million are performed annually in the United States.

In Canada we have secured approval from Canada Health for Tristel OPH as a high-level disinfectant for ophthalmic devices and have appointed Innova Medical as our distributor into the Canadian ophthalmic market. Sales have commenced in the first quarter of financial year 2024.

OUR PEOPLE

I would like to thank our employees for their commitment throughout the year.

Breaking into the North American market is a remarkable achievement for the Company and the team that worked tirelessly on the FDA submission over many years. By securing approval from the FDA we have joined a very small group of high-level disinfectant products that are approved for sale in the world's largest ultrasound market, and we have done so with a technology and product format that our young business invented twenty years ago. Today, the organisation has matured into a globally recognised force in the infection prevention industry – an achievement that we can attribute to the creativity and resourcefulness of our employees.

RESULTS

Our gross profit margin increased slightly to 81% (restated 2022: 80%). Overheads (excluding share-based payments, depreciation and amortisation) rose by 14% from £17.3m to £19.9m, principally due to the increase in headcount from 204 to 224. The associated increase in wages and salaries was £1.7m (excluding share-based payments).

Adjusted pre-tax profit (before share-based payments of £1.1m and impairments of nil) rose 35% from £4.6m to £6.2m. Statutory pre-tax profit increased to £5.1m from £1.6m and the statutory margin rose to 14% from 5%. Charges associated with share-based payments have been included as adjusting items. Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses from adjusted profit measures to better understand the long-term performance of the underlying business.

Earnings per share (EPS) (adjusted for the add-back of the share-based payment charge and impairment charges) was 10.67 pence (restated 2022: 7.68 pence). Basic EPS was 9.44 pence (restated 2022: 2.09 pence) and diluted EPS was 9.34 pence (restated 2022: 2.07 pence).

See note 9 for reconciliation of non-GAAP measures.

BALANCE SHEET, CASH AND DIVIDEND

The Group has continued to be highly cash generative during the year and the balance sheet is debt free (with the exception of lease liabilities). The combined cash and short-term deposit balance at 30 June 2023 was £9.5m, with £2.9m being on short term deposit (2022: £8.9m).

The Board is recommending a final dividend of 7.88 pence (2022: 3.93 pence). Combined with the interim dividend of 2.62 pence, the total dividend pay-out for the year will be 10.5 pence per share, a 10% increase on last year's total dividend pay-out of 9.55 pence, which included a special dividend of 3 pence. Going forward the Board's intention is to increase the dividend annually in line with the year's increase in EPS, committing to minimum dividend growth of 5%. This final dividend will be paid on 22 December 2023, to shareholders on the register on 24 November 2023, the associated ex-dividend date is 23 November 2023.

OUTLOOK

During 2022 we rationalised our product portfolio to further improve gross margins, sharpen our focus on the hospital market and our chlorine dioxide technology. During 2023 the negative impact on our business of both Brexit and COVID-19 receded and we resumed both top and bottom-line growth. We now have a normalised marketplace in all 40 countries in which we operate and access to the North American market. The growth possibilities for the Company are stronger than ever.

Dr Bruno Holthof
Non Executive Chair
16 October 2023

CHIEF EXECUTIVE'S REPORT

Overview

The year ended 30 June 2023 was encouraging for the Group. The highlights were:

- The beneficial impact of the product portfolio rationalisation, which was completed during 2022, flowed through to the results for 2023;
- The negative impact of both Brexit and COVID-19 receded and we resumed top and bottom-line growth in line with our pre-pandemic trajectory;
- We gained clearance from the United States Food and Drug Administration for our Tristel ULT high-level disinfectant and we will be actively promoting our medical device disinfectants in North America during 2024.

Financial targets

In October 2022 we established our financial plan for the three years to 30 June 2025, which was a continuation of the plan for the prior three-year period ending in June 2022. The three key financial targets of both the old and new plans are:

- i) sales growth in the range of 10% to 15% per annum as an annual average over the three years;
- ii) the achievement in each year of an EBITDA margin (excluding share-based payment charge) of at least 25%, and
- iii) to increase profit before tax (excluding share-based payments) year-on-year, independently of the other two targets.

The COVID-19 pandemic and the disruption to NHS purchasing patterns caused by Brexit negatively impacted our performance over the period. The business is now in a much stronger position. For transparency, our performance against the targets set in 2019 has been:

Financial year	Revenue £m	Annual revenue growth	Average revenue growth	*Adjusted EBITDA margin %	Increase in profit before tax (excluding SBP charge)
Ended 30.06.19 (base year)	26.2	-	-	-	-
Ended 30.06.20	31.7	21.0%	21.0%	30.9%	Yes
Ended 30.06.21 - restated	31.0	-2.2%	9.4%	27.1%	No
Ended 30.06.22	31.1	0.3%	6.4%	24.0%	No
Ended 30.06.23	36.0	16%	4.7%	24.9%	Yes

**See note 9.*

Our marketplace and technology

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

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

Our strategy focusses upon our proprietary chlorine dioxide chemistry and two principal applications for it: first, the high-level disinfection of medical devices under the Tristel brand (accounting for 86% of continuing product revenues in the year); and second, the disinfection of surfaces in hospitals under the Cache brand (accounting for 9% of continuing product revenues in the year). Within this second activity, we make a distinction between sporicidal efficacy that is achieved with the use of our chlorine dioxide chemistry, and the low-level performance claims that are made by most other disinfectant chemistries. Our objective is to create a clearly identifiable segment within surface disinfection for sporicidal products and to be the global market leader in this segment.

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

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

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

Revenue

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

The other product category, which we regard as non-core, represents a much-reduced number of products that were not discontinued in our rationalisation programme, and whose remaining product life span is relatively short.

During the year, the revenue split across these product categories was:

£m	Brand	Revenue 2021-22	% of total	Revenue 2022-23	% of total
Medical device decontamination in hospitals	<i>Tristel</i>	25.4	82%	30.8	86%
Environmental surface disinfection in hospitals	<i>Cache</i>	3.2	10%	3.3	9%
Other – non-core	Various	1.0	3%	1.9	5%
Continuing products		29.6	95%	36.0	100%
Discontinued products	Various	1.5	5%	0	0%
Group		31.1	100%	36.0	100%

Revenue by channel

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

	2021-22 Revenue	2022-23 Revenue	Year-on-Year change	Percentage change
Hospital medical device decontamination: Tristel				
UK	9.7	11.9	2.2	23%
Australia	3.0	3.5	0.5	17%
Germany	4.5	5.0	0.5	11%
Western Europe	4.2	5.2	1.0	24%
Italy	1.0	1.4	0.4	40%
Other ROW	3.0	3.8	0.8	27%
Tristel global	25.4	30.8	5.4	21%
Hospital environmental surface disinfection: Cache				
UK	2.3	2.4	0.1	4%
Australia	0.1	0.1	-	-
Germany	0.1	0.1	-	-
Western Europe	0.2	0.2	-	-
Italy	0.0	0.0	-	-
Other ROW	0.5	0.5	-	-
Cache global	3.2	3.3	0.1	3%

Other revenue: various brands	1.0	1.9	0.9	90%
Continuing products	29.6	36.0	6.4	22%
Discontinued products	1.5	0	(1.5)	(100%)
Group	31.1	36.0	4.9	16%

Revenue by geography

The proportion of our revenue generated in overseas markets continued to increase and reached 65%. The history over the previous five years is shown in the table below.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue split %						
UK	49%	45%	40%	37%	35%	35%
Overseas	51%	55%	60%	63%	65%	65%
Annual revenue growth %						
UK	2%	9%	7%	-10%	-3%	14%
Overseas	19%	26%	32%	3%	2%	17%

*Sales made to international distributors are included within overseas in the above table to align with the location of the end customer. As these sales originate within the UK subsidiary, for segmental reporting purposes they are included within the UK.

We have 14 subsidiaries selling directly into the hospital marketplace in the United Kingdom, Belgium, the Netherlands, France, Italy, Germany, Switzerland, Poland, Hong Kong, China, Malaysia, Singapore, Australia, and New Zealand. We have subsidiaries in the United States, Japan, India, Spain and Ireland which are not yet active in terms of selling. We closed our Russian subsidiary early in FY22.

During the year, in another 26 countries, we sold products through national distributors.

Our Strategic Assets

We consider the assets that enable the Group to achieve its strategic goals to be:

Our chlorine dioxide chemistry

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

1. The proprietary formulation,
2. Our focus over two decades on exploring the potential for chlorine dioxide in the decontamination of medical instruments. There is another application for chlorine dioxide chemistry which all other businesses have concentrated upon which is water treatment. From the inception of our business in the 1990's we looked in a different direction – towards medical device disinfection – a direction which others have not followed, and this has given us the pioneer's advantage,
3. The length of time that we have enjoyed this pioneer position has allowed us to collate a significant body of knowledge, including published scientific data, the testimony of almost two decades of safe use, a significant global footprint of regulatory approvals and a library of proven compatibility with hundreds of medical instruments, all of which would take a new entrant significant time and cost to match.

Our regulatory programme succeeded in attaining 16 approvals for 11 products in nine countries during the year. This includes FDA grant of the De Novo request for Tristel ULT.

Intellectual property protection

On 30 June 2023, we held 142 patents granted in 32 countries providing legal protection for our products.

In its broadest sense, our intellectual property relates to:

1. Patents, trademarks and registered designs,
2. The scientific validation of our chemistry and our products that have entered the public domain, via a number of peer-reviewed and published papers,

3. The certification by medical device manufacturers that our chemistry is compatible with their products. We enjoy official compatibility with the instrumentation of 56 medical device manufacturer, with respect to 1,449 of their individual models.

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

Progress in North America

The Company made significant progress in North America during the year. The key event in June was the clearance by the FDA which completed its review of the Company's De Novo request for classification (Class II) of Tristel ULT as a high-level disinfectant, and granted its approval for sale.

Tristel Duo, the Company's intermediate level disinfectant approved by the US Environmental Protection Agency (EPA) for use on the ultrasound console and the non-invasive parts of the endocavity probe, was registered in all states in the USA.

The nationwide launch of Tristel ULT will commence on October 2023. The Company has established a manufacturing base with Parker Laboratories Inc., New Jersey, and will utilise Parker's national distribution network for the ultrasound market.

In Canada, the Company launched Tristel OPH as a high-level disinfectant for ophthalmic devices at the country's Infection Prevention Conference in May 2023.

Outlook

The enormous achievement of the year has been to gain FDA approval, thereby gaining access to the largest healthcare market in the world and creating the opportunity to leverage the significance of an FDA approval in countries that look to the USA regulator for their own practice. This includes Central and South America. We now have the opportunity to establish a global footprint for our products and technology. The outlook for the Company is the strongest it has been in its 30 year history.

Paul Swinney
Chief Executive Officer
Tristel plc

Tristel plc
Consolidated Income Statement for the Year Ended 30 June 2023

		2023	*Restated
	Note	£ 000	2022
			£ 000
Revenue	3	36,009	31,123
Cost of sales		(6,834)	(6,182)
Gross profit		29,175	24,941
Distribution expenses		(323)	(282)
Share based payments		(1,061)	(596)
Depreciation, amortisation and impairments		(2,618)	(5,216)
Administrative expenses, excluding share-based payments, depreciation, amortisation and impairment		(19,896)	(17,265)
Total administrative expenses		(23,575)	(23,077)
Other operating income		4	167
Operating profit		5,281	1,749
Finance income		10	1
Finance costs		(179)	(195)
Net finance cost		(169)	(194)
Profit before tax		5,112	1,555
Income tax expense	4	(651)	(568)
Profit for the year		4,461	987
Profit attributable to:			
Owners of the company		4,461	987

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

		2023	2022
			Restated
Basic – pence	6	9.44	2.09
Diluted – pence	6	9.34	2.07

The above results were derived from continuing operations.

* The Group has reconsidered its accounting policy for the presentation of distribution costs in the income statement. The prior year income statement has been restated for the reclassification of costs between cost of sales and distribution costs. As a result, the prior year has been restated to reflect a decrease in the cost of sales of £282,000 with a corresponding increase in distribution expenses. Note 8 details the only change to the profit before tax and profit after tax for financial year 2022.

Tristel Plc**Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023**

	2023	2022
	£ 000	£ 000
Profit for the year	4,461	987
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gains/(losses)	(214)	138
Total comprehensive income for the year	<u>4,247</u>	<u>1,125</u>
Total comprehensive income attributable to:		
Owners of the company	<u>4,247</u>	<u>1,125</u>

Tristel Plc
(Registration number: 04728199)
Consolidated Statement of Financial Position as at 30 June 2023

	Note	30 June 2023 £000	Restated 30 June 2022 £000	Restated 1 July 2021 £000
Assets				
Non-current Assets				
Property, plant and equipment		2,922	2,791	3,119
Right of use assets		4,905	5,568	6,083
Goodwill		5,156	5,242	5,265
Intangible assets		4,757	4,318	6,704
Deferred tax assets		1,286	1,826	2,822
		<u>19,026</u>	<u>19,565</u>	<u>23,993</u>
Current assets				
Inventories		4,569	4,420	4,266
Trade and other receivables		7,081	5,851	5,255
Income tax receivable		1,146	962	170
Short term investments		2,432	-	-
Cash and cash equivalents		7,113	8,883	8,094
		<u>22,341</u>	<u>20,116</u>	<u>17,785</u>
Total assets		<u>41,367</u>	<u>39,681</u>	<u>41,778</u>
Equity and liabilities				
Equity				
Share capital	7	474	473	471
Share premium		14,188	13,996	13,600
Foreign currency translation reserve		(279)	(65)	(203)
Merger reserve		2,205	2,205	2,205
Retained earnings		14,089	13,078	15,334
Equity attributable to owners of the company		<u>30,677</u>	<u>29,687</u>	<u>31,407</u>
Non-controlling interests		7	7	7
Total Equity		<u>30,684</u>	<u>29,694</u>	<u>31,414</u>
Non-Current liabilities				
Lease liabilities		4,321	4,854	5,372
Deferred tax liabilities		599	720	637
		<u>4,920</u>	<u>5,574</u>	<u>6,009</u>
Current Liabilities				
Trade and other payables		4,801	3,222	3,476
Income tax payable		103	-	-
Lease liabilities		859	942	629
		<u>5,763</u>	<u>4,413</u>	<u>4,355</u>
Total liabilities		<u>10,683</u>	<u>9,987</u>	<u>10,364</u>
Total equity and liabilities		<u>41,367</u>	<u>39,681</u>	<u>41,778</u>

Tristel Plc
Consolidated Statement of Changes in Equity for the Year Ended 30 June 2023

		Share capital	Share premium	Foreign currency translation	Merger reserve	Retained earnings	Total	Non- controlling interests	Total equity
	Note	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 July 2022		473	13,996	(65)	2,205	12,371	28,980	7	28,987
Deferred tax asset restatement	8	-	-	-	-	333	333	-	333
IFRS 16 Restatement	8	-	-	-	-	374	374	-	374
As restated at 1 July 2022		473	13,996	(65)	2,205	13,078	29,687	7	29,694
Profit for the year		-	-	-	-	4,461	4,461	-	4,461
Exchange difference on translation of foreign operations		-	-	(214)	-	-	(214)	-	(214)
Total comprehensive income		-	-	(214)	-	4,461	4,247	-	4,247
Dividends		-	-	-	-	(4,511)	(4,511)	-	(4,511)
New share capital subscribed	7	1	192	-	-	-	193	-	193
Share based payment transactions		-	-	-	-	1,061	1,061	-	1,061
At 30 June 2023		474	14,188	(279)	2,205	14,089	30,677	7	30,684

Right of use assets, deferred tax asset, lease liabilities and retained earnings for the prior year have been restated. See note 8.

		Share capital	Share premium	Foreign currency translation	Merger reserve	Restated* Retained earnings	Restated* Total	Non- controlling interests	Restated* Total equity
	Note	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 July 2021 –		471	13,600	(203)	2,205	14,687	30,760	7	30,767
Deferred tax asset restatement	8	-	-	-	-	333	333	-	333
IFRS 16 restatement	8	-	-	-	-	314	314	-	314
As at 1 July 2021 restated		471	13,600	(203)	2,205	15,334	31,407	7	31,414
Profit for the year		-	-	-	-	987	987	-	987
Exchange difference on translation of foreign operations		-	-	138	-	-	138	-	138
Total comprehensive income		-	-	138	-	987	1,125	-	1,125
Dividends		-	-	-	-	(3,091)	(3,091)	-	(3,091)
New share capital subscribed	7	2	396	-	-	-	398	-	398
Deferred tax through equity		-	-	-	-	(795)	(795)	-	(795)
Current tax through equity		-	-	-	-	47	47	-	47
Share based payment transactions		-	-	-	-	596	596	-	596
At 30 June 2022 - restated		473	13,996	(65)	2,205	13,078	29,687	7	29,694

Tristel Plc

Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	2023	Restated 2022
	£000	£000
Cash flows from operating activities		
Profit before tax	5,112	1,555
Adjustments to cash flows from non-cash items		
Depreciation of leased assets	1,000	968
Depreciation of plant, property & equipment	734	632
Impairment of goodwill	68	67
Amortisation of intangible assets	816	1,105
Impairment of intangibles	-	2,439
Share based payments - IFRS 2	1,061	596
Loss on disposal of property, plant and equipment	69	20
Lease interest	177	193
Other interest	2	2
Finance income	(10)	(1)
	<u>9,029</u>	<u>7,576</u>
Working capital adjustments		
(Increase)/decrease in inventories	(149)	(154)
(Increase)/decrease in trade and other receivables	(1,230)	(596)
(Decrease)/increase in trade and other payables	1,330	114
Lease interest paid	(177)	(193)
Corporation tax paid	(313)	(772)
Net cash flow from operating activities	<u>8,490</u>	<u>5,726</u>
Cash flows from investing activities		
Interest received	10	1
Purchase of intangible assets	(1,570)	(898)
Purchase of property plant and equipment	(853)	(305)
Cash deposit to short term investments	(2,432)	-
	<u>(4,845)</u>	<u>(1,202)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payment of lease liabilities	(1,126)	(1,103)
Share issues	7 193	398
Dividends paid	5 (4,511)	(3,091)
Net cash used in financing activities	<u>(5,444)</u>	<u>(3,796)</u>
Net increase in cash and cash equivalents	<u>(1,799)</u>	<u>728</u>
Cash and cash equivalents at the beginning of the year	8,883	8,094
Exchange differences on cash and cash equivalents	29	61
Cash and cash equivalents at the end of the year	<u>7,113</u>	<u>8,883</u>

Net Funds - liabilities from financing activities and cash and cash equivalents

	Leases	Cash and cash equivalents	Short term investments	Total
	£000	£000	£000	£000
Net funds at 30 June 2021 (restated)	(6,251)	8,094	-	1,843
Cash movement	-	728	-	728
Payment of lease liabilities	1,103	-	-	1,103
Lease interest	(194)	-	-	(194)
Acquisition - leases	(427)	-	-	(427)
Foreign exchange adjustments	(27)	61	-	(34)
Net funds as at 30 June 2022 (restated)	(5,796)	8,883	-	3,087
Cash movement	-	(1,799)	2,432	633
Payment of lease liabilities	1,126	-	-	1,126
Lease interest	(176)	-	-	(176)
Acquisition - leases	(469)	-	-	(465)
Terminations - leases	127	-	-	124
Foreign exchange adjustments	7	29	-	36
Net funds as at 30 June 2023	(5,180)	7,113	2,432	4,365

1 Accounting Policies

Basis of accounting

This financial information has been prepared in accordance with UK adopted international accounting standards and in accordance with the provisions of the Companies act 2006.

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

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 June 2023. Subsidiaries are entities over which the Group has rights or is exposed to variable returns from its involvement with the investee and has the power to affect those returns by controlling the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights or IP held.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Interests in subsidiaries are accounted for at cost less accumulated impairment losses.

Step acquisitions

Prior to control being obtained, the Company accounts for its investment in the equity interests of an acquiree in accordance with the nature of the investment by applying the relevant standard, e.g. IFRS 11 Joint Arrangements or IFRS 9 Financial Instruments. As part of accounting for the business combination, the Company remeasures any previously held interest at fair value and takes this amount into account in the determination of goodwill as noted above. Any resultant gain or loss is recognised in profit or loss or other comprehensive income as appropriate.

Audit exemption

The Directors confirm that in accordance with sections 479A and 479C of the Companies Act 2006, Tristel Plc, as parent company of the below entities, has given a parental guarantee to enable those companies to claim exemption from audit. This guarantee relates to the year ended 30 June 2023. The members of these companies have agreed to the exemption from the audit by virtue of the guarantee given by Tristel Plc, for the year ended 30 June 2023.

- Tristel International Limited - Registered number 07874262
- Scorcher Idea Limited - Registered number 04602679
- Tristel Solutions Limited - Registered number 03518312

Changes in accounting policy

Since 30 June 2023 a number of standards, amendments to or interpretations of standards have been issued as shown by the following two tables, as follows:

Adoption of new and revised standards

The following accounting standards, interpretations and amendments have been adopted by the Group in the Year Ended 30 June 2023:

Amendments to the following standards:
IFRS 3 Business combinations
IAS 16 Property, plant and equipment
IAS 37 provisions, contingent liabilities and contingent assets

These amended standards did not have a material effect on the Group.

Accounting standards not yet adopted by the Group

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the UK or were not yet effective in the UK at 30 June 2023:

IAS 1 Presentation of Financial Statements: Non current liabilities with covenants
IAS 12 Income Taxes: deferred tax related to assets and liabilities arising from a single transaction and International tax reform - pillar two model rules
IAS 7 Amendment in relation to Supplier finance
IFRS 16 Leases: Amendment - Leases on sale and leaseback
IFRS 17 Insurance Contracts

The Directors do not expect the standards above to have a material effect and have chosen not to adopt any of the above standards and interpretations earlier than required.

2. Publication non-statutory accounts

The financial information set out above does not constitute the company's statutory accounts for the years ended 30 June 2023 or 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the registrar of companies, and those for 2023 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Board of Tristel plc approved the release of this Preliminary Announcement on 16 October 2023.

3 Segmental Analysis

The Group has reassessed its operating segments and Group revenue lines are split into fourteen geographic regions, which span the different Group entities. In accordance with IFRS 8, aggregation criteria has been applied to six operating segments where similar economic characteristics are shared. The directors consider the operating segments to have similar economic characteristics as they have similar operating margins, and the nature of products sold, and customers are similar. Management consider these operating regions under six reportable segments. The geographic segments consider the location of the sale and product type sold, which is split into three sub divisions. The Company's operating segments are identified initially from the information which is reported to the chief operating decision maker which for Tristel is the CEO.

The first product division concerns the manufacture and sale of medical device decontamination products which are used primarily for infection control in hospitals. These products generates approximately 86% of Company revenues (2022: 82%).

The second division which constitutes 9% (2022: 10%) of the business activity, relates to the manufacture and sale of hospital environmental surface disinfection products.

The third division addresses the pharmaceutical and personal care product manufacturing industries, veterinary and animal welfare sectors and has generated 5% (2022: 8%) of the Company's revenues this year. A number of the products contained within this division were discontinued during the prior year.

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

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

	Hospital medical device decontamination	Hospital environmental surface disinfection	Other revenues	Total 2023	Profit Before Tax 2023
	£000	£000	£000	£000	£000
UK to UK and Overseas distributors	11,895	2,381	1,017	15,294	4,179
Australia	3,504	22	134	3,660	165
Germany	4,979	40	89	5,108	230
Western Europe	5,244	240	347	5,831	262
Italy	1,429	5	-	1,434	65
Other ROW	3,766	608	309	4,683	211
Total	30,817	3,296	1,896	36,009	5,112
	Hospital medical device decontamination	Hospital environmental surface disinfection	Other revenues	Total 2022	Profit Before Tax 2022
	£000	£000	£000	£000	£000
UK to UK and Overseas distributors	9,749	2,301	1,559	13,610	768
Australia	2,964	45	83	3,091	139
Germany	4,502	16	114	4,632	208
Western Europe	4,234	283	321	4,838	218
Italy	1,007	3	-	1,010	45
Other ROW	2,965	530	447	3,942	177
Total	25,422	3,178	2,523	31,123	1,555

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

Revenues derived from the UK (the largest CGU stated above) for 2023 were £15.924m (2022: £13.610m). Revenues from all overseas subsidiaries total £20.085m (2022: £17.513m.)

Hospital medical device decontamination revenues were derived from a large number of customers but include £6.133m from a single customer in UK which makes up 20% of this product category's revenue (2022: £4.572m, being 18%). Hospital environmental surface disinfection revenues were derived from a number of customers but include £1.82m from a single customer in the UK which makes up 5% of this product category's revenue (2022: £1.636m, being 51%). Other revenues also were derived from a number of customers, with the largest customer in the UK accountable for £0.172m, which represents 7% of revenue for that product category (2022: £0.124m, 5% from a single customer). During the year 22% of the Group's total revenues were earned from a single customer (2022: 20%).

	Hospital medical device decontamination	Hospital environmental surface disinfection	Other revenues	Total 2023
	£000	£000	£000	£000
Revenue				
From external customers	30,816	3,296	1,897	36,009
Cost of material	(4,494)	(1,437)	(903)	(6,834)
Gross profit	<u>26,323</u>	<u>1,859</u>	<u>993</u>	<u>29,175</u>
Gross margin	<u>85%</u>	<u>56%</u>	<u>51%</u>	<u>81%</u>

Centrally incurred income and expenses not attributable to individual segments:

Distribution costs	(323)
Depreciation and amortisation of non-financial assets	(2,618)
Other administrative expenses	(19,896)
Share-based payments	(1,061)
Other income	4
Operating profit	5,281
Operating profit can be reconciled to Group profit before tax as follows:	
Finance (expense)	(169)
Total profit before tax	<u>5,112</u>

	Hospital medical device decontamination	Hospital environmental surface disinfection	Other revenues	Total 2022
	£000	£000	£000	£000
Revenue				
From external customers	25,422	3,178	2,523	31,123
Cost of material	(3,883)	(1,236)	(1,063)	(6,182)
Gross profit	21,539	1,942	1,460	24,941
Gross margin	85%	61%	58%	80%
Centrally incurred income and expenses not attributable to individual segments:				
Distribution costs				(282)
Depreciation and amortisation of non-financial assets				(2,772)
Other administrative expenses				(17,270)
Share-based payments				(596)
Other income				167
Impairment of intangible assets				(2,439)
Operating profit				1,749
Operating profit can be reconciled to Group profit before tax as follows:				
Finance (expense)				(194)
Total profit before tax				1,555

4. Income Tax

Tax charged in the income statement		
	2023	2022
	£000	£000
Current taxation		
Current tax	285	284
Current tax adjustment to prior periods	(53)	-
	232	284
Deferred tax		
Arising from origination and reversal of temporary differences	817	114
UK deferred tax adjustment to prior periods	(476)	314
Tax rate effect	78	(144)
	419	284
Tax expense in the income statement	651	568

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 20% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£ 000	£ 000
Profit before tax	5,112	1,555
Corporation tax at standard rate	1,048	295
Adjustment in respect of prior years	(529)	314
Expenses not deductible for tax purposes	285	55
Increase from effect of foreign tax rates	46	25
Utilisation of previously recognised tax losses, recognised tax losses carried forward and other differences	464	118
Tax rate differences	78	(144)
Enhanced relief on qualifying scientific research expenditure	(98)	(95)
Patent box relief	(643)	-
Total tax charge	651	568

5. Dividends

Amounts recognised as distributions to equity holders in the year:

	2023	2022
	£000	£000
Ordinary shares of 1p each		
Final dividend for the year ended 30 June 2022 of 3.93p (2021: 3.93p) per share	1,856	1,854
Special dividend for the Year Ended 30 June 2022 of 3.00p per share (2021: nil)	1,417	-
Interim dividend for the Year Ended 30 June 2023 of 2.62p (2022: 2.62p) per share	1,238	1,237
	4,511	3,091
Proposed final dividend for the Year Ended 30 June 2023 of 7.88p (2022: 3.93p) per share	3,728	1,856
Special dividend for the Year Ended 30 June 2022 of 3.00p per share (2021: nil)	-	1,417

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

6. Earnings per share

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

	2023	2022
	£000	£000
Retained profit for the financial year attributable to equity holders of the parent	4,461	987
	Shares	Shares
	'000	'000
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	47,247	47,187
Share options	111	582
	47,358	47,769
Earnings per ordinary share		
Basic	9.44p	2.09p
Diluted	9.34p	2.07p

The Group also presents an adjusted basic earnings per share figure which excludes the fair value movement on investments and impairments and share-based payments charges:

	2023	2022
	£000	£000
Retained profit for the financial year attributable to equity holders of the parent	4,461	987
Adjustments:		
Impairment of intangible assets	-	2,439
Share based payments	1,061	596
Tax on share-based-payments and impairment of intangible assets	(483)	(400)
Net adjustments	578	2,635
Adjusted earnings	5,039	3,622
Adjusted basic earnings per ordinary share	10.67p	7.68p

7. Share Capital

Allotted, called up and fully paid shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary of £0.01 each	47,309	473.09	47,244	472.44

	Number	£000
30 June 2022	47,249,993	473
Issued during the year	85,000	1
30 June 2023	47,309,993	474

85,000 ordinary shares of 1 pence each, related to the exercise of employee share options were issued during the year. (2022: 155,550). The weighted average exercise price was £2.07 (2022: £3.15). The exercise of employee share options in the year resulted in a movement in the share premium account of £192,000 (2022: £396,000).

8. Prior year restatement

Restatement 1

During the current financial year the group adopted a suite of lease accounting software. The software has outlined the need for a restatement of the financial position of prior years which is detailed below. These differences emerged from varying discount rate applications and omitted leases, which in current year have been supplied by an independent third party due to the lack of borrowing within the Group and rectified respectively. As a result of the restatement, the operating profit before tax and profit after tax for the year ended 30 June 2022 has increased by £60k from £927k to £987k. As a result of the restatement the Earnings per share for the prior year are restated to £2.09 previously £1.96. Diluted earnings per share for the prior year are also restated to £2.07, previously £1.94.

Restatement 2

During the current financial year it was identified that a corporate tax receivable balance had incorrectly been recorded as a sales tax payable in the prior year. There was no adjustment required to the 1 July 2022 statement of financial position and no change to the tax charge.

Restatement 3

During the current financial year it was identified that no adjustment had previously been made for the tax effect of unrealised intra-group profits. The correction of this has no material profit effect in the current or prior year and has been moved to retained earnings as detailed below.

	2022				
	Previously	Restatement 1	Restatement 2	Restatement 3	2022 Restated
Consolidated statement					
of financial position 2022	reported				
	£000	£000	£000	£000	£000
Right of use assets	5,209	359	-	-	5,568
Current liabilities – lease liabilities	(814)	(128)	-	-	(942)
Non-current – lease liabilities	(4,997)	143	-	-	(4,854)
Deferred tax asset	1,493	-	-	333	1,826
Income tax receivable	713	-	249	-	962
Trade and other payables	(3,222)	-	(249)	-	(3,471)
Retained earnings	12,371	374	-	333	13,078

	2021				
	Previously	Restatement 1	Restatement 2	Restatement 3	2021
Consolidated statement					Restated
of financial position 2021	reported				
	£000	£000	£000	£000	£000
Right of use assets	5,423	660	-	-	6,083
Current liabilities – lease liabilities	(629)	(250)	-	-	(879)
Non-current – lease liabilities	(5,276)	(96)	-	-	(5,372)
Deferred tax asset	2,489	-	-	333	2,822
Retained earnings	14,687	374	-	333	15,334

9. Non-GAAP measures

Income statement reconciliation

The group presents adjusted profit measures (operating profit/EBIT, Profit after tax, Profit before tax and EBITDA) by making adjustments for costs and profits, which management believes to be significant by virtue of their size, nature or incidence. Such items may include, but are not limited to, share based payments expense, impairments, fair value movements on investments and restructuring. In addition, the group presents EBITDA and adjusted EBITDA (adjusted in the same manner) as management believes that this is an important metric for the shareholders. The group uses adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting. See below reconciliation of operating profit (EBIT), profit before tax, net profit and EBITDA to the respective adjusted measures.

Adjusted profit measures	Notes	2023		
		Statutory £000	2 Adjusted £000	
Operating profit (EBIT)		5,281	1,061	6,342
Net finance costs	4	(169)	-	(169)
Profit before tax		5,112	1,061	6,173
Income tax expense	8	(651)	(483)	(1,134)
Profit attributable to equity shareholders		4,461	578	5,039
Effective tax rate		13%	46%	18%
Profit before tax margin		14%		17%
Profit for the year		4,461	578	5,039
Income tax expense		651	486	1,134
Net finance cost		169	-	169
Depreciation, amortisation and impairments		2,618	-	2,618
EBITDA		7,899	1,061	8,960
Revenue for the year		36,009	-	36,009
EBITDA margin		22%	-	25%

ROCE	2023 Statutory £000
Total assets - restated	41,367
Current liabilities	(5,763)
Capital employed	35,604
EBIT	5,281
ROCE	15%

Adjusted profit measures	Notes	Specific adjusting items			Adjusted £000
		2022 Statutory £000	1	2	
Operating profit (EBIT)		1,749	2,439	596	4,784
Net finance costs	4	(194)	-	-	(194)
Profit before tax		1,555	2,439	596	4,590
Income tax expense - restated	8	(568)	(463)	63	(968)
Profit attributable to equity shareholders		987	1,976	659	3,622
Effective tax rate		37%	19%	11%	21%
Profit before tax margin		5%			15%
Profit for the year		987	1,976	659	3,622
Income tax expense		568	463	(63)	968
Net finance cost		194	-	-	194
Depreciation, amortisation and impairments		5,211	(2,439)	-	2,772
EBITDA		6,960	-	596	7,556
Revenue for the year		31,123	-	-	31,123
EBITDA margin		22%	-	-	24%

ROCE	Restated 2022 Statutory £000
Total assets - restated	39,681
Current liabilities	(4,413)
Capital employed	35,268
EBIT	1,689
ROCE	5%

Specific adjusting items are as follows:

1. Impairment of intangibles in relation to prior year product rationalisation
2. Share based payment charges under IFRS 2

10. Annual Report

Printed copies of the annual report and financial statements, along with the notice of AGM, will be sent to shareholders prior to the Company's Annual General Meeting taking place on 19 December 2023 in London. The accounts will be available on line shortly at www.tristelgroup.com