TRISTEL PLC ANNUAL REPORT & ACCOUNTS
YEAR ENDED 30 JUNE 2023

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Tristel

Contents

During the year:

WE HAVE SECURED DE NOVO CLEARANCE FROM THE UNITED STATES FOOD AND DRUG ADMINISTRATION (FDA) FOR OUR HAND-HELD, HIGH LEVEL DISINFECTANT, TRISTEL ULT.

WE ARE CONFIDENT THAT OUR CACHE RANGE WILL SECURE REGULATORY APPROVALS IN THE CURRENT FINANCIAL YEAR.

TRISTEL MEDICAL DEVICE DISINFECTANT REVENUE INCREASED TO £30.8M FROM £25.4M IN 2022.

NEW PRODUCT DEVELOPMENT REMAINS A KEY FOCUS, WITH INVESTMENT CONTINUING IN THREE AREAS: THE 3T PLATFORM, AI CAPABILITIES AND COLOUR-CHANGE TECHNOLOGY.

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.

Tristel

Medical device decontamination in hospitals

cache

Environmental surface disinfection in hospitals

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 fulfilled.

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 the part of the range which is ready to be actively marketed is waiting for regulatory approvals in key markets. In Europe, CE marking is required for medical device disinfectants, and while 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 this 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 25 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 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
13 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:

1. Sales growth in the range of 10% to 15% per annum as an annual average over the three years

2. The achievement in each year of an EBITDA margin (excluding share-based payment charge) of at least 25%, and

3. 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%	24.3%	No
Ended 30.06.23	36.0	16%	4.7%	25.1%	Yes

** See note 25.*

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:

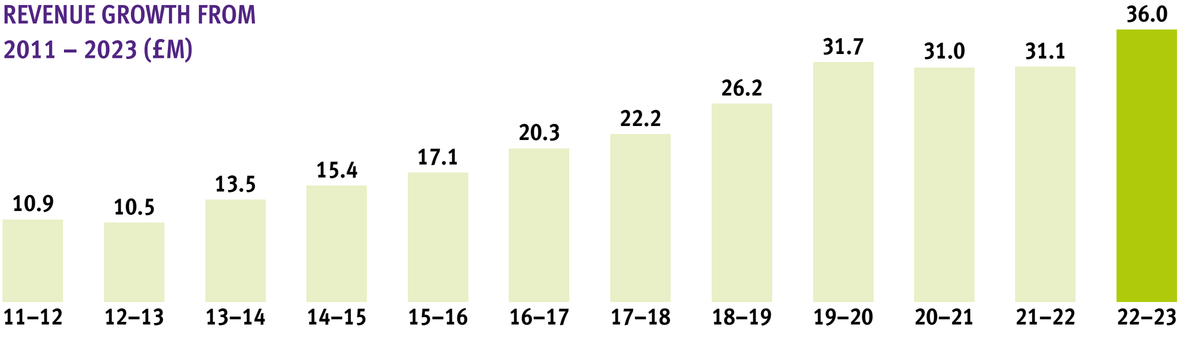
	Brand	2021-22 Revenue £m	Percentage of total	2022-23 Revenue £m	Percentage of total
Medical device decontamination in hospitals	Tristel	25.4	82%	30.8	86%
Environmental surface disinfection in hospitals	Cache	3.2	10%	3.3	9%
Other – non-core	Various	1.0	3%	1.9	5%
Continuing products		29.6	95%	36.0	100%
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 £m	2022-23 Revenue £m	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 GROWTH FROM 2011 – 2023 (£M)



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%	12%
Overseas	19%	26%	32%	3%	2%	18%

** 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 1990s we looked in a different direction – towards medical device disinfection – a direction which others have not followed. 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

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 very significant progress in North America during the year. The key event in June was the FDA clearance. This 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 USA 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 in 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
13 October 2023

Financial Review of the Business

Sales

Sales for the year to 30 June 2023 increased by 16% to £36m (2022: nil% to £31.1m). Sales in the United Kingdom increased by 14% to £12.5m (2022: (3%) to £11.0m) and overseas by 17% to £23.5m (2022: 2% to £20.1m). The APAC region grew by 17% to £7.4m (2022: 5% to £6.3m), Europe by 20% to £13.4m (2022: 3% to £11.2m) and the global distributor network sales grew by 4% to £2.7m (2022: (1%) to £2.6m). Of the total sales increase of £4.9m, £2.8m can be attributed to growth in the volume of product sold, £1.4m to price increases and £0.8m to favourable currency movements. Volume increases come from international expansion, such as new distributor markets, increased roll-out of product within existing customer sites, and the acquisition of new customers. All of these applied during the year.

Share-based payments

The non-cash IFRS2 charge (share-based payment charge) for the year was £1.1m (2022: £0.6m). £0.329m (2022: £0.094m) of the charge relates to the Executive Management LTIP scheme approved at the Company's 2020 AGM, the remaining £0.732m (2022: £0.506m) relates to the Company's All Staff Option scheme. Details of the schemes can be found in note 23.

Administrative expenses

Total administrative expenses increased by 14% during the year. Group headcount rose from 204 to 224 which increased wages and salary costs (excluding share-based payments) from £11.0m to £12.7m, an increase of £1.7m, or 15%.

Our employees are distributed around the globe as follows: 142 in the United Kingdom (2022: 123); 42 in Europe (2022: 38); and 40 in the Asia and Pacific region (2022: 38). Almost all manufacturing takes place in the United Kingdom together with central corporate functions such as quality assurance, regulatory affairs, product development and research.

Earnings before interest, tax, depreciation, and amortization (EBITDA)

Adjusted EBITDA (before share-based payments, impairments and fair value movements) increased by 18% in the year to £9.0m (2022: £7.6m). EBITDA increased by 13% for the year to £8.0m (2022: £7.0m). The calculation of adjusted EBITDA and EBITDA is detailed in note 25.

Profit before tax (adjusted and statutory)

Adjusted profit before tax (before share-based payments, impairments and fair value movements) was £6.2m (2022: £4.6m), an increase of 35%. Statutory profit before tax increased by 219% to £5.1m from £1.6m. Adjusted pre-tax profit margin was 17% (2022: 15%). Statutory pre-tax profit margin was 13% (2022: 5%).

During FY22 a number of product lines were discontinued to enable the business to focus on its core activity of hospital infection prevention centred around its proprietary chemistry formulation. As anticipated, this decision created a short-term negative revenue impact alongside a number of exceptional and one-off costs, the majority of which were non-cash, leaving a more streamlined and focussed organisation. The immediate benefit of this can be seen in the FY23 results.

Earnings and dividends

The Company's policy has been to pay out half of adjusted EPS to shareholders in the form of an ordinary dividend each year. This policy has now changed, and in future dividends will increase by a minimum of 5%. When declaring dividends, the Board considers the Group's cash resources and the adequacy of its distributable reserves.

The conditions that the Board applies to special dividends are that cash reserves should exceed, after payment of the dividend, the minimum operational and investment needs of the business and that the special dividend can be made from available distributable reserves. The Board believes this approach provides a flexible mechanism for managing the maintenance and expansion of the Group's asset base while providing a reasonable return to shareholders.

Over the last three years, the Group's EPS and dividends were:

Relating to year ended 30 June	Adjusted EPS pence	Interim dividend pence	Final dividend pence	Special dividend pence	Total dividend pence	Ordinary dividend cover ratio
2023	**10.67**	**2.62**	**7.88**	**None**	**10.50**	**1.02 times**
2022 – *restated*	7.68	2.62	3.93	3.00	9.55	0.80 times
2021	11.36	2.62	3.93	None	6.55	1.75 times

The relationship between ordinary dividends and adjusted EPS can be expressed as a cover ratio.

Dividend announcements, approvals and payments are typically expected to follow a set schedule:

Dividend	Date announced	Date approved	Approximate payment date
Ordinary interim	Declared – February	The Board – February	April
Ordinary final	Recommended – October	AGM by shareholders – December	December
Special	Declared – July	The Board – May	August

Cash flow

During the year, net cash flow from operating activities increased to £8.490m. The components of the movement are:

£000's	Year ended 30 June 2023	Year ended 30 June 2022	Movement
Profit before tax	5,112	1,555	3,557
Share based payment expense	1,061	596	465
Depreciation and amortisation	2,550	2,705	(155)
Impairment charges and loss on disposal of intangible assets and goodwill	68	2,772	(2,704)
Loss on disposal of plant, property and equipment	69	20	49
Finance income	(10)	(1)	(9)
Finance costs	2	2	–
Working capital movements	(49)	(636)	587
Taxation	(313)	(1,021)	708
Net cash flow from operating activities	**8,490**	**5,726**	**2,498**

The key contributors to the year-on-year cash-flow movement were the increase in profit before tax and share-based payments of £4m and associated working capital movements.

Review of Statement of Financial Position

Intangible assets: In May 2023 the assets of Fal Care FZE, a distributor based in the Middle East and North Africa, were purchased for £339,000. Management considered that substantially all of the acquired value sits within the distributor relationships asset. The asset has been recognised as an addition to customer relationships in the balance sheet.

Short term investments: The increased Bank of England (BOE) interest rate has incentivised prompt cash collection across the group which are subsequently invested on short term deals. At year end £2,432k was invested for a period of greater than 6 months.

Trade receivables: Increased sales revenues for the period have led to an increased trade receivables balance at year end. This is monitored closely by the credit control team to ensure recovery.

Financial key performance indicators (KPIs)

The Board considers the primary financial KPIs to be:

	Measurement	Why is this important?	Financial key performance indicator for 2022-23
TOTAL REVENUE GROWTH	Change in the current year revenue compared with the previous year.	To meet the strategic objective of delivering long-term sustainable growth in EPS, consistent revenue growth must be achieved.	16% 2021-22: (0.3%)
NON-UK REVENUE AS A PERCENTAGE OF TOTAL REVENUE	The ratio of non-UK revenue to total revenue.	Within the UK, revenue growth rates are slowing as a result of high market penetration. To achieve consistent overall revenue growth, sales from overseas will need to become a higher percentage of total revenue.	65% 2021-22: (65%)
GROSS PROFIT MARGIN	The ratio of gross profit to revenue.	Gross margin is a primary indicator of business performance and market competitiveness. A movement in gross margin generally reflects a change in the product mix, market pricing, or both.	81% 2021-22: Restated 80%
ADJUSTED PRE-TAX PROFIT GROWTH	The year-on-year increase in adjusted profit before tax (see note 25.)	The Group's primary financial objective is to deliver sustainable long-term growth in the value of our shareholders' investment in the Group. The primary driver of this will be sustainable profits growth.	34% 2021-22: Restated (15%)
ADJUSTED PBT MARGIN	The ratio of adjusted pre-tax profit to revenue (see note 25.)	A movement in PBT margin indicates changes in profitability.	17% 2021-22: Restated 15%
ADJUSTED BASIC EARNINGS PER SHARE (EPS)	Profit after tax, adjusted for share-based payments, impairment of intangible assets and fair value movements in investments divided by the weighted average number of shares in issue during the period (see note 22.)	Adjusted Basic EPS is a widely used measure of Company performance.	10.67 PENCE 2021-22: Restated 7.68 pence
RETURN ON CAPITAL EMPLOYED	The ratio of EBIT to the sum of total assets less current liabilities (see note 25.)	Return on capital employed (ROCE) is a good baseline measure of a company's performance. It is especially useful when comparing similar types of businesses.	15% 2021-22: 5%

The Board recognises that by focussing upon 'adjusted' financial measures, undue prominence could be seen as being placed upon them, however, as these are the KPIs that the Board utilises in its management of the business, it feels that it is appropriate to report these to shareholders. To enable readers to understand the whole picture, the statutory KPIs are detailed below. The 'adjustments' that were made include one-off impairment and discontinued operation costs in FY22, and share based-payment charges in FY22 and FY23. Full details of these adjustments are given in note 25. The adjustments are made so that the underlying profitability of the business can be determined by the reader. Underlying profitability is considered to be free of one-off distortions such as write-offs, and non-cash items which may or may not materialise into a benefit for the recipient.

	Total revenue growth	Non-UK revenue as a percentage of total revenue	Gross profit margin	Pre-tax profit growth	PBT margin	Basic earnings per share (EPS)	Return on capital employed
Financial key performance indicator for 2022-23	16%	65%	81%	229%	14%	9.44 pence	15%
Financial key performance indicator for 2021-22	0.3%	65%	Restated 80%	Restated (60%)	Restated 5%	2.09 pence	5%

Non-financial key performance indicators

In addition to financial KPIs, the Board measures and monitors various non-financial KPIs, including the maintenance of the Group's quality management system (QMS) and its certification required for the design, manufacture and sale of medical devices. The Group is regularly audited by its Notified Body. The level of success of these audits is measured by the number of major non-conformances raised. The Notified Body tests the Group's QMS and assesses the conformity of medical devices placed on the market. During the year, the Group underwent three audits of the Quality Managements System and two desktop reviews of device technical files, and no major non-conformances were reported (2022: none). The Company is compliant to the new versions of the following standards ISO13485:2016, ISO9001:2015 and is MDSAP certified.

Health and safety KPIs are measurable values used by the Board to determine and track any accidents, incidents and near-misses occurring within the Group's activities. These KPIs help to determine how well the Health and Safety team is performing and how compliant the workforce is to the safety operating procedures in place. During the year no lost working time accidents were reported (2022: none).

The Board are regularly updated on employee turnover, gender split and pay gap, age statistics and Company tenure. Operational performance and customer satisfaction are assessed by purchasing compliance and delivery OTIF (On-Time-In-Full) percentages and customer complaints are monitored and target above 98% effectiveness which is measured as complete orders delivered free from defect.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, including its cash flows and liquidity position. The strategic report also further describes the Group's objectives, policies and processes for financial risk management, including credit and liquidity risk, cash flow risk and exchange rate risk. The financial statements are prepared on the going concern basis which the Directors believe to be appropriate for the following reasons:

The Directors have prepared cash flow forecasts in order to assess going concern. The forecasts take account of potential and realistic changes in trading performance, and also include severe yet plausible downside scenarios. These scenarios include modelling reductions in revenue and margins and increasing costs and considering the consequent cash outflow that could result. A reverse stress test was also conducted. The Directors have also considered the current economic environment, and in particular, recent movements in foreign exchange rates, rising energy costs and inflation in these scenarios. The forecasts indicate that, taking account of severe yet plausible downside scenarios, the Group and Company are able to operate within the level of existing cash resources, which at 30 September 2023 were £11.9m for the group.

The key business risks are considered, documented, and acted upon by the senior management team and Board of Directors regularly. The key areas considered are set out below:

OPERATIONS RISK

The Group's ability to continue to manufacture and supply its products in a timely manner is a prerequisite to maintaining its sales growth rate, gross margin, and profitability. This area of risk is kept under constant review, including identifying multiple routes of supply for key materials and services related to the production of the Group's products. A disaster recovery and business continuity plan is in place and updated regularly. The plan sets out the steps required to swiftly relocate people, systems, and production to ensure continuity of supply.

REGULATORY AND LEGAL APPROVAL RISK

The ability to continue to market the Group's products is directly linked to the Group's ability to achieve and maintain regulatory and legal approvals in those countries where the Group has a presence.

The challenges in maintaining worldwide legal and regulatory compliance in respect of financial, environmental, quality and health and safety requirements are significant. The Executive Board members, supported by senior managers and specialist advisors, take responsibility for maintaining legal compliance. Through a risk management process, the implications of new regulations and legislation are assessed and the necessary changes and mitigation are implemented.

PANDEMIC RISK

The possibility of another global pandemic cannot be discounted and could represent a similar disruption to the business caused by COVID-19. The key risk is that medical device sales fall as a consequence of outpatient clinic closure or curtailment, so that hospital resources can focus entirely upon the consequences of the pandemic.

Other risks associated with a pandemic, associated with a variation to normal sales activity, include:

- **Supply chain:** national lockdowns and industry closures could slow the inward supply of product components and raw materials to the Group's manufacturing facility. This risk can be mitigated by holding adequate inventory of both components and finished goods.
- **Health and safety:** if an infection outbreak were to occur amongst the Group's personnel, the business could be negatively impacted through the absence of key staff. The business operates a backfill plan in case key personnel are absent for an extended period of time - stipulating how all essential functions can continue.
- **IT:** the increased level of home working increases the risk of data loss or business interruption due to possible insecure network connections. The Company's communications and information technology infrastructures ensure they are able to support remote working, user awareness of cyber-attacks is constantly monitored and device management including anti-virus and firewall protection is enhanced. The frequency and adequacy of data backup practices is set at a level that reduces risk, and cloud-based technology is in place to facilitate seamless remote working.

EXTERNAL RISKS

The Group's performance is also subject to external macroeconomic conditions and changes in factors such as inflation or public spending. The current inflationary environment has resulted in the Group increasing prices where absolutely necessary, and absorbing costs as far as is feasible.

CASH FLOW RISK

The Group's cash balances are monitored daily to ensure sufficient funds are held to meet the business needs without the requirement for further financing. To aid with the control of funds, cash flow forecasts are reviewed regularly to allow the required allocation of funds across the Group to be visible and avoid any shortfalls. To further reduce risk, Group entities hold only the cash required for their operational activities. Excess funds are held in the United Kingdom.

EXCHANGE RATE RISK

Group exposure to exchange rate risk includes the measurement of overseas operations at the relevant exchange rate and changes in trade payables and receivables as a result of exchange rate movements. Daily exchange rate movements are monitored and any losses or gains incurred are taken to the income statement and reported in the Group's internal management information. Before agreeing any overseas transactions, consideration is given to utilising financial instruments such as hedging and forward purchase contracts.

Section 172 Statement

The Directors consider that they have appropriately discharged their responsibilities in promoting the success of the Company for the benefit of its shareholders. In addition, and as stipulated under section 172 of the Companies Act 2006, the Board has applied meaningful consideration to the Company's other stakeholders' requirements in its decision making.

The Board recognises that a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Company

Details of stakeholders, primary methods of engagement and the reasons why the Board considers engagement to be important are detailed below:

EMPLOYEES

The Company's primary asset is its workforce and so the safety, motivation, reward, retention, and happiness of staff is of the utmost concern to the Board in its decision making. The Board receives regular feedback from Management on employee matters, collated via one-to-one meetings and discussions, by operating an 'open door' policy between management and staff, and through feedback and engagement activities. Employee matters are considered a high-priority discussion point at Board meetings.

SUPPLIERS

The need to foster and maintain positive relationships with external suppliers is vital, to ensure the quality of the Company's product and the smooth operation of the business. Regular contact with all suppliers takes place at all levels of the business, and the Board receives frequent feedback from Management, where any supplier concerns or issues are shared and discussed. By maintaining close, collaborative relationships with suppliers, their requirements can be shared with the Board and given due consideration in its decision making.

CUSTOMERS

Customer satisfaction is essential to the success of the business. Working with transparency and openness means that long-term customer relationships can be fostered, and customer wants and needs can be understood. This feedback informs all business decisions and priorities. Trust with customers is built by acting with integrity, honesty and promoting effective communication. The Company's sustainability strategy is important for those customers who seek to identify and minimise the environmental impact of their supply chain. The Company's product development strategy seeks to find solutions to its customers' needs. Regular meetings are held between all customers and the Company's sales teams to ensure that the Company's products are being used appropriately and to allow a feedback loop, from which improvements to products and services are established.

LOCAL COMMUNITY AND THE ENVIRONMENT

Significant Board time and focus is given to Environmental, Social and Governance (ESG) matters, ensuring that the Company is operating in an ethical, thoughtful and inclusive manner. The Board's objective is to ensure that the Company's societal impact is positive, and that any harm its activities cause to the environment are understood, with steps taken to minimise and eliminate them.

ALL STAKEHOLDERS

The Board understands the need to act responsibly, to ensure compliance with Government regulations and to apply equal consideration to both shareholders and stakeholders. Furthermore, it understands that good governance includes maintaining a clear, effective, meaningful relationship with all relevant stakeholders, including its customers and colleagues, its suppliers and the communities and environments in which it operates. In considering its stakeholders the Board takes both a current and long term view, to ensure that the Company's strategic goals continue to be achievable without disregarding the needs and wants of any of its stakeholders.

The Strategic Report, which incorporates the Chairman's Statement and Chief Executive's Report, was approved by the Board and signed on its behalf by:

Elizabeth Dixon
Chief Financial Officer
13 October 2023

Company Information

Directors	BLM Holthof PC Swinney EA Dixon BVM Leemans DWE Orr TAJ Jenkins IJS Napper CJ Stephens
Company Secretary	HA Allard
Registered office	Unit 1B Lynx Business Park Fordham Road Snailwell Newmarket Cambridgeshire CB8 7NY
Auditors	Grant Thornton UK LLP Chartered Accountants – Registered Auditors 199 Avebury Blvd Milton Keynes MK9 1AU
Solicitors	Field Fisher Waterhouse LLP Riverbank House 2 Swan Lane London EC4R 3TT
Patent attorney	Dummett Copp LLP 25 The Square Martlesham Heath Ipswich Suffolk IP5 3SL

Directors' Biographies
at 30 June 2023

Bruno Holthof
Independent Non-Executive Chair

Appointed 2019
Chair of Nomination Committee and Member of Remuneration Committee

Bruno Holthof is Visiting Professor of Health Innovation at the University of Oxford and Investment Partner of the EQT Life Sciences Health Economics Fund.

Between 2015 and 2022, Bruno was the Chief Executive Officer (CEO) of Oxford University Hospitals. Before OUH, he was CEO of the Antwerp Hospital Network from January 2004 until September 2015. Before becoming a CEO, he was a partner at McKinsey & Company. During this period, he served a wide range of healthcare clients in Europe and the United States and gained significant expertise in the areas of strategy, organisation and operations. Bruno is also member of the Board of Financière de Tubize, reference shareholder of UCB, a global biopharma company, and independent non-executive chair of the Board of Copus, a human resources service company. He holds an MBA from the Harvard Business School and an MD/PhD from the University of Leuven. Bruno brings the following skills to the Board:

- An in-depth knowledge of healthcare systems in different markets
- Operational understanding of healthcare services
- Strategic, organisational and operational change in large organisations
- More than 10 years of Board experience in publicly listed companies

Paul Swinney
Chief Executive

Appointed 1993
Member of Nomination Committee

Paul Swinney started his career with Brown, Shipley & Co in 1980. He worked for the European banking operations of Norwest Bank Minneapolis and Maryland National Bank, before joining OSI Finance, a specialist in shipping finance, in 1987. In 1993 he co-founded the business that was to become Tristel plc. He has been Chief Executive and a shareholder since inception and brings the following skills to Tristel's Board:

- Engaging and persuasive
- Able to quickly make assured decisions
- Reflective and adaptable
- Energetic, considerate and no-nonsense

Elizabeth Dixon
Chief Financial Officer

Appointed 2010

Elizabeth Dixon began her career with BDO in 1988 as a trainee accountant and went on to spend 14 years at the Holiday Property Bond Group heading the UK Finance team, moving to Tristel in 2007. She was appointed to the Board of Tristel Solutions in 2009 and is now UK Managing Director. Elizabeth has been Tristel plc's Chief Financial Officer since June 2010, and brings the following skills to Tristel's Board:

- Good business awareness and decision-making ability
- Excellent people skills, straightforward communication, enthusiasm
- A logical, analytical and enquiring mind
- Risk aware without being risk averse

Bart Leemans
Executive Director

Appointed 2018

Bart Leemans co-founded the Ecomed Group in 2005 and was CEO from that date until its acquisition by Tristel in November 2018. He holds a Master of Science degree at KU Leuven, is a Vlerick Business School Alumnus and is the Managing Director of Tristel's Belgian and French subsidiaries. Bart brings the following skills to Tristel's Board:

- Leading and building successful and results-focused teams and organisations
- A grounding in innovative technology businesses
- Entrepreneurial spirit and drive
- An ability to inspire and to deliver profitable growth

David Orr
Non-Executive Director

Appointed 2015
Member of Nomination Committee

David Orr joined Tristel's Board in October 2015 and was Chair of the Remuneration Committee until 2020. David has extensive experience of operational management at Board level in a manufacturing environment. He has been the Group Managing Director and majority shareholder of Fencor Packaging Group, a privately-owned manufacturer of corrugated packaging, since 1999, and previously held Non-Executive Board roles at Pendragon Presentation Packaging and CorrBoard UK. His early commercial career included working in the Corporate Finance Department of Robert Fleming & Co.

David read modern languages at Trinity College, Dublin and subsequently spent five years as an Army Officer. He also holds a MBA from INSEAD. David brings the following skills to Tristel's Board:

- An in-depth understanding of leading and inspiring a team, particularly when acquiring and integrating businesses
- Knowledge of operational issues and constraints in a manufacturing environment
- A practical and highly experienced approach to risk management
- A focus on integrity and fairness

Tom Jenkins
Non-Executive Director

Appointed 2017
Member of Audit and Nomination Committees

Tom qualified as a chartered accountant with Arthur Andersen in 1998 and has over 20 years' experience supporting ambitious growing businesses. He worked in corporate finance at Dresdner Kleinwort Benson and Bear Stearns before moving into broking, where for six years he was a Board member and head of equity capital markets at finnCap. In 2015, he joined BGF to set up their quoted investment team, moving to Sigmaroc in 2023 to head their Investor Relations team. Tom brings the following skills to the Tristel Board:

- Audit, transaction, advisory and investment experience
- An understanding of the challenges of growing a small, entrepreneurial business, having done this twice as a Director of a broking firm, and having advised over 150 small companies
- Wide-ranging capital markets experience including being a conduit for managing shareholders' interests for small companies, and then as an institutional investor in quoted companies

Isabel Napper
Senior Independent Non-Executive Director

Appointed 2020
Chair of Remuneration Committee and Member of Audit and Nomination Committees

Isabel Napper was previously a partner at a large national law firm and has over 35 years of experience advising global businesses on their IP and commercial issues, particularly in the healthcare and technology sectors. Isabel's first non-executive role was in 2015 and since then she has continued to work with high-growth businesses both private and public. She is currently also a NED at Skillcast Group Plc and Keystone Law Plc. Isabel brings the following skills to Tristel's Board:

- In-depth experience of AIM remuneration committees and issues relating to executive incentives
- Understanding and knowledge of the legal concerns surrounding innovative high-growth tech businesses
- Ability to assimilate commercial issues and distil down to what matters
- A people person, keen to encourage diversity of opportunity for all employees

Caroline Stephens
Independent Non-Executive Director

Appointed 2021
Chair of Audit Committee and Member of Remuneration and Nomination Committees

Caroline Stephens served as a senior executive at Johnson & Johnson for over 25 years. With global and local UK commercial responsibilities, her key assignments over the years included Marketing Director on the UK Board and leading the digital transformation of the EMEA consumer sector. Caroline has also been consultant, advisor and NED to a number of SMEs and listed companies. She brings the following skills to Tristel's Board:

- Extensive blue-chip marketing, strategy, digital and commercial expertise
- A pedigree of growing healthcare and consumer businesses and brands internationally
- High energy and passion for collaborative people partnering

Directors' Remuneration Report
for the year ended 30 June 2023

Introduction

This Directors' Remuneration Report, which is approved by the Board, is voluntarily prepared and is not intended to meet the requirements of SI 2008/410 Sch 8.

Remuneration Committee members

Isabel Napper, Chair
Bruno Holthof
Tom Jenkins
Caroline Stephens

Committee responsibilities

The Committee meets at least once a year and is responsible for:

- Reviewing the performance of the Executive Directors
- Agreeing remuneration structures and quantum, including bonus awards and share awards
- Determining the basis of Executive Director service agreements, having due regard to the interests of the shareholders

The terms of reference of the Committee are available on the Company's website at https://tristelgroup.com/invest/tristel-group-corporate-governance/

Remuneration policy

This report sets out the Group's remuneration policy for the Directors and explains how this policy was applied by the Committee during the financial year to 30 June 2023.

Remuneration of Executive Directors

The remuneration policy has been designed to ensure that Executive Directors receive appropriate incentive and reward given their performance, responsibility and experience. In assessing this, the Committee aims to ensure that the policy not only aligns the interests of the Executive Directors with those of shareholders but also links to the future strategy of the business.

Thus the policy seeks to:

1. Consider an individual's experience and the nature and complexity of their work to set a competitive base salary that attracts and retains individuals of the highest quality

2. Align base salary to the median level for comparable AIM companies, with an upper limit for the Executive Directors of 3% of the prevailing year's Group gross profit

3. Link remuneration packages to the Group's long-term performance through bonus schemes and share option plans

4. Set performance measures which are easy to measure and clear

5. Set an appropriate balance between fixed and variable pay

6. Provide post-retirement benefits through payment into private pension arrangements and/or salary supplements

Executive Directors' remuneration packages are considered annually by the Remuneration Committee in accordance with the remuneration policy and include several elements:

Base salary

In reviewing the base salary the Committee takes account of the profitability and strategy of the Group and the individual's contribution. Consideration is also given to the need to retain and motivate individuals. To assist in this the Committee looks at external salary surveys and undertakes its own research.

Annual performance incentive

Executive Directors' performance is also considered by the Committee to ensure that there is a strong link between performance and reward.

Executive Directors are eligible to receive, at the Committee's discretion, an annual bonus capped at 100% of base salary. This bonus is based upon corporate performance targets which the Committee believes align with the long-term interests of shareholders. Stretching and transparent performance targets are put in place with a view to making a clear link to the value drivers of the business. The Executive Directors' bonus scheme pays out if pre-tax profit exceeds the Company's budget, in proportion to the budget overage.

Pensions and other benefits

The Group does not operate a pension scheme. Individuals receive contributions of up to 15% of salary to their private pension arrangements and/or, where pension contributions are not appropriate, a salary supplement. Other benefits provided are a car allowance, life assurance and private medical insurance.

Share awards

Executive Directors may, at the discretion of the Remuneration Committee, be granted share option awards. The Committee is advised by independent remuneration consultants on the provisions of proposed plans and the Committee consults with major shareholders prior to being put to shareholder vote at AGM. The main terms of the LTIP put in place in December 2020 are set out in the Company's website at https://tristelgroup.com/invest/annual-general-meeting-agm/ in the 2020 section. No new share options were granted to the Executive Directors in this financial year.

Remuneration of Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board, based on a review of current practices in comparable companies. The Non-Executive Directors do not receive any pension payments and do not participate in any incentive or share option schemes.

Wider employee considerations

Although it is not the Committee's responsibility to set the remuneration arrangements across the Group, it is kept informed of these. In many instances, it is possible for members of staff to qualify for a bonus which largely follows the same structure and applies the same performance targets as for Executive Directors.

The Board's view is that Executive Directors, management, and staff should be targeted with achieving the same strategic goals and should benefit accordingly. In addition, the Group encourages share ownership amongst all staff. Executive Management has discretion, subject to the Committee's approval, to award share options up to a maximum value of 100% of salary.

Shareholder engagement

The Committee seeks and takes into consideration the views of shareholders on remuneration on an ongoing basis and they are invited to make contact directly with the Chairman of the Remuneration Committee at isabelnapper@tristel.com

Remuneration Committee advice

In undertaking its responsibilities, the Committee seeks independent external advice as necessary.

On behalf of the Board, I am pleased to present our Remuneration Report for 2023. While not a statutory requirement, the Group has produced this statement, to be read in conjunction with the Report of the Remuneration Committee, to comply with AIM rule 19 and also meet the requirements of the QCA code.

The Directors received the following remuneration during the year to 30 June 2023:

Name of Director	Salary and fees £'000	Bonus £'000	Taxable benefits £'000	2023 Total (excl.pension) £'000	2023 Retirement provision £'000	2023 Total remuneration £'000	2022 Total (excl.pension) £'000	2022 Retirement provision £'000
Executive								
Paul Swinney	300	82	23	405	45	450	271	38
Elizabeth Dixon	220	60	14	294	33	327	196	28
Bart Leemans	215	58	–	273	32	305	180	27
Non-Executive								
Bruno Holthof	80	–	–	80	–	80	70	–
David Orr	40	–	–	40	–	40	35	–
Tom Jenkins	40	–	–	40	–	40	35	–
Isabel Napper	40	–	–	40	–	40	35	–
Caroline Stephens	40	–	–	40	–	40	35	–
Aggregate emoluments	975	200	37	1,212	110	1,322	857	93

Base salary

As explained in the Group's Annual Report for 2022, the CEO and CFO volunteered to defer the implementation of their salary increase until the second half of the financial year. Their 2023 increase was not paid out until 1st January 2023, after it was confirmed that the Group was performing in line with its agreed internal budget.

In setting the salary award for 2024 the Committee took into consideration a number of benchmarking surveys available from external organisations. In addition, and while not obliged to follow it, the Committee also noted the guidance from many institutional shareholders; namely that increases to Executive Directors' base salaries should be below inflationary levels and not any greater than those offered to the wider workforce.

The Committee therefore recommended an increase for the financial year 2024 in line with the general increase offered to the Group's staff. However, the Committee also recognised two additional elements: first, that tremendous efforts had made by the Executive Directors during the COVID-19 pandemic, and second, that the recommended increase was significantly below prevailing inflation rates. With those two factors in mind the Committee recommended an extra performance bonus, payable in addition to the standard annual bonus but only if certain profit targets are hit.

Certain key management personnel are paid through personal management entities. Where this is the case, we have provided a breakdown of the total compensation paid to these entities, for the work of the key management personnel in question, as if we were paying the key management personnel directly.

Annual performance incentive

Annual bonuses were awarded to the Executive Directors during the year to 30 June 2023. By agreement £107,000 of the available bonuses were forsaken by Executive Directors during the year, having volunteered an upward adjustment to the incentive target.

Pensions and other benefits

Taxable benefits comprised of a car allowance, life assurance and private medical insurance.

Directors' share options

Details of options held by the Directors are as follows:

	Original grant	Unexercised options at 1 July 2022	Total options unexercised at 30 June 2023	Exercise price	Earliest date of exercise	Date of expiry
Executive						
Paul Swinney	500,000	500,000	500,000	1.00p	30/06/2024	04/01/2031
Elizabeth Dixon	200,000	200,000	200,000	1.00p	30/06/2024	04/01/2031
Bart Leemans	100,000	100,000	100,000	1.00p	30/06/2024	04/01/2031
Total number of Board share options	**800,000**	**800,000**	**800,000**			

Share options held by the Directors at 30 June 2023 are subject to vesting conditions as set out in the Company's website at https://tristelgroup.com/invest/annual-general-meeting-agm/ in the 2020 section.

Directors' shareholdings

The interests of the Directors in the shares of the Company at 30 June 2023 and 30 June 2022 were:

	30 June 2023 Ordinary 1p shares	**30 June 2022** Ordinary 1p shares
Executive		
Paul Swinney	412,350	712,350
Elizabeth Dixon	269,000	269,000
Bart Leemans	954,627	954,627
Non-Executive		
David Orr	51,614	51,614
Tom Jenkins	8,000	–
Isabel Napper	2,000	2,000
Caroline Stephens	1,971	1,971

The market price of the Company's shares as at 30 June 2023 was 355p. The range during the year was 295p to 435p. (Source - London Stock Exchange).

During the financial year ending 2023, Paul Swinney sold 300,000 ordinary 1p shares.

This report has been authorised by the Board and is signed on its behalf by:

Isabel Napper
Remuneration Committee Chair
13 October 2023

ESG Report

This is Tristel's first Environmental, Social and Governance (ESG) report. Within this report, we detail our approach to ESG, encompassing our vision, strategy, goals and delivery plan.

Our business is built around the manufacture and sale of infection prevention products to hospitals, used for the decontamination of medical devices and medical surfaces, combatting the risks of hospital-acquired infections (HAIs). HAIs cost the global economy billions of pounds every year and we believe that vulnerable patients should not be exposed to additional unnecessary health risks in hospital. We do this via the delivery of a highly effective, safe and proprietary formulation of chlorine dioxide (ClO_2), in the form of consumable liquids, foams and wipes. Our products are made from water, chemical compounds, polymers and cellulose-based fibres. While a small percentage of our products are designed and produced in New Zealand, the majority are manufactured in the United Kingdom, and are sold across 40 countries globally, either through our wholly-owned subsidiaries or through third-party distribution partners.

It is our collective responsibility to address the threat that climate change and environmental degradation pose to humanity. The economic, environmental and social impact that Tristel has through its activities and products are a combination of positive and negative. We have developed an ESG strategy to establish how Tristel can enhance the positive and remove the negative impacts. It is our intention that this strategy will evolve over time, as our understanding grows and the availability of new methods, materials and practices allow. As such we have purposely not set a multi-year timeframe for this strategy; it will be reviewed annually.

The Board recognises that key stakeholders, in particular our staff, have and must continue to make significant contributions to allow us to achieve our sustainability goals. The changes that we must make may not always be popular, and they may be costly, but we recognise that they are necessary and as such embrace them.

Our strategy has been developed based on best practice standards and frameworks. While we expect our future reports will align with the GRI,the SASB, IFRS S1 and S2, which provide frameworks for disclosing sustainability-related information and are widely considered best practices, at this stage we are not setting a timeline for their full adoption.

As we look to the future and strive towards achieving our sustainability goals, we must acknowledge and address obstacles that may lay ahead. We have identified some of the challenges over the coming years to be:

- The availability of materials and technologies that will enable a continual reduction in Tristel's carbon emissions
- In some markets in which we operate there is less appetite for sustainable products, where convenience and low cost are the priority
- The acceptance by our stakeholders that an improvement to our ESG profile will come at a financial cost

We will address these challenges by setting unambiguous and tough goals; by ensuring that the Board is at the front and centre of the drive to success; by partnering with third parties who have like-minded and innovative approaches to sustainability and ESG; and by reporting transparently on our ESG activities regardless of whether they might be viewed as successful or otherwise.

Our ESG strategy

We understand the importance of embedding ESG in our business approach to meet our stakeholders' needs effectively. As part of our day-to-day operations and via new product design, the Group has a clear commitment to reduce its environmental footprint and to continually enhance its sustainability profile. As such, this year we engaged a sustainability and ESG consultancy to support the development of our first ESG strategy. This investment in time and resources will set a strong ESG foundation for future success and enable sustainability to sit at the heart of our activities. We are proud of our first ESG strategy and have implemented various initiatives and projects to ensure its delivery.

In addition, we have for a number of years aligned to the Quoted Companies Alliance (QCA)'s Corporate Governance Code, which provides further support to our ESG efforts. More detail on our compliance to the QCA's code can be found in our Corporate Governance Report.

The 2018 regulations introduced requirements under Part 15 of the Companies Act 2006 for large unquoted companies to disclose their annual energy use and greenhouse gas emissions, and related information. However, the Group has applied the option permitted to exclude any energy and carbon information relating to its subsidiary which the subsidiary would not itself be obliged to include if reporting on its own account. This applies to all subsidiaries within the Group. Tristel, as a low energy user, is not required to make the detailed disclosures of energy and carbon information but is required to state, in its relevant report, that its energy and carbon information is not disclosed for that reason. Tristel's annual energy use and greenhouse gas emissions, and related information has not been disclosed in this annual report as it is a low energy user.

Building our ESG framework

The development of our ESG framework began with a strategic analysis of our business and operational environment. This allowed us to identify crucial internal and external drivers that impact our business, and ensure our strategy is futureproof and resilient. After establishing these drivers, we surveyed 225 staff, customers, investors, suppliers and industry bodies through online surveys and face-to-face interviews. Our goal was to understand the importance placed on 17 ESG topics directly relevant to our operations and the medical devices sector. Stakeholders were most passionate about the need for innovative products and packaging, lower carbon emissions across the supply chain, and improved ESG data disclosure and transparency.

By combining the stakeholder insights with the results of the strategic analysis, six priority topics were identified for our ESG strategy, which were grouped into three pillars:

- Empowering our people to thrive: Diversity, equality and inclusion; Fair and decent work; Health, safety and wellbeing
- Pushing the boundaries of product innovation: Innovation; Waste management/Circular economy
- Protecting the health of our planet: Carbon emissions; Waste management

Our ESG strategy is summarised by an all-encompassing ESG vision that consolidates the priority topics, joins the three pillars together, and communicates our ambition.

The three pillars all have relevant goals and key performance indicators (KPIs), enabling us to monitor and measure the progress of our ESG strategy over time. It considers business fundamentals, societal impact, environmental footprint, peer trends and stakeholder views. Aligned with a suite of universal standards, consisting of the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), EU Sustainable Financial Disclosure Regulation (SFDR), and the UN Sustainable Development Goals (SDGs), the three pillars set us up for successful and transparent reporting.

Our ESG strategy

Vision	At the core of our mission lies the pursuit of creating a better and more sustainable business, avoiding harm, benefiting stakeholders and contributing to society.		
	We believe that by leveraging our unique chemistry and innovative technologies, we can achieve these goals while simultaneously fostering an energetic, considerate and inclusive workplace.		
	Operating in the infection prevention arena enables us to say that we do the right thing, and by ensuring we have a genuine and steadfast focus on ESG we are also able to say that we do it in the right way.		
Strategic pillars	Empowering our people to thrive	Pushing the boundaries of product innovation	Protecting the health of our planet
Strategic objectives	Our employees are our top priority and we strive to create a happy and healthy environment. We provide our people with opportunities to grow, ensuring everyone feels comfortable to be themselves, and aim to increase diversity in our sector.	Designing and delivering safe and effective products is fundamental to our business. We will continue to develop unique and sustainable solutions, and minimise waste at the point of design, to better serve our customers.	We understand our responsibility in responding to climate change and achieving net zero. We will consider carbon emissions in all the decisions we make, across our operations and value chain, to safeguard the environment and communities we operate in.
Priority topics covered	• Diversity, equality and inclusion • Fair and decent work • Health, safety and wellbeing	• Innovation • Waste management/circular economy	• Carbon emissions • Waste management

Delivering the ESG strategy

Embedding accountability and ownership

We understand that governing our ESG aspirations throughout our organisation is crucial for meaningful impact. Our ESG governance approach integrates with our existing organisational structure, and its foundation lies in collaboration and Board oversight. This framework guarantees that our operations align with our values and responsibilities.

The Board has played a pivotal role in guiding our ESG journey, and its influence remains central to our ongoing efforts. ESG matters are meticulously considered as part of strategy discussions. This year's Board strategy discussions led to significant decisions, including:

- Adoption of the ESG strategy, with associated commitments, goals and KPIs
- Consideration of ESG accreditations and guidelines to elevate our sustainability profile
- Enhancement of the Annual Report and Company website to offer transparent updates on our ESG endeavours

We do not currently have a dedicated Board committee to oversee day-to-day ESG activities. The Board will consider the benefit of creating one during the 2024 financial year.

Setting commitments and goals

The Board and senior management are actively involved in shaping commitments, goals and KPIs for all aspects of ESG. This ongoing process is marked by careful and strategic planning to ensure our objectives are both feasible and impactful. The goals we have already established stand as powerful reflections of our ESG dedication; their impact extends beyond our operations in the hope that they contribute to a more responsible and sustainable world.

Empowering our people to thrive

A cornerstone of our comprehensive ESG strategy is the 'Empowering our People to Thrive' pillar. Our employees are fundamental to the Company's success, and we strive to create a happy and healthy work environment for them. We provide our people with opportunities to grow, ensuring everyone feels comfortable to be themselves and aim to increase diversity in our sector. Within the 'Empowering our People to Thrive' pillar, three ESG topics guide our journey towards sustained employee empowerment:

- Diversity, equality and inclusion
- Fair and decent work
- Health, safety and wellbeing

Diversity, equality and inclusion

The global healthcare industry has increasingly recognised the importance of diversity and inclusion, particularly in science, technology, engineering and mathematics (STEM) roles. While we primarily operate within the UK, a country where the NHS workforce is more diverse than ever before, our influence extends globally. In light of this widespread presence, we believe that it is imperative to uphold and prioritise diversity, equality, and inclusion (DEI) throughout all aspects of our operations. Across the globe, women constitute a substantial percentage of the health and social care workforce, highlighting their pivotal role in these sectors. However, within this statistic, significant concerns persist regarding fair employment conditions and equal opportunities. Likewise, the narratives surrounding diversity markers such as ethnicity and disability echo similar challenges, emphasising the need for concerted efforts to ensure genuine inclusivity and equity.

Our employees greatly value Tristel's diverse, inclusive and collaborative culture; this was reflected by them ranking DEI as the fifth most important ESG topic for the business. As we continue to expand our business operations, it is crucial to continue to prioritise DEI to attract and retain talent. We are committed to ensuring everyone feels welcomed, respected, valued and included regardless of gender, sex, race, skin colour, age, ability, mobility, ethnicity or religion. The following goals and KPIs will enable us to achieve this commitment:

ESG topic: diversity, equality and inclusion

Commitment	We will ensure everyone feels welcomed, respected, valued and included regardless of gender, sex, race, skin colour, age, ability, mobility, ethnicity or religion			
Goal	To maintain the representation of females in management positions at 50%		To carry out an annual survey of all staff with diversity-focussed questions	Identify the potential to embed apprenticeship and end of career schemes
Data	Number of females on the Board	% of females in managerial positions	Number of diversity-oriented complaints	% of apprentices and 'approaching end of career' staff that remain within the business >1 year post recruitment
Target KPI	50%	50%	Zero	100%

We are proud to have already taken important steps to achieve a more inclusive organisation and sector:

- One third of the Board is female
- Half of all management roles are held by females
- No diversity-orientated complaints have been received

Looking to FY24 and beyond, we will implement:

- An apprenticeship scheme
- An end of career employment scheme

Fair and decent work

Acknowledging and appreciating the growing recognition of fair and decent work among individuals is crucial, particularly those from diverse backgrounds. At the heart of our operations lies a profound commitment to fair and decent work. Fair and decent work resonates far beyond the confines of our office walls, reaching into the fabric of our employees' lives. As we navigate the dynamic landscape of our industry, fair and decent work are not merely abstract concepts we endorse; they are the foundations upon which our success is built. In a time marked by a pressing cost-of-living crisis, our dedication to prioritising fair and decent work takes on an even greater significance, reflecting our commitment to the holistic welfare of all those who contribute to our mission.

During the stakeholder engagement exercise, internal and external stakeholders collectively ranked this as the second most crucial ESG topic. Internally, it emerged as a top priority, reflecting its importance within the core of our organisation. We recognise that maintaining high standards is not just a commitment to excellence; it is a strategy for retaining our invaluable talent. Our stance reflects our commitment to our employees' holistic wellbeing. As such, we have taken the feedback on board and included fair and decent work within our strategy. By prioritising this topic, we are committed to providing our employees with the environment needed to help them fulfil their potential. We have established a clear commitment and a set of goals and KPIs to make actionable progress.

ESG topic: Fair and decent work

Commitment	We will provide our employees with the environment needed to help them fulfil their potential					
Goal	To achieve equal pay for all employees regardless of gender	To maintain entitlement to family-related leave regardless of gender or role within Company	To maintain the number of employees earning above the Real Living Wage and receiving Real Living Hours		To provide more training and development opportunities through implementing a Learning Management system available to all members of staff	
Data	% gender pay gap	% of employees entitled to family-related leave	% of employees receiving the Real Living Wage	% of employees receiving Real Living Hours	% of workers that participated in career development reviews each year	% of employees who have participated and completed training courses via the LMS
Target KPI	Zero	100%	100%	100%	100%	50%

We are proud to have already taken important steps to provide fair and decent work for our employees, including:

- Achieving a mean gender pay gap of 3.26% and a median gender pay gap of 1.2%
- Provision of an enhanced parental pay package
- Provision of a minimum wage policy, which exceeds the UK living wage
- The implementation of a global training platform enabling staff to develop their skills, both in relation to their current role, but also (in their own time) to study subjects that interest them but have no connection to their role within the business

- The implementation of a performance review platform for all staff

Looking to FY24 and beyond, we:

- Intend to apply for Living Wage accreditation

Health, safety and wellbeing

Safeguarding the health and wellbeing of our employees stands as an uncompromising cornerstone of the business. Health, safety and wellbeing (HS&W) ranked first in terms of importance according to all stakeholders and our operations contribute to the broader health landscape. Additionally, our dedication to HS&W aligns harmoniously with our industry's stringent regulations. By upholding these high standards, we ensure compliance and substantiate our role as a responsible contributor to public health and our mission to produce quality products that positively impact health.

Our commitment is to continue to provide our employees with a safe work environment, and employment benefits which ensure their health and wellbeing needs are met. These goals and KPIs have been devised to ensure we deliver against our commitment:

ESG topic: Health, safety and wellbeing

Commitment	We will continue to provide our employees with a safe work environment and benefits which ensure their health and wellbeing needs are met				
Goal	Monthly incident-free rate >95%	Monthly accident-free rate >95%	No major incidents	No major accidents	To maintain and increase the provision of healthcare services for our employees
Data	Monthly incident-free rate	Monthly accident-free rate	Number of incidents	Number of incidents	% of employees offered a non-contributory private health insurance scheme
Target KPI	>95% of working days each month	>95% of working days each month	Zero	Zero	100%

We are proud to have already taken important steps to improve health, safety and wellbeing within our organisation:

- At 30 June 2023 there had been 1,763 working days since the last lost time accident
- No major incidents (does not result in injury or damage to property) or accidents (results in injury or damage) occurred during FY23

Looking to FY24 and beyond, we will:

- Increase the breadth and availability of private healthcare services, to ensure all our global employees have access to private healthcare services
- Increase the provision of wellbeing support schemes for our employees

Pushing the boundaries of product innovation

A core element of our ESG strategy is the 'Pushing the Boundaries of Product Innovation' pillar. We pride ourselves on designing and delivering safe and effective infection prevention products to help save patients' lives. We are determined to continue developing unique, sustainable solutions and minimise waste at the point of design to serve our customers better. To guide our efforts over the short, medium and long term, two priority topics underpin the 'Pushing the boundaries of product innovation' pillar:

- Innovation
- Waste management/circular economy

Innovation

Product innovation is an integral part of Tristel's DNA. We need to innovate to stay ahead of the competition and, more importantly, ensure our products accelerate sustainable development worldwide. Our internal and external stakeholders also see the value of innovation at Tristel, with it ranked fourth in terms of level of importance. Although our stakeholders believe that Tristel is an innovative company – addressing a range of problems like the use of pre-wetted plastic wipes in clinical settings – we constantly strive to challenge ourselves and push the boundaries of product innovation. Additionally, by continuing to prioritise innovation, we will be prepared for the potential introduction of regulations on the materials that we use to manufacture our products. To guide us in our Group-wide efforts, we have set the following commitment, goal and KPIs:

ESG topic: Innovation

Commitment	We will strengthen R&D to design and package our products using circular economy principles, while ensuring product safety and affordability	
Goal	To design a large proportion of our products and packaging using circular economy principles for the benefit of the environment and society	
Target KPI	% of CAPEX that is allocated to investments in R&D initiatives	Number of employees involved in R&D tasks or projects

We are delighted with our activities during FY23 to design and deliver more sustainable solutions for our wider stakeholders, in particular:

- The continued development of the Cache product range, which enables hospitals to cease use of pre-wetted plastic wipes
- We are ensuring wherever possible that the materials from which our products are manufactured are recyclable, or consist of recycled material
- Investigations into low carbon emission wipe alternatives working with substrate manufacturers

Looking to FY24 and beyond, we will:

- Conduct further investigations into improving the sustainability profile of our products

Waste management/circular economy

The traditional approach of treating waste in a linear fashion is a global challenge. It is no longer viable for us to consume precious and finite resources as done historically, so action must be taken to transition towards a circular economy. By keeping products and materials in circulation for as long as possible, the circular economy tackles climate change and other pressing global challenges, such as pollution, waste and biodiversity loss. We are therefore committed to maximising the value of our products and eliminating waste wherever possible.

Reinforced by the views and perceptions of our key stakeholders, we recognise the importance of using reusable or readily recyclable materials to package our products. Given the devastating impact of plastic pollution worldwide, we are working hard to reduce single-use plastics and non-recyclable plastic waste. Our Cache product portfolio highlights our efforts and motivation to enact positive change, but we know we can do more. Equipped with the following commitment, goal and KPIs, we will be in a solid position to contribute to the transition to a circular economy.

ESG topic: Waste management/circular economy

Commitment	We will reduce waste generated by our products and develop recyclable or reusable packaging for our products		
Goal	To package all products using reusable or readily recyclable material		
Data	Amount of all packaging waste created by Core Product Formats that is readily recyclable	Amount of packaging waste created by Core Product Formats manufactured with recycled materials (inc. PIR materials)	Design projects that aim to improve the sustainability of a product
Target KPI	Not yet set	Not yet set	>1 per financial year

As we are committed to reducing waste and developing more sustainable packaging for our product portfolio, we are currently establishing the level of recycled and recyclable material within those products. When this has been established fully, we will set KPIs to ensure that our products have a lower impact on the environment.

Protecting the health of our planet

We recognise the importance of achieving net zero emissions to protect the health of our planet. This is reflected in our newly established ESG strategy, in which a pillar is dedicated to minimising our environmental impact. Through this pillar, we are committed to monitoring and continuously improving our environmental performance to support the UK's transition towards a net-zero economy. In alignment with the NHS's supplier net zero target, we are committed to achieving net zero for all our emissions (scopes 1, 2 and 3) by 2045; notably, this supports the UK Government's net zero strategy and the Paris Agreement's ambitious goal to limit global warming to well below 2˚C above pre-industrial levels (with a preference for 1.5˚C).

Our 'Protecting the health of our planet' pillar is composed of the following two priority topics:

- Carbon emissions
- Waste management

Carbon emissions

Global warming is the leading driver of climate change, with the release of carbon dioxide into the atmosphere having a significant warming effect. The latest science tells us that we must prevent warming beyond 1.5°C and achieve net zero by no later than 2050 to prevent irreversible environmental damage from occurring. We all have a role in tackling carbon emissions and supporting the national and global transition to a low-carbon economy. Through our ESG strategy, we have committed to achieving net zero emissions for scopes 1 and 2 by 2030 and net zero by 2045 for scopes 1, 2 and 3.

We are proud to have already taken important steps on our journey to net zero. Building on the first carbon footprint we calculated in 2019, Tristel collaborated with a reputable third party to produce a comprehensive carbon footprint covering FY22. By aligning with the internationally recognised GHG Protocol: Corporate Standard (2004:2015), we ensured that all materially relevant scope 1, 2 and 3 emissions were accounted for in the 2022 carbon footprint. This is our most thorough and transparent emissions reporting to date, which is a testament to our commitment to reducing our environmental impact.

In our pursuit of accuracy, we used consumption data wherever available, with industry-standard benchmarks utilised to derive estimates in the absence of available data. By using a more robust greenhouse gas (GHG) emissions accounting methodology compared with previous years, our 2022 carbon footprint has provided a more accurate reflection of Tristel's environmental impact; this, in turn, has given us a better understanding of the carbon-intensive areas of our business (i.e. emission hotspots).

Our 2022 carbon footprint totalled 3,337 tonnes of carbon dioxide equivalent (tCO2e). Importantly, scope 3 accounted for 76% of total emissions during FY22, in which emissions associated with assets leased from third parties constituted the most to the total. Emissions predominantly stemmed from the use of property (warehouses and offices) and vehicles (e.g., forklifts) by our UK subsidiary during the 2022 reporting period. Our scope 1 and 2 emissions accounted for 21% and 3% of our overall 2022 carbon footprint, respectively. Equipped with these insights, we will prioritise efforts to curb the emissions associated with our leased assets and other identified emission hotspots, helping us pursue our ambitious net zero targets.

	30 June 2023
Scope 1 emissions (tCO2e):	**694**
Refrigerants	464
Company vehicles	151
Fuel and gas consumption	79
Scope 2 emissions (tCO2e)	**112**
Grid electricity (location-based)	112
Scope 3 emissions (tCO2e)	**2,531**
Leased assets (upstream)	1,023
Transportation and distribution (upstream and downstream)	662
Purchased goods and services	460
Business travel and hotel stays	95
Employee commuting and homeworking	89
Capital goods	81
End-of-life treatment of sold products	54
Fuel and energy-related activities	42
Waste and water	25
Total gross emissions (tCO2e)	**3,337**

Over the course of FY23, we made concerted efforts to reduce our environmental impact; this included a comprehensive gap analysis against the internationally recognised ISO 14001:2015 Environmental Management Systems (EMS) standard. Our analysis considered the organisation's context, leadership, planning and performance evaluation. This allowed us to identify gaps in our EMS and fulfil our duty of continuous improvement. Specific environmental aspects and impacts were also reviewed, which revealed that our resource consumption and waste management require greater attention:

- We are working to reduce refrigerants consumed within our premises by restricting their use and deploying more sustainable alternatives
- We have begun the journey of switching out all combustion engine vehicles to electric vehicles
- We have installed and will continue to install, wherever possible, solar panels at our premises
- We are working to identify third-party haulers who can offer a carbon zero service

Moving forwards, we will develop a net zero roadmap with clear actions to guide us in collectively working towards our emission reduction targets. We also aim to have our net zero targets validated by the globally recognised Science Based Targets initiative (SBTi), solidifying our commitment to achieving net zero in line with the latest climate science.

ESG topic: Carbon emissions

Commitment	We will create a clear roadmap to achieve net zero emissions		
Goal	To achieve net zero emissions for scopes 1 and 2 by 2030		To achieve net zero emissions for scopes 1, 2 and 3 by 2045 in line with the NHS's net zero target
Data	Scope 1 emissions (tCO2e)	Scope 2 (market and location-based) emissions (tCO2e)	Scope 3 emissions (tCO2e)
Target KPI	Annual reduction, reaching net zero by 2030	Annual reduction, reaching net zero by 2030	Annual reduction, reaching net zero by 2045

Waste management

Plastic pollution and the environmental damage caused by hazardous chemical waste present a growing global problem. All our stakeholders acknowledge the severity of the issue, which is demonstrated by the fact that waste management ranked as the fifth most important ESG topic; among our external stakeholders, the topic was ranked third in the level of importance. It is, therefore, vital that we continue to maintain our high standards with respect to waste management and ensure compliance with relevant waste legislation, such as the Waste (England and Wales) Regulations 2011. To achieve this, we have set the following commitment and goal:

ESG topic: Waste management

Commitment	We will stream all waste from our facilities and process it in the most environmentally friendly manner			
Goal	To improve waste stream management and implement waste reporting with an aim of reducing waste sent to landfill			
Data	Total amount of waste sent to landfill	Total amount of hazardous waste disposed of	Total amount of waste sent for recycling or repurposing	Total amount of waste for incineration for renewable energy
Target KPI	Not yet set	Not yet set	Not yet set	Not yet set

During FY23, we made strong advances in processing our waste in an environmentally friendly manner. We are now collating data that will enable us to set appropriate KPIs in FY24.

Looking ahead

We have a responsibility to protect and improve patients' lives but also to support the creation of a more sustainable future. The ESG strategy was developed to guide our approach to driving sustainability across all areas of Tristel and it sets out our future plans for continual improvement. We are fully committed to promoting DEI, fair and decent work, as well as HS&W across our organisation. Alongside this, we aim to become a net zero company and foster the global transition towards a circular economy. We will also continue to prioritise product innovation to ensure profitability and to meet the needs of people and the planet.

We intend to report progress against our strategy each year. Our commitments, goals and KPIs are of particular importance with regard to future reporting, as they will enable us to measure progress clearly and with transparency. We expect our future reports will align with the GRI,the SASB, IFRS S1 and S2, which provide frameworks for disclosing sustainability-related information and are widely considered best practices. Using these frameworks, we can disclose our performance and management approach to the ESG topics identified as material to us.

Elizabeth Dixon
Chief Financial Officer
13 October 2023

Chairman’s Corporate Governance Report

This Corporate Governance Report is in compliance with the Quoted Companies Alliance (QCA) Corporate Governance Code.

As Chair of the Board of Directors, corporate governance is my responsibility. By following the QCA code, my Board colleagues and I seek to ensure that the Company operates efficiently and effectively and communicates well to promote confidence and trust in the Company’s Board and Management. The Board aims to balance the interests and expectations of the Company’s many shareholders and stakeholders by observing a transparent set of rules, practices and processes. I believe that by adhering to this clear set of guidelines which clarify authority and responsibility, requiring constant measurement and review, the Company is best placed to manage risk and achieve a high level of performance, both of which are prerequisites to the Company’s long-term success.

Corporate Governance Review

The London Stock Exchange’s AIM Rule 26 requires all AIM quoted companies to give details of the corporate governance code that they have decided to apply, to explain how they comply with their chosen code, and, if they depart from the chosen code, to explain where and why. In the Board’s view, there are two obvious choices of code: the FRC’S UK Corporate Governance Code and the QCA’s Corporate Governance Code (the QCA Code). The latter has been drafted with SMEs in mind and we have chosen to apply it.

Each year the Board carries out a review of the requirements of the QCA Code and AIM Rule 26, with respect to both its governance arrangements and practices, and its reporting. The key changes that have resulted from this review during the year ended 30 June 2023, are:

- An update to this Corporate Governance Report
- Completion of a strategic review, in conjunction with the Company’s North American product launch, resulting in redefined strategic objectives and financial goals
- Consideration by the Nominations Committee of the desired make-up of the Board of Directors, ensuring a strong mix of skills, knowledge, experience and diversity; alongside a review of the members of each committee to the Board and the level of independence held. Changes to the Committee memberships have been made as a consequence
- Completion of an external Board effectiveness review, and implementation of the resulting proposals
- Setting of personal objectives for Executive Management
- Further enhancement to Board reporting enabling improved insight into business activities
- A review and update to the Executive Management succession plan
- Formulation of an ESG strategy and setting of targets

Corporate Governance Code

The QCA Code is based on the principle that companies need to deliver growth in long-term shareholder value. This requires an efficient, effective, and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust. The QCA Code takes key elements of good governance and applies them in a manner which is workable for the different needs of growing companies. It is constructed around 10 broad principles and a set of disclosures. Companies are asked to provide an explanation of how they are meeting the principles through the prescribed disclosures. Where a company departs from these principles the Board is asked to provide a well-reasoned explanation for doing so. The following section of this Corporate Governance Report seeks to provide this.

Principle 1 – Establish a strategy and business model which creates long-term value for shareholders

The Board reviews and re-sets the Company’s strategic goals annually. In July 2023 the primary goals were re-set, as:

Corporate

Maximise the Company’s value to all stakeholders.

Medical device decontamination (Tristel brand)

Through technological innovation, maintain our position as the gold standard manual process for High-Level Decontamination of medical devices.

Healthcare surface disinfection (Cache brand)

To become the global market leader in sporicidal surface disinfection.

Secondary objectives and goals form part of the strategic plan and make an essential contribution to how the Company will deliver medium to long-term growth.

ESG

At the core of our mission lies the pursuit of creating a better and more sustainable business, avoiding harm, benefiting stakeholders and contributing to society. We believe that by leveraging our unique chemistry and innovative technologies, we can achieve these goals while simultaneously fostering an energetic, considerate and inclusive workplace. Operating in the Infection prevention arena enables us to say that we do the right thing, and by ensuring we have a genuine and steadfast focus on ESG we are also able to say that we do it in the right way.

We have set ourselves the following carbon emission targets:

- To achieve net zero emissions for scopes 1 and 2 by 2030, and
- To achieve net zero emissions for scopes 1, 2 and 3 by 2045 in line with the NHS's net zero target, in so far as we can exercise control over our emissions impact

We have also set targets pertaining to health, safety and wellbeing; diversity, equality and inclusion; fair and decent work, which are detailed later within this report. We will be setting waste management targets during FY24.

Full details of our ESG strategy and targets can be found within the ESG report.

The Company has a clear strategic plan set by the Board, including financial performance targets, an approach to risk, and a vision of the values necessary and appropriate to achieve the plan. These are described with the Chief Executive's Report via internal reporting and interaction between the Board, Management and staff. There is company-wide understanding of how shareholder value will be derived from these principles.

The key risks to the Company delivering upon its strategic objectives are:

- Competing technologies
- Divergence by regulators away from chemical disinfectant products
- A shift in market acceptance of manual decontamination systems

The risks are addressed through product development, enabling the benefits of alternative systems to be incorporated into our offering while maintaining its existing unique and very high performance qualities.

The business strategy, financial targets and key risks are clearly stated within our Annual Report to ensure that Shareholders can see how the Board intends to deliver long term shareholder value and security, while protecting it from unnecessary risk.

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Chief Executive and Chief Financial Officer are the key shareholder liaison contacts alongside the Company's public relations advisors.

The Board actively engages with both institutional and private shareholders on at least four occasions each year, each in a forum which allows it to hear investors' views and answer their questions face to face. The Company's NOMAD and public relations advisors provide written investor feedback after all investor presentations and meetings, which are shared with the Board. Via communication with the Company's NOMAD and analyst, together with Regulatory News Service announcements and the Company's Annual Report, the Board gauges investor sentiment, sets expectations and communicates the Company's intentions.

The Board sees all write-ups on the Company by the financial press, monitors popular online bulletin boards and has a series of online facilities in place that provide a conduit between the Company and its shareholders. AGM voting recommendations and trends are reviewed by the Board and actions taken when there is evidence that shareholders' expectations are not being met.

The Board feels that it has achieved a high level of shareholder engagement and continually seeks ways to further enhance this.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

Management's close day-to-day connection with employees combined with regular engagement surveys, staff meetings, education sessions and social events ensure good relations with and between employees. These activities allow employees to share their views on how the Company can ensure the greatest chance of success for its products, processes and outcomes, as well providing a positive work environment. The Board's assessment is that the Company's culture is energetic, candid and considerate, which is reflected in the achievement of its strategic goals.

An appropriate and positive relationship with suppliers, advisors and customers is a prerequisite of the successful operation of the Company and exists in all areas of the business. The Company seeks to find innovative solutions to issues presented by customers, which not only strengthens their good relations but provides immediate feedback allowing the Company to continually re-evaluate its strategic positioning and product offering. Product design and development, which has been vital to the Company's success, is at the heart of the business operation and is driven by the close understanding between Management and end users of the Company's products.

The management team works closely with regulators, key opinion leaders and authors of clinical guidelines in all countries, seeking counsel and working in cohort when appropriate. Effective connections and relationships are key to the success of the business and via these networks the Company has built strong barriers to competition, consisting of the inclusion in guidelines, studies, published papers, and medical device manufacturer care-cards. These relationships and their outcomes, combined with the Company's proprietary formulation of chlorine dioxide and extensive patent protection, give the Board confidence that long-term success can be achieved by the Company in accordance with its strategic plan.

Post-market surveillance and effective complaints and feedback handling are a mandatory element of the Company's quality accreditation and enable an invaluable feedback loop into future product development.

ESG

Full details of the Company's ESG strategy, goals and activities can be found in the ESG report. In addition to the items outlined within the ESG report, the Company will continue its community and social activities, which currently include:

- Support of local and small businesses
- Sponsorship of local amateur and school sports teams
- Support of charities connected to the Company's staff and its local community
- Staff fundraising events
- Walking and sports events for staff, friends and families

The Board is involved in setting the Company's ESG strategy, has oversight on activities and receives regular reporting on KPIs and the achievement of goals. ESG is discussed in depth as part of the Board's annual Strategy Day, during which it was agreed to:

- Adopt the ESG strategy, goals and KPIs above
- Consider which ESG accreditations and guidelines that it may seek to adopt, to further enhance the Company's ESG profile
- Enhance the Annual report and Company website to provide clear updates to readers on the Company's ESG activities

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

Business opportunities, wins, losses and threats are shared by the Management team with the Board. Risks and their mitigating factors are documented, with high-risk situations immediately acted upon. Health and safety risk assessments are a high priority given the nature of the business as a chemical manufacturer and are completed on a continual basis. Operational risks and uncertainties are discussed daily within the business in departmental meetings. A Business Continuity and Disaster Recovery plan has been updated in the year with scenario planning events taking place twice a year. Financial risks are considered by the Board at each Board meeting. The Board is provided with global sales and cash information daily, allowing it to quickly respond in fast-moving situations.

The Board ensures the risk management and related control systems are effective through internal review and assessment, which is part of its continuous improvement strategy.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair

In addition to daily access to sales numbers and the cash position of the Company, the Board receives detailed information and reporting from every geographical and functional part of the business, direct from the responsible individuals. The information is high-quality and comprehensive, ensuring that the Board is well informed and has the tools to facilitate proper assessment of matters which require its insight and decision making.

The Board believes that there is an appropriate balance between Executive and Non-Executive Directors on the Board. Isabel Napper is the Senior Independent Non-Executive Director, Bruno Holthof who is the Non-Executive Chair of the Board is also independent. Tom Jenkins and Caroline Stephens are Independent Non-Executive Directors, Tom becoming independent in the final quarter of the financial year. David Orr is not considered to be independent by virtue of his directorship and shareholding in Manor packaging, a supplier of cardboard to the Company. David will step down from the Board at the end of his nine-year tenure, during 2024.

By the end of the year, the Board was complying with the QCA Code's requirement that at least half of the Board should be independent Non-Executive Directors. It is believed that the mix of non-independent directors brings great specialist, analytical and entrepreneurial attributes to the Board, adding viewpoints and competencies that further enrich it.

The Executive team consists of Tristel's Chief Executive Paul Swinney and Chief Financial Officer Elizabeth Dixon, who are married, and Bart Leemans. Bart is an Executive Director, alongside his role managing the Group's French and Belgian operations.

All Directors are encouraged to foster an attitude of independence of character and judgement. The relevant experience, skills, and personal qualities that each Director brings to the Board are detailed within the Directors' Biographies, published within the Remuneration Report. Each Director keeps their skillset up to date by reading relevant publications and attending external training and personal development courses and workshops.

Each Non-Executive Director is expected to give at least 16 days per annum to the Company's business.

Principle 6 – Ensure that the Directors collectively have the appropriate skills, capabilities and experience

The Board consists of individuals with backgrounds and experience in publicly and privately-owned healthcare, commerce, finance, legal and manufacturing organisations. Collectively, the Board's members have a wide range of experience, personal qualities, and capabilities.

The Board contains three Executive Directors, two male and one female, and of five Non-Executive Directors, two are female and three male. In all new appointments the Board aims to appoint candidates who bring new and diverse attributes to its complexion.

In accordance with the QCA Code Non-Executive Directors are only eligible to serve for up to nine years. At each Annual General Meeting, at the discretion of the Nominations Committee, all directors are put forward for re-election.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The performance and effectiveness of the Board, its committees and individual Directors is reviewed by the Chair and the Board on an ongoing basis. Training is available should a Director request it or if the Chair feels it is necessary.

The performance of the Board was measured during the year in conjunction with an external consultancy; alongside the Chair's own assessment, in part via reference to the Company's achievement of its strategic goals. The performance of the Chair is assessed annually by the Senior Independent Non-Executive Director. The performance of the CEO and CFO is assessed annually by the Chair. The performance of other Executive Directors is assessed annually by the CEO. And the performance of the NEDs is assessed annually by the Chair.

Actions that have resulted from the Board review include:

- In addition to regular reviews, specific in-depth appraisals to be included in the FY24 Board agenda on matters of current significance such as risks, overseas expansion plans and ESG actions
- Specific succession-planning actions
- Meetings to be arranged between the Chair and investors during FY24
- More Board interaction and communication to be scheduled between Board meetings

The Board has in place a short-term plan to be instigated in the event of the loss or incapacity of the key roles of Chief Executive or Chief Financial Officer. The Board continually assesses the candidacy of staff with respect to succession planning, both within the Company and for future Executive Management vacancies. Senior Managers are invited to attend Board meetings to both observe, present, and discuss topics in their area of responsibility. A talent development and succession plan has been formulated to ensure that the loss of any of the Executive Directors will not negatively impact the business.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviour

The Board promotes a corporate culture that is based on sound ethical values and behaviour through their own actions and words and ensures that these are apparent and understood in every part of the business.

They are embodied in three words which describe the core values of the Company:

- No-nonsense
- Considerate
- Energetic

These values are applied consistently to employee personal development and training programs and form a central part of the Company's day-to-day operation.

By adhering to these values, the Board believes that the Company will maintain a healthy corporate culture, focussing upon what is important, while taking a balanced approach to achieving its goals.

Infection prevention is a vital yet complex area of healthcare, and healthcare providers can be reluctant to change and put their trust in new products. The Board feels that if an honest and straightforward approach is taken, while supporting customers through the process of adopting new products, the Company can best achieve its goals.

The relatively flat structure of the Company means that the Board can assess the state of its culture easily, which it currently considers to be energetic, candid and considerate, despite the uncertainties affecting the world and felt by us all.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Given that one of the Company's core values is 'no-nonsense', the Board seeks to strike a balance between maintaining adequate governance without imposing structures that slow or weaken decision making and progress. The Company's governance structures are fluid and have by necessity adapted over time, hand in hand with the changes to the business.

The Board's members are well informed, have access to all parts of the business and are appropriately equipped through their own skills, experience, and personality to make good, and where appropriate fast, business decisions.

At each Board meeting the Key Performance Indicators (KPIs) considered most relevant to the business are presented and discussed. Such KPIs are continually developed to ensure that the Board is kept adequately informed and able to take the appropriate actions. The KPI reporting includes a number of measures, focussing upon operational performance, financial performance, Quality Management System adherence and ESG targets. Periodically, normally annually, a corporate risk register is presented to the Board and mitigating actions agreed.

Principle 10 – Communicate how the Company is governed and is performing by maintaining dialogue with Shareholders and other relevant stakeholders

This Corporate Governance Report is included within the Company's annual report and the Corporate Governance section of the Tristel website. It is reviewed and updated regularly. In addition, the Board regularly enters into dialogue with shareholders who have an interest in matters of governance, diversity and ethics in order that shareholders views can be properly voiced and brought to bear within the business.

Board of Directors

The Company is controlled by the Board of Directors, which comprises three Executives, one of whom is the Chief Executive Officer, and five NEDs. The role of the Chief Executive Officer and Chair are separate. The Executive Directors are full-time employees of the Company; the NEDs are part-time employees who are required to give at least 16 days per annum to their role.

All Directors can take independent advice to assist them in their duties if necessary.

The Board is responsible to shareholders for the proper management of the Company and meets formally at least six times a year to set the overall direction and strategy of the Company, to review operating and financial performance and to consider and advise on senior management appointments. The Board also monitors and approves financial policy and budgets, including capital expenditure. All key decisions are subject to Board approval.

The Company Secretary is responsible for ensuring that Board procedures are followed and that all applicable rules and regulations are complied with. The Company Secretary, Heidi Allard, is supported and guided in her role by the Company's legal advisors.

Board and committee attendance

The Board met eight times during the 2022-23 financial year and its committees met a further four times in accordance with their terms of reference. The attendance of the Directors at these meetings is detailed below.

On the occasions when a Director is unable to attend a meeting, any comments he or she has arising from the information pack circulated prior to the meeting are provided to the Chair.

2022-2023	Eligible to attend	Attended
Bruno Holthof	11	11
Paul Swinney	12	12
Elizabeth Dixon	9	9
Bart Leemans	8	8
David Orr	12	12
Tom Jenkins	11	11
Isabel Napper	12	12
Caroline Stephens	12	12

Committees of the Board

Remuneration Committee

The Remuneration Committee operates under terms of reference which are reviewed annually, meeting at least once per year, and comprises all Independent Non-Executive Directors chaired by Isabel Napper, Senior Independent Non-Executive Director (SINED).

It reviews, *inter alia*, the performance of the Executive Directors and sets the scale and structure of their remuneration and basis of their service agreements, having due regard to the interests of the shareholders. The Remuneration Committee also determines the allocation of share options to Executive Directors. No Director has a service agreement exceeding one year. One of the policies of the Remuneration Committee is that no individual participates on discussions or decisions concerning his/her own remuneration. The Directors’ Remuneration Report is set out in the Annual Report where the work carried out during the past year is detailed.

Audit Committee

The Audit Committee operates under terms of reference which are reviewed annually and comprises all Independent Non-Executive Directors except the Chair of the Board, in line with QCA guidelines.

The Audit Committee is chaired by Caroline Stephens, supported by Tom Jenkins, both Independent Non-Executive Directors (INEDs). Tom is a qualified Accountant and as such has the relevant knowledge and experience required to facilitate the proper functioning of the Committee. The Committee meets twice a year and, amongst other duties, overviews the monitoring of the Company’s risk profile, internal financial controls, accounting policies and financial reporting, and provides a forum through which the external auditors report. It meets at least once a year with the external auditors.

The Company does not comply with the QCA’s requirement to publish a separate Audit Committee Report as it believes that the information provided within this Corporate Governance Report gives shareholders adequate information on the committee’s activities.

During the 2022-23 year the Audit Committee met on two occasions to:

- Discuss findings and hear recommendations arising from the annual audit
- Discuss with the Company’s external auditors matters such as compliance with accounting standards
- Monitor the external auditors’ compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company and other related requirements
- Consider the performance and value for money of the Company’s external auditors
- Approve the appointment of the Company’s external auditors, including their terms of engagement and fees

The Audit Committee reported formally to the Board on proceedings after each meeting.

Nominations Committee

The Nominations Committee operates under terms of reference which are reviewed annually, comprises all Non-Executive Directors and the CEO and is chaired by Bruno Holthof, Non Executive Chair of the Board.

The Nominations Committee considers the performance and effectiveness of the Board and its Directors; whether Directors retiring by rotation should be put forward for re-election at the Annual General Meeting; to consider succession planning for Directors and other senior executives; and to identify and nominate for the approval of the Board candidates to fill Board vacancies as and when they arise.

During the year the significant actions arising from the Committee were:

- Implementation of a Board review and implementation of resulting actions
- Refining of the CEO succession plan

External consultants Nurole were appointed during the year to complete a review of the effectiveness of the Board and that of the individual Directors, in relation to the following categories:

- Strategy and business
- Risk management and ESG
- Composition and Diversity
- Board dynamics and process

All Directors were provided with qualitative feedback to further enhance their contribution to Board functioning.

The performance of the Board and its individual Directors is also viewed in the context of the Company's achievement of its strategic goals. During the 2022-23 year these were:

- To meet the Company's profit target
- To increase sales by between 10% and 15% per annum
- To increase the Company's value to shareholders

All three objectives were achieved during the year.

Directors are subject to election by shareholders at the first opportunity after their appointment. In addition, all Board members retire at each Annual General Meeting, and at their own request alongside the recommendation of the Nominations Committee, are put forward for re-election.

Relations with shareholders

The Board recognises the importance of effective communication with shareholders and encourages regular dialogue with both institutional and private investors. The Board responds promptly to communications received verbally or in writing. Directors regularly attend meetings with both private and institutional shareholders throughout the year. Shareholders are given at least 21 days' notice of the Annual General Meeting held in December and are invited to attend a Shareholder Open Day held in July each year. At all investor meetings shareholders are given the opportunity to discuss the development and performance of the Company with Management and the Group's senior team.

The Company's website https://tristelgroup.com and 'X' feed (previously known as Twitter) @TristelGlobal contain details of its products, promotional activities, investor relations events, share price details and Regulatory News Service (RNS) announcements.

Maintenance of a sound system of internal control

The Directors have overall responsibility for ensuring that the Company maintains a system of internal control to provide them with reasonable assurance that the assets of the Company are safeguarded, and that shareholders' investments are protected. The system includes internal controls appropriate for the Company's size, and covers financial, operational, compliance (including health and safety) and risk management areas. There are limitations in any system of internal control, which can provide reasonable but not total assurance with respect to the preparation of financial information, the safeguarding of assets and the possibility of misstatement or loss.

The Board continually considers its policies regarding internal control, risk management and business reporting with respect to the major areas of the business and methods used to monitor and control them. In addition to financial risk, the reviews cover operational, commercial, regulatory and health and safety risks. Internal audit activities are currently limited to the Company's Quality Management System controls. An expansion of this activity to include accounting processes and corporate governance will be considered as the Company develops.

Control environment

There is an organisational structure with clearly defined lines of responsibility and delegation of accountability and authority.

Bruno Holthof
Non-Executive Chair
13 October 2023

Directors' Report
for the year ended 30 June 2023

The Directors present their report and the financial statements for the year ended 30 June 2023.

Results and dividends

The Group achieved a profit for the year after taxation amounting to £4.3m (2022: £0.9m).

A final dividend of £1.9m (3.93p per share) was paid during the year in respect of the year ended 30 June 2022. (2021: £1.9m (3.93p per share)). An interim dividend of £1.2m (2.62p per share) was paid during the year in respect of the year ended 30 June 2023 (2022: £1.2m, 2.62p per share); a special dividend of 3.00p was declared on 18 July 2022 and paid to shareholders on 10 August 2022, amounting to £1.4m.

The Board is recommending a final dividend of 7.88p per share for the year ended 30 June 2023 (2022: 3.93p per share). If approved, the total distribution of dividends for the year ended 30 June 2023 will be £5.0m (2021: £4.5m).

A review of the Group's performance for the year ended 30 June 2023 is contained in the Chairman's Statement on pages 5 to 7 and the Chief Executive's Report and Financial review on pages 8 to 12.

Directors of the Company

The directors, who held office during the year and up to the point of signing, were as follows:

BLM Holthof
PC Swinney
EA Dixon
BVM Leemans
DWE Orr
TAJ Jenkins
IJS Napper
CJ Stephens

The Group provides Directors and Officers indemnity insurance for the benefit of the Directors of the Group. For the year to 30 June 2023 the policy cost £63,500 (2022: £67,500).

Details of Directors' interests in the share capital of the Company are disclosed in the Directors' Remuneration Report set out on pages 23 to 26.

ESG

Tristel plc itself consumes less than 40MWh and, as a low energy user, is not required to make the detailed disclosures of energy and carbon information but is required to state, in its relevant report, that its energy and carbon information is not disclosed for that reason. Tristel plc's annual energy use and greenhouse gas emissions, and related information has not been disclosed in this annual report as it is a low energy user. The group has also applied the option permitted to exclude any subsidiaries which are beneath threshold and therefore do not need to report. The Board has a keen focus on Environmental, Social and Governance matters. It is committed to maintaining high standards of oversight and has applied policies appropriate to the size of the Group, its current stage of development and the constitution of the Board. Further details and SECR discloses are provided in the ESG and Corporate Governance Reports set out on pages 27 to 35.

Political donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Financial instruments

Detail on financial risk management can be found in note 26.

Substantial shareholdings

Except for the Directors' interests in the shares of the Company, as given in the Directors' remuneration report on page 23, the Directors are aware of the following who were interested in 3% or more of the Company's equity at 30 June 2023:

	Number of shares	% of issued share capital
Liontrust Asset Management	5,585,635	11.81%
Charles Stanley Stockbrokers	4,743,083	10.03%
Montanaro Investment Managers	3,001,514	6.34%
Aviva Investors	2,982,626	6.30%
Investec Wealth & Investment	2,187,041	4.62%
Hargreaves Lansdown Stockbrokers (EO)	2,143,022	4.53%
Interactive Investor	2,037,448	4.31%
Unicorn Asset Management	1,935,329	4.09%
BGF	1,835,271	3.88%
Directors	1,699,562	3.59%
Allianz Global Investors	1,418,883	3.00%

Principal risks and uncertainties

Reference to this topic can be found within the Strategic report on pages 16 to 18.

Reference to the Groups primary research and development advancements can be found within the Chief Executive's report on page 11. During the year £0.694m was expensed and £0.927m capitalised in respect of product development.

Future developments

During the year the Company secured De Novo clearance for its high-level disinfectant, Tristel ULT, from the United States Food and Drug Administration (FDA). The Board expects this event to enable future product approvals in the Americas, adding a significant new dimension to the Company's future potential.

Post balance sheet events

There were no significant post balance sheet events to report.

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant and reliable
- State whether they have been prepared in accordance with UK-adopted international accounting standards
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Reappointment of auditors

Grant Thornton UK LLP is the Company's auditor having been appointed for the first year on the 6 December 2022.
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 13 October 2023 and signed on its behalf by:

Elizabeth Dixon
Chief Financial Officer
13 October 2023

Tristel plc

REPORT AND ACCOUNTS
FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2023

Independent Auditor's Report

for the year ended 30 June 2023

Our opinion on the financial statements is unmodified

We have audited the financial statements of Tristel plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2023, which comprise the Consolidated Income statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2023 and of the Group's profit for the year then ended
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- The parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

Our evaluation of the Directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

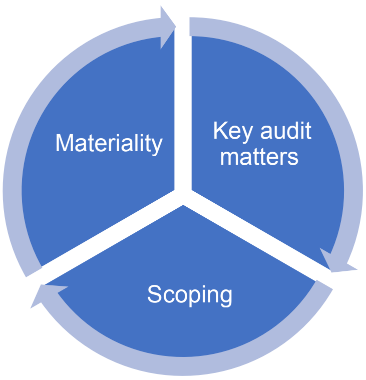
- Developing an understanding of the design and implementation of controls around management's assessment of going concern
- Discussions with management regarding their assessment of the Group's ability to continue as going concern
- Assessing the reasonableness of management's projected cash flow and working capital assumptions and evaluating the revenue and cost projections underlying management's cash flow model
- Assessing the accuracy of management's historical forecasting by comparing management's forecasts for the years ended 30 June 2023 and 30 June 2022 to the actual results for those periods and considering the impact on the base-case cash flow forecast
- Assessing how these cash flow forecasts were compiled, assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions including revenue and cost growth assumptions
- Considering the post year-end performance compared to the budgeted forecasts
- Evaluating management's reverse stress test to identify the scenario which would result in the removal of the cash headroom during the assessment period and assessing the probability of such a scenario; and
- Assessing the adequacy of related disclosures within the annual report

In our evaluation of the Directors’ conclusions, we considered the inherent risks associated with the Group’s and the parent company’s business model including effects arising from macro-economic uncertainties such as inflation and changes in public spending, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Group’s and the parent company’s financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and the parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.



Our approach to the audit

Overview

Overall materiality:
Group: £310,000, which represents 5% of the Group’s adjusted profit before tax (before share-based payments).

Parent company: £171,000, which represents 1% of the parent company’s total assets at planning stage of the audit.

A key audit matter was identified as risk of fraud in revenue recognition, specifically in relation to transactional outliers.

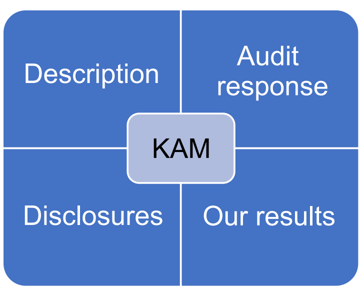
We performed:

- An audit of the financial information of the components using component materiality (full-scope audit) for Tristel plc and Tristel Solutions Limited
- Specific audit procedures of the financial information of two components, to gain sufficient appropriate audit information at Group level

Component auditors performed:

- An audit of the financial information of the component using component materiality (full-scope audit) Tristel GMBH; and
- Specified audit procedures on the financial information of three components, to gain sufficient appropriate audit information at Group level

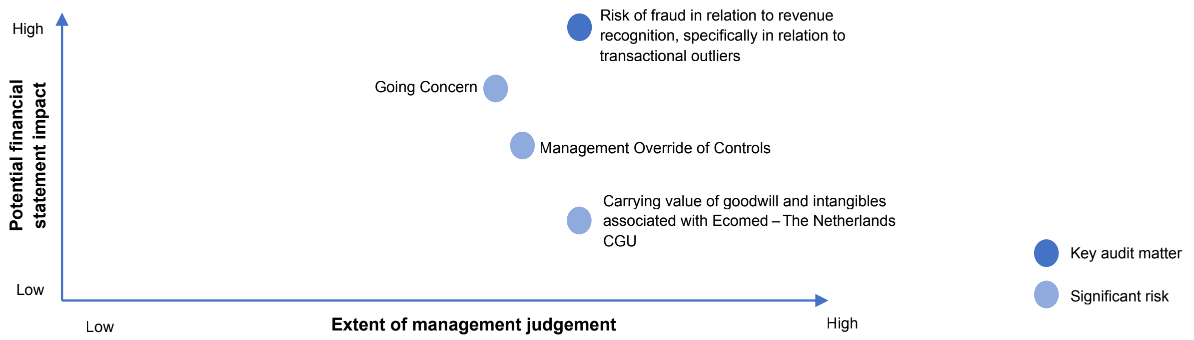
Full scope or specified audit procedures were performed on the financial information of components representing 81% of the Group’s revenue and 92% of the Group’s profit before tax.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph on page 49, we have presented the key audit matter and significant risks relevant to the audit.



Key audit matter – Group

Risk of fraud in relation to revenue recognition, specifically in relation to transactional outliers

We identified the risk of fraud in relation to revenue recognition, specifically in relation to transactional outliers as one of the most significant assessed risks of material misstatement due to fraud. There is an incentive for performance to be inflated through improper revenue recognition. This risk is therefore judged to be due to fraud. As the vast majority of the Group's revenue is recognised at a point in time and is made up of a high volume of relatively low value transactions, we have pinpointed our fraud risk to those transactions that do not follow the expected transaction flow which we define as unusual outliers.

In responding to the key audit matter, we performed the following audit procedures:

- Obtained an understanding and assessed the reasonableness of the design and implementation of processes and controls relating to the recognition of revenue across the group
- Assessed the revenue recognition policy for compliance with IFRS15 (Revenue from contracts with customers)
- Performed audit data analytics procedures to identify unexpected transactions impacting the revenue cycle; and
- Performed testing on these items by agreeing them to supporting evidence and bank payments to conclude that they were appropriate business transactions

Relevant disclosures in the Annual Report and Accounts 2023

Financial statements: Note 3, Segmental analysis

Our results

Based on the procedures performed, we did not identify any inappropriate entries in the revenue cycle.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure: Materiality for financial statements as a whole

We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.

	Group	Parent company
Materiality threshold	£310,000, which is 5% of the group's adjusted profit before tax (before share-based payments).	£171,000, which represents 1% of the parent company's total assets at planning stage of the audit.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: Adjusted profit before tax was determined to be the most appropriate benchmark for the Group because in our view, it is most reflective of the underlying performance of the business and is of most interest to key stakeholders.	In determining materiality, we made the following significant judgements: Total assets was considered the most appropriate benchmark because the parent company's purpose is to hold investments in its subsidiary companies and does not trade.

Materiality measure: Performance materiality used to drive the extent of our testing

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

	Group	Parent company
Performance materiality threshold	£186,000, which is 60% of financial statement materiality.	£102,600, which is 60% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we considered the following: • Whether there were any significant adjustments made to the Group financial statements in prior years • Whether there were any significant control deficiencies identified in prior years	

Materiality measure: Specific materiality

We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

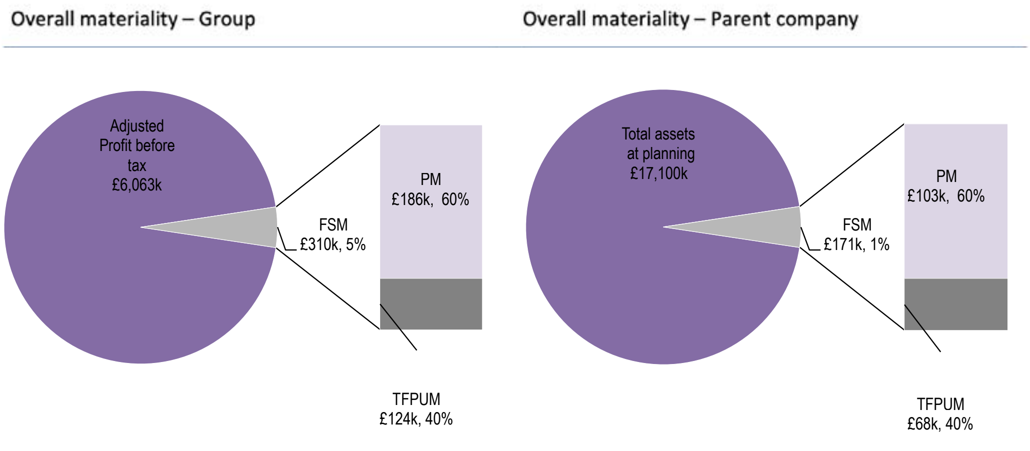
	Group	Parent company
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we considered the following: • Directors remuneration • Share based payment charge; and • Related party transactions	

Materiality measure: Communication of misstatements to the audit committee

We determine a threshold for reporting unadjusted differences to the audit committee.

	Group	Parent company
Threshold for communication	£15,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,550 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- Obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level; and
- Evaluation of the design and implementation of controls over the financial reporting systems and effectiveness of the control environment as part of our risk assessment

Identifying significant components

We assessed quantitative and qualitative factors to identify components which are significant to the Group. We considered components in terms of their nature and influence on the Group and any individual component which is financially significant to the Group. This was assessed based on revenue, total assets, net assets and profit before tax.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

We identified the risk of fraud in relation to revenue recognition, specifically in relation to transactional outliers to be a key audit matter in respect of the Group financial statements and the procedures to address this are included in the key audit matters section above.

In order to address the audit risks identified during our planning procedures, including the key audit matter as set out above, for the Company and other financially significant components requiring a full-scope approach, we evaluated the design and implementation of controls over the financial reporting systems identified as part of our risk assessment and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances and consolidation adjustments.

For components identified for specified audit procedures, audit procedures were performed on a number of transactions and balances to provide us with sufficient group coverage in these areas.

Individually financially significant components were identified as Tristel plc, Tristel Solutions Limited and Tristel GMBH. These three components were subject to full-scope audit procedures and represent 57% of the Group's revenue and 87% of the Group's profit before tax.

The work in relation to Tristel plc and Tristel Solutions Limited was performed by the Group audit team. The work in relation to Tristel GMBH was performed by an overseas component team.

Five components were identified for specified audit procedures on specific balances. The work on these components was targeted according to the nature of the balances within these components. Work in relation to three of these components was performed by overseas component teams with the remaining being performed by the group audit team.

The remaining 14 components were subject to analytical procedures commensurate with their significance to the Group's results and financial position.

Performance of our audit

Work performed over full-scope components and specific procedure components and consolidation adjustments covered 81% of Group revenues, 92% of Group profit before tax and 88% of the Group's total assets. The Group audit team either performed the audit work themselves or visited the component auditors for all full-scope components.

Audit approach	Number of components	% coverage total assets	% coverage revenue	% coverage PBT
Full-scope audit	3	71%	57%	87%
Specified audit procedures	5	17%	24%	5%
Analytical procedures	14	12%	19%	8%

Communications with component auditors

The Group engagement team communicated with four overseas component auditors, throughout the stages of their work, from planning, through fieldwork and as part of the concluding procedures. In addition, the Group audit team visited Germany to meet the team and review the working papers of the overseas auditors of Tristel GMBH. The Group audit team remotely viewed the working papers of the other three overseas component teams.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the Directors' report have been prepared in accordance with applicable legal requirements

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statement set out on page 50, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the Company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, (UK-adopted international accounting standards, the Companies Act 2006, AIM Rules for Companies, and relevant tax legislation for the jurisdictions in which the group operates)
- We obtained an understanding of how the Group and Company are complying with those legal and regulatory frameworks by making inquiries of management, the Audit Committee and other personnel within the organisation. We corroborated inquiries through our review of Board minutes and papers provided to the Audit Committee
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures included:
    - Identifying and assessing the design effectiveness of management's controls designed to prevent and detect irregularities including fraud
    - Challenging assumptions and judgements made by management in its evaluation of accounting estimates
    - Identifying and testing those journal entries matching certain risk criteria and which may indicative of irregularity; and
    - Performance of unpredictable procedures which included specific testing on transactions with related parties as well as testing a sample of employee expenses
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it
- The engagement partner has assessed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulations and this was achieved through adherence to internal quality control procedures and through planning and stand-back meetings to identify and follow up on non-compliance risks
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wendy Russell

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants, Milton Keynes
13 October 2023

Consolidated Income Statement
for the year ended 30 June 2023

	NOTE	**2023** £'000	**2022** *restated** £'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	23	(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	4	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	8	(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	22	9.44	2.09
Diluted – pence	22	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 27 details the only change to the profit before tax and profit after tax for financial year 2022.*

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

	2023 £'000	2022 £'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	4,247	1,125
Total comprehensive income attributable to:		
Owners of the Company	4,247	1,125

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

as at 30 June 2023

Assets	NOTE	**30 June 2023** £'000	**30 June 2022** *restated* £'000	**1 July 2021** *restated* £'000
Non-current assets				
Property, plant and equipment	9	2,922	2,791	3,119
Right of use assets	9	4,905	5,568	6,083
Goodwill	11	5,156	5,242	5,265
Intangible assets	12	4,757	4,138	6,704
Deferred tax assets	8	1,286	1,826	2,822
		19,026	19,565	23,993
Current assets				
Inventories	14	4,569	4,420	4,266
Trade and other receivables	15	7,081	5,851	5,255
Income tax receivable	8	1,146	962	170
Short-term investments	17	2,432	–	–
Cash and cash equivalents	16	7,113	8,883	8,094
		22,341	20,116	17,785
Total assets		41,367	39,681	41,778

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

as at 30 June 2023 *(continued)*

Equity and liabilities	NOTE	30 June 2023 £'000	30 June 2022 *restated* £'000	1 July 2021 *restated* £'000
Equity				
Share capital	18	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		30,677	29,687	31,407
Non-controlling interests		7	7	7
Total equity		30,684	29,694	31,414
Non-current liabilities				
Lease liabilities	10	4,321	4,854	5,372
Deferred tax liabilities	8	599	720	637
		4,920	5,574	6,009
Current liabilities				
Trade and other payables	20	4,801	3,471	3,476
Income tax payable	8	103	–	–
Lease liabilities	10	859	942	879
		5,763	4,413	4,355
Total liabilities		10,683	9,987	10,364
Total equity and liabilities		41,367	39,681	41,778

Right of use assets, lease liabilities, retained earnings, income tax receivable, deferred tax assets and trade and other payables for prior years have been restated. See note 27.

The notes on pages 64 to 105 form an integral part of these financial statements.

Approved by the Board on 13 October 2023 and signed on its behalf by:

Elizabeth Dixon
Chief Financial Officer
Registration number: 04728199

Company Statement of Financial Position

as at 30 June 2023

Assets	NOTE	30 June 2023 £'000	30 June 2022 *restated* £'000	1 July 2021 *restated* £'000
Non-current assets				
Intangible assets	12	924	353	2,645
Investments in subsidiaries, joint ventures and associates	13	14,318	13,257	12,661
		15,242	13,610	15,306
Current assets				
Trade and other receivables	15	10,393	8,165	4,408
Income tax asset	8	6	6	6
Cash and cash equivalents	16	1,104	1,146	412
		11,503	9,317	4,826
Total assets		26,745	22,927	20,132
Equity and liabilities				
Equity				
Share capital	18	474	473	471
Share premium		14,188	13,996	13,600
Foreign currency translation reserve		63	63	63
Merger reserve		1,727	1,727	1,727
Retained earnings		10,089	6,431	4,066
Total equity		26,541	22,690	19,927
Non-current liabilities				
Deferred tax liabilities	8	9	9	9
Current liabilities				
Trade and other payables	20	195	228	196
Total liabilities		204	237	205
Total equity and liabilities		26,745	22,927	20,132

Approved by the Board on 13 October 2023 and signed on its behalf by:

Elizabeth Dixon
Chief Financial Officer
Registration number: 04728199

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The parent company's profit for the financial year was £7.108m (2022: profit £4.860m restated) which includes a dividend of £8.031m (2022: £7.515m) received from its subsidiary companies.

There is a requirement to restate the financial years 2021 and 2022 to correct the accounting treatment of the share-based payment during these periods. This is detailed in Note 27.

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	NOTE	Share capital £'000	Share premium £'000	Foreign currency translation £'000	Merger reserve £'000	Retained earnings *restated** £'000	Total *restated** £'000	Non-controlling interests £'000	Total equity *restated** £'000
At 1 July 2021		471	13,600	(203)	2,205	14,687	30,760	7	30,767
Deferred tax asset restatement	27	–	–	–	–	333	333	–	333
IFRS 16 restatement	27	–	–	–	–	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	21	–	–	–	–	(3,091)	(3,091)	–	(3,091)
New share capital subscribed	18	2	396	–	–	–	398	–	398
Deferred tax through equity	8	–	–	–	–	(795)	(795)	–	(795)
Current tax through equity	8	–	–	–	–	47	47	–	47
Share-based payment transactions	23	–	–	–	–	596	596	–	596
At 30 June 2022 – *restated*		473	13,996	(65)	2,205	13,078	29,687	7	29,694

	NOTE	Share capital £'000	Share premium £'000	Foreign currency translation £'000	Merger reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 July 2022		473	13,996	(65)	2,205	12,371	28,980	7	28,987
Deferred tax asset restatement	27	–	–	–	–	333	333	–	333
IFRS 16 restatement	27	–	–	–	–	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	21	–	–	–	–	(4,511)	(4,511)	–	(4,511)
New share capital subscribed	18	1	192	–	–	–	193	–	193
Share-based payment transactions	23	–	–	–	–	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, trade and other payables, income tax receivable and retained earnings for the prior year have been restated. See note 27.

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Company Statement of Changes in Equity

for the year ended 30 June 2023

	NOTE	Share capital £'000	Share premium £'000	Foreign currency translation £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 July 2022		473	13,996	63	1,727	6,271	22,530
Share-based payment restatement		–	–	–	–	160	160
Restated 1 July 2022		473	13,996	63	1,727	6,431	22,690
Profit for the year		–	–	–	–	7,108	7,108
Total comprehensive income		–	–	–	–	7,108	7,108
Dividends paid	21	–	–	–	–	(4,511)	(4,511)
New share capital subscribed	18	1	192	–	–	–	193
Share-based payment transactions	23	–	–	–	–	1,061	1,061
At 30 June 2023		474	14,188	63	1,727	10,089	26,541
At 1 July 2021		471	13,600	63	1,727	3,693	19,554
Share-based payment restatement		–	–	–	–	373	373
As restated at 1 July 2021		471	13,600	63	1,727	4,066	19,927
Profit for the year		–	–	–	–	4,860	4,860
Total comprehensive income		–	–	–	–	4,860	4,860
Dividends paid	21	–	–	–	–	(3,091)	(3,091)
New share capital subscribed	18	2	396	–	–	–	398
Share-based payment transactions	23	–	–	–	–	596	596
At 30 June 2022		473	13,996	63	1,727	6,431	22,690

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	NOTE	2023 £'000	2022 *restated* £'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	9	1,000	968
Depreciation of plant, property and equipment	9	734	632
Impairment of goodwill	11	68	67
Amortisation of intangible assets	12	816	1,105
Impairment of intangibles	12	–	2,439
Share-based payments – IFRS 2	23	1,061	596
Loss on disposal of property, plant and equipment		69	20
Lease interest	10	177	193
Other interest		2	2
Finance income		(10)	(1)
		9,029	7,576
Working capital adjustments			
(Increase)/decrease in inventories	14	(149)	(154)
(Increase)/decrease in trade and other receivables	15	(1,230)	(596)
(Decrease)/increase in trade and other payables	20	1,330	114
Lease interest paid		(177)	(193)
Corporation tax paid		(313)	(1,021)
Net cash flow from operating activities		8,490	5,726
Cash flows from investing activities			
Interest received		10	1
Purchase of intangible assets	12	(1,570)	(898)
Purchase of property plant and equipment	9	(853)	(305)
Cash deposit to short-term investments		(2,432)	–
Net cash used in investing activities		(4,845)	(1,202)
Cash flows from financing activities			
Payment of lease liabilities		(1,126)	(1,103)
Share issues	18	193	398
Dividends paid	21	(4,511)	(3,091)
Net cash used in financing activities		(5,444)	(3,796)
Net (decrease)/increase in cash and cash equivalents		(1,799)	728
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	16	7,113	8,883

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

for the year ended 30 June 2023 *(continued)*

Net Funds – liabilities from financing activities and cash and cash equivalents	**Leases** £'000	**Cash and cash equivalents** £'000	**Short term investments** £'000	**Total** £'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)	–	–	(469)
Terminations – leases	128	–	–	128
Foreign exchange adjustments	7	29	–	36
Net funds as at 30 June 2023	(5,180)	7,113	2,432	4,365

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Company Statement of Cash Flows

for the year ended 30 June 2023

	NOTE	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit/loss before tax		7,108	4,860
Adjustments to cash flows from non-cash items			
Amortisation of intangible asset	12	66	120
Impairment of intangibles	12	–	2,172
		7,174	7,152
Working capital adjustments			
(Increase)/decrease in trade and other receivables	15	(2,228)	(3,757)
Increase/(decrease) in trade and other payables	20	(33)	32
Net cash flow from operating activities		(2,353)	3,427
Cash flows from investing activities			
Purchase of intangible assets	12	(637)	–
Net cash used in investing activities		(637)	–
Cash flows from financing activities			
Share issues	18	193	398
Dividends paid	21	(4,511)	(3,091)
Net cash used in financing activities		(4,318)	(2,693)
Net increase/(decrease) in cash and cash equivalents		(42)	734
Cash and cash equivalents at the beginning of the year		1,146	412
Exchange differences on cash and cash equivalents		–	–
Cash and cash equivalents at the end of the year	16	1,104	1,146

THE NOTES ON PAGES 64 TO 105 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. Accounting policies

Basis of accounting

These financial statements have 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.

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, including its cash flows and liquidity position. The strategic report also further describes the Group's objectives, policies and processes for financial risk management, including credit and liquidity risk, cash-flow risk and exchange-rate risk.

The financial statements are prepared on the going concern basis which the Directors believe to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts in order to assess going concern. The forecasts take account of potential and realistic changes in trading performance, and also include severe yet plausible downside scenarios and reverse stress-testing. These scenarios include modelling reductions in revenue and margins and increasing costs, and considering the consequent cash outflow that could result. The Directors have also considered the current economic environment, and in particular, recent movements in foreign exchange rates, rising energy costs and inflation in these scenarios. The forecasts indicate that, taking account of severe yet plausible downside scenarios, the Group and Company are able to operate within the level of existing cash resources, which at 30 June 2023 were £9.545m for the group.

1. Accounting policies *continued*

Consequently, the Directors are confident that the Group and Company will continue to have sufficient funds to continue to meet their liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements and therefore, they have prepared the financial statements on a going concern basis.

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.

Revenue recognition

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, the Group recognises revenue to depict the transfer of promised goods (performance obligations) to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Revenue is therefore recognised as performance obligations to deliver products are satisfied. Performance obligations for the sale of products are dependent on the terms and conditions of sale. The point in time at which revenue is recognised may therefore vary between the point goods are made available for customers to collect, and the point at which they are delivered to the customers.

IFRS 15 requires entities to apportion revenue earned from contracts to individual performance obligations based on stand-alone selling price. The principles of in IFRS 15 are applied to revenue recognition criteria using the following five-step model:

1. Identify the contacts with the customer
2. Identify the performance obligation with the customer
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation in the contract
5. Recognise revenue when or as the entity satisfies the performance obligations

There are no significant judgements made in concluding when a customer obtains control of the goods and services and this revenue is recognised at a point in time on transfer of control. Rebates are recorded at the point of sale, the rebate value is recognised as a reduction to revenue when the product is sold to the customer.

1. Accounting policies *continued*

Foreign currency transactions and balances

The consolidated financial statements are presented in GBP, which is also the functional currency of the parent company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in a foreign currency at year-end exchange rates are recognised in profit or loss.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currencies of the subsidiary entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expense items are translated at the average exchange rate. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency reserve in equity.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated according to local tax rules, using tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which an asset can be utilised. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, such as share-option relief, in which case the related deferred tax is also charged or credited directly to equity.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment losses. Depreciation is provided at the following annual rates in order to write-off each asset less the estimated residual value of property, plant and equipment over their estimated useful economic lives as follows:

- Improvements to leasehold property – straight line over the remaining lease term
- Other property, plant and equipment – straight line over three and five years
- Furniture, fittings and equipment – straight line over four and five years
- Motor vehicles – straight line over four years

The residual value and useful economic life of property, plant and equipment are reviewed annually. All depreciation and impairments are charged to administration in the income statement.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified

1. Accounting policies *continued*

- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - The Group has the right to operate the asset; or
    - The Group designed the asset in a way that predetermines how and for what purpose it will be used

This policy is applied to contracts entered into, or changed, on or after 1 July 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account tor the lease and non-lease components as a single lease component.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (if any) and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Investments and other financial assets

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

1. Accounting policies *continued*

The company subsequently measures all equity investments at cost less any impairment. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable.

Intangible assets

In determining the amortisation policy of an intangible asset, its estimated useful economic life in terms of years or the number of stock units likely to be sold, is considered. Where a finite useful economic life of the asset can be estimated, amortisation is calculated from the point at which the asset is brought into use, and charged to the income statement over its lifetime. Where it is considered that an intangible asset has an indefinite useful economic life, such as goodwill, no amortisation is charged. Instead, in accordance with IAS 36 the asset is tested annually for impairment, comparing the recoverable amount to the carrying amount. The recoverable amount is calculated by reference to future cash flows expected to be generated by the asset.

Customer and supplier relationships

Customer and supplier relationships have been recognised as an intangible asset where they meet either the contractual-legal criterion or the separable criterion in IAS 38 Intangible Assets. The acquisition of Falcare is shown at historical cost, under the cost accumulation model, whereby any contingent consideration is not considered upon initial recognition of the asset, but is added to the cost of the asset initially recorded when incurred. Contractual customer relationships are always recognised separately from goodwill because they meet the contractual-legal criterion. Amortisation is charged over the useful life of the asset, on a straight-line basis of between seven and 10 years.

Patents, trademarks, licences and proprietary technology

Patents, trademarks and licences that are acquired by the Group are stated at cost less amortisation and impairment losses. Amortisation is charged over the useful life of the asset, on a straight-line basis of between 7 and 20 years.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off as incurred, except where the Directors are satisfied, having due regard to the nature and scope of each development project assessed, as to the technical, commercial and financial feasibility of the project. In such cases, the identifiable expenditure of the relevant project is deferred and amortised over the period within development of marketable costs during which the Group is expected to benefit, as administration costs, as detailed below.

Development costs incurred are capitalised when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale
- The Group intends to complete the intangible asset and use or sell it
- The Group has the ability to use or sell the intangible asset
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably

Development costs capitalised as intangible assets are done so under the Development of marketable products category in Note 12.

Provision is made for any impairment. The amortisation of intangible assets is charged to administrative expenses in the income statement on a straight-line basis of between seven years and 25 years.

Computer software and website

Software that is acquired from third parties by the Group is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged over the useful life of the asset, deemed to be seven years based on historical trends of software utilisation.

1. Accounting policies *continued*

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit acquired and any other cash-generating unit which benefits from the goodwill acquired. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The details of these assumptions are set out in note 11.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short term on demand bank deposits with an original maturity of three months or less. The assets are subject to an insignificant risk of change in value. The carrying amount of these assets approximates to their fair value.

Short-term investments

Demand bank deposits held and invested by the Group with an original maturity of more than three months. The assets are subject to an insignificant risk of change in value. The carrying amount of these assets approximates to their fair value.

Trade and other receivables

Trade and other receivables are initially recognised at their transaction price. Subsequently they are measured at amortised cost using the effective interest rate method.

Inventories

Inventories are valued on a first-in, first-out basis at the lower of cost and net realisable value. Cost includes materials and direct labour and overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving and defective items where applicable.

Trade and other payables

Trade and other payables, including loans and other borrowings are initially recognised at fair value, net of direct issue costs. Subsequently they are measured at amortised cost using the effective interest rate method.

Impairment of non-financial assets

At each year-end date, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

1. Accounting policies *continued*

Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- 'Merger reserve' represents merger relief taken in respect of the premium paid on the issue of shares to finance the acquisition of a subsidiary undertaking
- 'Retained earnings' represents all current and prior period profits, losses and share-based payments less dividends paid
- 'Foreign currency translation reserve' comprises foreign currency translation of the financial statements of the Group's foreign entities into GBP

Dividends

Final dividends are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by shareholders, while interim dividends are recognised in the period in which the dividends are paid.

Defined contribution pension obligation

For money purchase schemes the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share-based payments

In accordance with IFRS 2, the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period on the Group's estimate of shares or options that will eventually vest. In the case of options granted, the fair value is measured by using either the Monte Carlo or Black-Scholes pricing model. Further details are set out in note 22.

Where options are granted over the parent company shares to employees of subsidiary undertakings, the cost of investment in the subsidiary is increased by the fair value of the options granted with a corresponding entry included in equity and assessed for impairment in accordance with IAS 36.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, intangible assets, inventory, income tax, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI); or
- Financial assets at fair value through the profit or loss (FVTPL)

1. Accounting policies *continued*

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at amortised cost; or
- Financial liabilities at fair value through the profit or loss (FVTPL)

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely trade and other receivables.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Group recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Group recognises the lifetime ECL.

The Group measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- Debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- Other financial instruments on which the credit risk has not increased significantly since their initial recognition

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the lifetime ECL that represents the ECLs that result from default events on a financial instrument that are possible within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

2. Critical accounting judgements and key sources of estimation uncertainty

Significant judgments and estimates

The preparation of financial statements in conformity with UK-adopted international accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The carrying value and recoverable amount of the goodwill relating to Tristel Belgium and Tristel Netherlands are considered key estimates as a result of the historic revenue growth rates. Further details are set out in note 11 under the Ecomed section which includes Tristel Belgium, Tristel France and Tristel Netherlands.

The sensitivities of the other cash-generating units have been considered and no impairment has been identified. There is no reasonable possible change to the assumptions that would result in a material impairment and therefore further sensitivity analysis is not necessary on these CGUs.

There are not considered to be any key accounting judgements within the Group.

3. Segmental analysis

The Group has reassessed its operating segments and considered that they should be based on geography rather than by product category as was previously the case. Group revenue lines are split into 14 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.

3. Segmental analysis *continued*

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

	Hospital medical device decontamination £'000	Hospital environmental surface disinfection £'000	Other revenues £'000	2023 Total £'000	2023 Profit before tax £'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 £'000	Hospital environmental surface disinfection £'000	Other revenues £'000	2022 Total £'000	2022 Profit before tax £'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

The above table was not included in the 2022 annual report but has been included as a comparative, following the change in operating segments.

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.

3. Segmental analysis *continued*

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 the 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 55% of this product category's revenue (2022: £1.636m, being 51%). Other revenues were also derived from a number of customers, with the largest customer in the UK accountable for £0.172m, which represents 9% 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 £'000	Hospital environmental surface disinfection £'000	Other revenues £'000	2023 Total £'000
Revenue from external customers	30,817	3,296	1,896	36,009
Cost of material	(4,494)	(1,437)	(903)	(6,834)
Gross profit	26,323	1,859	993	29,175
Gross margin	85%	56%	52%	81%

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	5,112

3. Segmental analysis *continued*

	Hospital medical device decontamination £'000	Hospital environmental surface disinfection £'000	Other revenues £'000	2022 Total £'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

The following table provides further information on the Group's revenues:

	Hospital medical device decontamination £'000	Hospital environmental surface disinfection £'000	Other revenues £'000	2023 Total £'000
Revenue recognised at a point in time	30,660	3,296	1,897	35,853
Revenue recognised over time	156	–	–	156
Total revenues	30,816	3,296	1,897	36,009

	Hospital medical device decontamination £'000	Hospital environmental surface disinfection £'000	Other revenues £'000	2022 Total £'000
Revenue recognised at a point in time	25,375	3,178	2,523	31,076
Revenue recognised over time	47	–	–	47
Total revenues	25,422	3,178	2,523	31,123

The Group has no material contract assets or contract liabilities.

3. Segmental analysis *continued*

The Group's non-current assets (excluding deferred tax) are divided into the following geographical areas and by product category:

Geography

2023 Geographic region	Non-current assets £'000	Additions: Intangible assets £'000	Additions: Plant, property and equipment £'000	Additions: Right of use asset £'000	Depreciation £'000	Amortisation £'000
UK	16,512	1,570	795	411	1,214	722
Australia	308	–	6	–	76	94
Germany	134	–	11	–	123	–
Western Europe	430	–	40	56	113	–
Italy	73	–	–	–	19	–
Other (ROW)	283	–	–	–	189	–
Total	17,740	1,570	852	467	1,734	816

2022 Geographic region	Non-current assets £'000	Additions: Intangible assets £'000	Additions: Plant, property and equipment £'000	Additions: Right of use asset £'000	Depreciation £'000	Amortisation £'000
UK	16,284	898	261	138	1,234	1,013
Australia	313	–	–	–	77	92
Germany	126	–	–	–	109	–
Western Europe	562	–	24	109	106	–
Italy	96	–	–	–	25	–
Other (ROW)	358	–	20	182	49	–
Total	17,739	898	305	467	1,600	1,105

4. Operating profit and net finance costs

The profit before tax is stated after charging/(crediting):

	2023 £'000	2022 £'000
Cost of inventories recognised as an expense	6,657	5,951
Depreciation – owned assets	734	632
Depreciation – leased assets	1,000	968
Loss on disposal of property, plant and equipment	69	20
Patents, licences and proprietary technology amortisation	78	143
Development of marketable products amortisation	374	556
Customer and supplier relationship amortisation	323	320
Computer software and website amortisation	41	86
Impairment of goodwill	68	67
Impairment of intangibles	–	2,439
Auditor's remuneration – audit services	267	331
Foreign exchange loss	13	76
Research costs expensed	694	614

Net finance (cost)	2023 £'000	2022 £'000
Interest income on bank deposits	10	1
Interest on lease liabilities	(177)	(193)
Other interest	(2)	(2)
Net finance (cost)	(169)	(194)

5. Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2023 £'000	2022 £'000
Wages and salaries	11,494	9,873
Social security costs	696	795
Share-based payment expenses	1,061	596
Other pension costs	357	328
	13,608	11,592

A charge of £1,061,000 (2022: £596,000) to share-based payments in accordance with IFRS 2 arises from transactions accounted for as equity-settled share-based payments. This is included within the wages and salaries figures above.

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	2023 Number	2022 Number
Executive Directors	3	3
Non-Executive Directors	5	5
Sales, marketing and distribution	90	78
Administration and support	62	55
Production	52	58
	213	199

Company

The Company had no employees during the year other than the Executive Directors. All aspects of the Directors of the Company remuneration is paid through its subsidiary. An immaterial amount of this remuneration is considered to be in relation to Tristel plc the Company.

6. Directors' remuneration

The Directors' remuneration for the year was as follows:

	2023 £'000	2022 £'000
Remuneration	1,212	857
Contributions paid to money purchase schemes	110	93
Total	1,322	950

The outstanding share options held by Directors at the year-end total 800,000 (2022: 800,000). See table on page 26 for details.

During the year the number of Directors who were receiving retirement benefits and share incentives was as follows:

	2023 Number	2022 Number
Received or were entitled to receive shares under long term incentive schemes	3	3
Exercised share options	–	–
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid Director:

	2023 £'000	2022 £'000
Remuneration	405	272
Company contributions to money purchase pension schemes	45	38
Gain on exercise of options	–	–
	450	310

7. Auditors' remuneration

	2023 £'000	2022 £'000
Audit of these financial statements	267	250
Audit of the financial statements of subsidiaries of the Company pursuant to legislation	52	81
	319	331

8. Income tax

Tax charged in the income statement:

	2023 £'000	2022 £'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 £'000	2022 *restated* £'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
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

Current tax receivable	2023 Group £'000	2022 Group *restated* £'000	2023 Company £'000	2022 Company £'000
Corporation tax at 30 June	1,043	962	6	6

During the year £nil (2022: £47,000) of corporation tax receivable was recognised through equity in relation to share options exercised.

8. Income tax *continued*

Deferred tax

Group 2023	Asset £'000	Liability £'000	Net deferred tax £'000
Accelerated tax depreciation	–	(231)	(231)
Acquired in business combinations	–	(368)	(368)
Share-based payment	285	–	285
IFRS 16	25	–	25
Other temporary differences	333	–	333
Taxable losses	643	–	658
	1,286	(599)	687

Group 2022	Asset £'000	Liability £'000	Net deferred tax £'000
Accelerated tax depreciation	–	(267)	(267)
Acquired in business combinations	–	(453)	(453)
Share-based payment	768	–	768
IFRS 16	34	–	34
Other temporary differences	333	–	333
Taxable losses	691	–	691
	1,826	(720)	1,106

Deferred tax movements during the current year:

Group	At 1 July 2022 £'000	Recognised in income £'000	Recognised in equity £'000	At 30 June 2023 £'000
Accelerated tax depreciation	(267)	36	–	(231)
Acquired in business combinations	(453)	85	–	(368)
IFRS 16	34	(9)	–	25
Share-based payment	768	(483)	–	285
Other temporary differences	333	–	–	333
Taxable losses	691	(48)	–	643
Net tax assets/(liabilities)	1,106	(419)	–	687

Deferred tax movements during the prior year:

Group	At 1 July 2021 £'000	Recognised in income £'000	Recognised in equity £'000	At 30 June 2022 £'000
Accelerated tax depreciation	(136)	(131)	–	(267)
Acquired in business combinations	(501)	48	–	(453)
IFRS 16 transition	75	(41)	–	34
Share-based payment	1,730	(167)	(795)	768
Other temporary differences	333	–	–	333
Tax losses	684	7	–	691
Net tax assets/(liabilities)	2,185	(284)	(795)	1,106

8. Income tax *continued*

Recognised deferred tax (liability)/asset

Deferred tax (liabilities)/assets are attributable to the following:

Group	Property, plant and equipment timing differences £'000	Deferred tax on acquired intangibles £'000	Other temporary differences £'000	Total £'000	Company timing differences £'000
Balance at 30 June 2021	(136)	(501)	2,822	2,185	(9)
Credited/(charged) to the Income Statement for the year	(131)	48	(201)	(284)	–
Credited to equity for the year	–	–	(795)	(795)	–
Balance at 30 June 2022	(267)	(453)	1,826	1,106	(9)
Credited/(charged) to the Income Statement for the year	36	85	(540)	(419)	(9)
Credited to equity for the year	–	–	–	–	–
Balance at 30 June 2023	(231)	(368)	1,286	687	(9)

Net deferred tax asset/(liability)	Group £'000	Company £'000
Deferred tax liability	(599)	(9)
Deferred tax asset	1,286	–
Balance at 30 June 2023	687	(9)

Net deferred tax asset/(liability)	Group £'000	Company £'000
Deferred tax liability	(720)	(9)
Deferred tax asset	1,826	–
Balance at 30 June 2022	1,106	(9)

The Group has unrecognised deferred tax assets relating to losses in overseas countries amounting to £224,000 (2022: £313,000) these have not been recognised on the grounds of uncertainty over recoverability.

9. Property, plant and equipment

Group	Improvements to property £'000	Furniture, fittings and equipment £'000	Motor vehicles £'000	Other property, plant and equipment £'000	Total £'000
Cost or valuation					
At 1 July 2021	3,610	600	429	2,363	7,002
Additions	30	36	25	214	305
Disposals	–	–	(18)	(10)	(28)
Foreign exchange movements	1	1	14	8	24
At 30 June 2022	3,641	637	450	2,575	7,303
At 1 July 2022	3,641	637	450	2,575	7,303
Additions	144	10	91	608	852
Transfers from intangible	–	–	–	114	114
Disposals	(18)	(7)	–	(475)	(500)
Foreign exchange movements	(3)	–	1	(4)	(5)
At 30 June 2023	3,764	640	542	2,818	7,764
Depreciation					
At 1 July 2021	1,690	201	249	1,743	3,883
Charge for year	173	104	47	308	603
Disposals	–	–	–	(8)	(8)
Foreign exchange movements	–	2	(2)	5	5
At 30 June 2022	1,863	307	294	2,048	4,512
At 1 July 2022	1,863	307	294	2,048	4,512
Charge for year	180	112	54	388	734
Transfer from intangible	–	–	–	29	29
Disposals	(9)	(7)	–	(415)	(431)
Foreign exchange movements	(1)	(1)	1	(1)	(2)
At 30 June 2023	2,033	411	349	2,049	4,842
Carrying amount					
At 30 June 2023	1,731	229	193	769	2,922
At 30 June 2022	1,778	330	156	527	2,791
At 1 July 2021	1,920	399	180	620	3,119

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property. The Group has no capital commitments at the balance sheet that require further disclosure.

9. Property, plant and equipment *continued*

Right of use assets (restated)

The Group leases many assets including property, vehicles and office equipment. Information about leases for which the Group is a lessee is presented below:

	Property £'000	Vehicles £'000	Office equipment £'000	Total £'000
Balance at 1 July 2021	5,568	207	308	6,083
Additions	248	109	72	429
Disposals	–	–	(2)	(2)
Depreciation	(743)	(125)	(100)	(968)
Foreign exchange	24	2	–	26
Balance at 30 June 2022	5,097	193	278	5,568
Balance at 1 July 2022	5,097	193	278	5,568
Additions	325	77	65	467
Disposals	(124)	–	–	(124)
Depreciation	(772)	(119)	(109)	(1,000)
Foreign exchange	(6)	–	–	(6)
Balance at 30 June 2023	4,520	151	234	4,905

Company

No property, plant or equipment is held by the Company.

10. Lease liabilities (restated)

Maturity analysis – contractual undiscounted cash flows	2023 £'000	2022 £'000
Less than one year	924	1,013
One to five years	2,564	2,712
More than five years	2,502	3,043
Total undiscounted lease liabilities at 30 June	5,990	6,768
Lease liabilities included in the statement of financial position at 30 June		
Current	859	942
Non-current	4,321	4,853
	5,180	5,795

Amounts recognised in profit or loss	2023 £'000	2022 £'000
Interest on lease liabilities	177	194
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	1,126	1,161

During the current financial year the Group adopted new lease accounting software which has identified the requirement for a prior year restatement. Full disclosure of the restatement is outlined in Note 27.

11. Goodwill

Group goodwill

Goodwill arose on the acquisitions of Water, formerly TTL, Ashmed Pty and Tristel Belgium, Tristel France, Tristel Netherlands and Tristel Italia Srl and is allocated across a variety of CGUS as detailed below:

	Goodwill £'000
Cost or valuation	
At 1 July 2021	5,712
Foreign exchange movements	44
At 30 June 2022	5,756
At 1 July 2022	5,756
Foreign exchange movements	(18)
At 30 June 2023	5,738
Impairment	
At 1 July 2022	514
Impairment	68
At 30 June 2023	582
Carrying amount	
At 30 June 2023	5,156
At 30 June 2022	5,242

The impairment of £68,000 in Water goodwill is included in depreciation, amortisation and impairments in the consolidated income statement.

Cash-Generating Unit (CGU)	2023 Goodwill carrying value £'000	Total CGU carrying value £'000	Value in use £'000	Headroom £'000	2022 Goodwill carrying value £'000
Water	194	182	182	–	265
Ashmed	47	1,094	9,995	8,901	47
Ecomed – Belgium	330	1,682	8,018	6,336	330
Ecomed – France	561	1,197	15,888	14,691	562
Ecomed – The Netherlands	116	467	2,879	2,412	116
Tristel Italia	40	642	7,725	7,083	40
Tristel UK	3,868	8,602	72,993	64,390	3,882
	5,156				5,242

11. Goodwill *continued*

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of all cash-generating units (CGU's) is determined from value-in-use calculations. Value-in-use is calculated as the net present value of the projected, risk-adjusted, pre-tax cash flows of the CGU in which the goodwill is contained. The key assumptions for the value-in-use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the period, these are detailed individually below. Management estimates discount rates using the CGUs pre-tax weighted average cost of capital. Management has considered the effects on the weighted average cost of capital of currency, pricing and specific country risk. Growth rates are based upon growth forecasts within the CGU, likewise, changes in selling prices and direct costs are based on recent history and expectations of future changes in the market.

The Group prepares cash flow forecasts over a five-year period and derived from the most recent financial budgets approved by management. Cash flow forecasts for each CGU are considered, and where deemed appropriate, adjusted to reflect risks specific to the CGU. Cash flows beyond this period were extrapolated using a range of terminal growth rates of 1.75% – 2.50%, which is prudent when compared to the compound annual growth rate in the global infection control market. Where sensitivity analysis has been carried out, it has been via the reduction of expected revenue growth rate and increase in expected cost growth rate.

During the current financial year it was determined that the original allocation of goodwill did not reflect which cash-generating units were the key beneficiaries of the acquired goodwill. The goodwill has subsequently been reallocated to include the cash-generating unit of Tristel UK.

Water

On 30 April 2010 the activities of Water (formerly NTL) were hived over to Tristel Solutions Limited. The relevant revenue lines are now separately identifiable within hospital medical device decontamination and form a single cash-generating unit within the Group's management reporting. For Water, the rate used to discount the forecast cash flows for goodwill is 15.33%. With sales decline at a rate of 27% year on year (the average rate over the past four years), the net present value of future cash flows of £0.182m is less than the carrying value of £0.263m. Based on the expectation that revenue will decline at a rate of at least 20% year on year, an impairment of £0.068m has been recorded.

Ashmed

In August 2016, the Group acquired the trade and assets of AshMed Pty. The separate intangibles were recognised in full along with a deferred tax liability arising on the transaction of £0.242m. The total acquisition-related costs amount to £0.059m and were included in Administrative expenses in the Consolidated Income Statement for the year ended 30 June 2017. For Ashmed, the key assumptions used to determine the recoverable value of goodwill are those regarding discount rates and growth rates. Management has estimated the pre-tax discount rate as a market-derived WACC of 16.07%. Growth rates are based upon industry growth forecasts within the CGU and on recent history and expectations of future changes in the market. Cash flows over five years were considered and beyond this period cash flows were extrapolated using a terminal growth rate of 2.5%, which is prudent when compared to the compound annual growth rate in the global infection control market. Based on a revenue growth rate of 15%, the net present value of future cash flows exceeds the carrying value of £1.094m by £8.901m, as such no impairment has been recorded.

Ecomed Group

In November 2018, the Group acquired Ecomed Services N.V. (Belgium), Ecomed Nederland B.V. (Netherlands) and Ecomed France SARL (France), together the 'Ecomed Group', our European distributor's business. Each entity is considered to be a separate cash-generating unit.

For Ecomed, the key assumptions used to determine the recoverable value of goodwill are those regarding discount rates and growth rates. Management estimates discount rates using the Group's pre-tax weighted average cost of capital, adjusted to reflect the impact of the time value of money, tax effects and risks associated with the CGU, which was calculated at 13.84% for Tristel Belgium and Tristel France and 13.14% for Tristel Netherlands. Growth rates are based upon industry growth forecasts within the CGU and on recent history and expectations of future changes in the market. Cash flows over five years were considered, for Tristel Belgium a revenue growth rate of 7%, for Tristel France a revenue growth rate of 15% and Tristel Netherlands a revenue growth rate of 7% and beyond this period cash flows were extrapolated using a terminal growth rate of 1.75-2.00%, which is prudent when compared to the compound annual growth rate in the global infection-control market.

Although significant headroom is shown in all three entities based on the above extrapolated cash flows, management has considered the sales decline shown in Belgium and Netherlands in the current year and sensitised the recoverable value calculation to show 2-7% sales growth over the five-year period and an increasing cost base of between 4% and 7%, assuming all other assumptions remain unchanged. Under these conditions, the net present value of future cash flows for Belgium

11. Goodwill *continued*

exceeds its carrying value of £1.682m, by £6.337m, the net present value of future cash flows for The Netherlands exceeds its carrying value of £0.467m, by £2.412m and as such no impairment has been recorded. Management has further sensitised the growth rates, cost base and discount rate for Tristel Belgium and Tristel Netherlands. For an impairment to be recognised in Tristel Belgium, the revenue growth would need to be zero and the cost base increasing by 9-12% year on year or alternatively, the discount rate to increase to 65%. For an impairment to be recognised in Tristel Netherlands, the revenue growth would need to be zero and the cost base increasing by 9-15% year on year or alternatively, the discount rate to increase to 90%.

Tristel Italia Srl

For Tristel Italia, the key assumptions used to determine the recoverable value of goodwill are those regarding discount rates and growth rates. Management estimates discount rates using the Group's pre-tax weighted average cost of capital, adjusted to reflect the impact of the time value of money, tax effects and risks associated with the CGU, which was calculated at 15.78%. Growth rates are based upon industry growth forecasts within the CGU and on recent history and expectations of future changes in the market. Cash flows over five years were considered and beyond this period cash flows were extrapolated using a terminal growth rate of 2%, which is prudent when compared to the compound annual growth rate in the global infection-control market. Based on a revenue growth rate of 15%, the net present value of future cash flows exceeds the carrying value of £0.642m by £7.084m, as such no impairment has been recorded.

Tristel UK

For Tristel UK, the key assumptions used to determine the recoverable value of goodwill are those regarding discount rates and growth rates. Management estimates discount rates using the Group's pre-tax weighted average cost of capital, adjusted to reflect the impact of the time value of money, tax effects and risks associated with the CGU, which was calculated at 15.33%. Growth rates are based upon industry growth forecasts within the CGU and on recent history and expectations of future changes in the market. Cash flows over five years were considered and beyond this period cash flows were extrapolated using a terminal growth rate of 2%, which is prudent when compared to the compound annual growth rate in the global infection-control market. Based on a revenue growth rate of 9%, the net present value of future cash flows exceeds the carrying value of £8.602m by £64.390m, as such no impairment has been recorded.

Company

The Company has no goodwill.

12. Intangible assets

Group	Patents, licences and proprietary technology £'000	Customer and supplier relationships £'000	Computer software and website £'000	Development of marketable products £'000	Total £'000
Cost or valuation					
At 1 July 2021	6,065	3,244	802	5,808	15,919
Additions	200	–	116	582	898
Foreign exchange movements	–	45	–	–	45
At 30 June 2022	6,265	3,289	918	6,390	16,862
At 1 July 2022	6,265	3,289	918	6,390	16,862
Additions	295	339	9	927	1,570
Transfers (Note 9)	–	–	–	(114)	(114)
Foreign exchange movements	–	(52)	–	–	(52)
At 30 June 2023	6,560	3,576	927	7,203	18,266
Amortisation					
At 1 July 2021	3,228	1,235	516	4,236	9,215
Amortisation charge	143	320	86	556	1,105
Impairment	2,210	–	50	179	2,439
Foreign exchange movements	–	(35)	–	–	(35)
At 30 June 2022	5,581	1,520	652	4,971	12,724
At 1 July 2022	5,581	1,520	652	4,971	12,724
Amortisation charge	78	323	41	374	816
Transfers (Note 9)	–	–	–	(29)	(29)
Foreign exchange movements	2	(4)	–	–	(2)
At 30 June 2023	5,661	1,839	693	5,316	13,509
Carrying amount					
At 30 June 2023	899	1,737	234	1,887	4,757
At 30 June 2022	684	1,769	266	1,419	4,138

The Group's approach to reviewing the carrying value of its intangible assets is consistent with the method applied to goodwill held by the Group (set out within note 11 of these financial statements).

The pre-tax rate used to discount the forecast cash flows for all CGU's is between 10-15%. Management estimates discount rates using the Group's pre-tax weighted average cost of capital, adjusted to reflect the impact of the time value of money, tax effects and risks associated with each CGU. Where sensitivity analysis has been carried out, it has been via the reduction of expected revenue growth rate and increase in expected cost growth rate.

During the prior year, the Group have recorded an impairment charge of £2.439m relating to intangible assets (licenses, intellectual property and development costs) associated with the discontinuation of the Crystel and Anistel product ranges, which form part of the other revenue product category. Both product ranges were based on chemistries other than the Group's proprietary chlorine dioxide technology, and sales were in decline. The full £2.439m carrying value of these assets has been impaired as the products have been discontinued and the Group is no longer making sales of these products. The recoverable amount was determined based on value in use. Given the discontinuation of sales that these assets are used for the recoverable amount was determined to be zero and application of a discount rate was not considered necessary. The fair value less costs of disposal is not considered to be materially different to the recoverable amount when applying value-in-use.

12. Intangible assets *continued*

Company	**Patents, licences and proprietary technology** £'000	**Customer relationships** £'000	**Total** £'000
Cost			
At 1 July 2021	5,533	–	5,533
Additions	–	–	–
At 30 June 2022	5,533	–	5,533
Additions	109	339	448
Transferred from TSL	189	–	189
At 30 June 2023	5,831	339	6,170
Amortisation			
At 30 June 2021	2,888	–	2,888
Charge for year	120	–	120
Impairment	2,172	–	2,172
At 30 June 2022	5,180	–	5,180
Charge for year	66	–	66
At 30 June 2023	5,246	–	5,246
Net book value			
30 June 2023	585	339	924
30 June 2022	353	–	353

The acquisition in the year represents the purchase of the business and assets of a third-party distributor. The acquisition represents an asset deal rather than a business combination as substantially all the consideration paid by the company relates to the acquisition of customer relationships.

13. Investments

Group

The Directors took the decision to reduce the fair value of the investment in MobileODT to zero for the year to 30 June 2021.

The decrease in the fair value of the investment was recorded through profit and loss. This outcome is based upon an unsuccessful bid to sell the business, a lack of investors willing to fundraise further and limited cash resource in the business. These circumstances have been reassessed by the Directors at 30 June 2023 with no changes identified and have concluded that the fair value of the investment continues to be £nil.

	Principal activity	**Registered office**	**2023 Proportion of ownership interest and voting rights held**	**2022 Proportion of ownership interest and voting rights held**
MobileODT Ltd	Manufacture of intelligent visual diagnostic tools	Israel	–	3%

13. Investments *continued*

Group subsidiaries

Group subsidiaries as at 30 June 2023 are detailed below:

Name of subsidiary	Principal activity	Country of registration	2023 Proportion of ownership interest and voting rights	2022 Proportion of ownership interest and voting rights
Tristel Solutions Limited * (1)	Supply of infection-control products	England and Wales	100%	100%
Scorcher Idea Limited * (1)	Supply of infection-control products	England and Wales	100%	100%
Tristel New Zealand * (2)	Supply of infection-control products	England and Wales	100%	100%
Tristel Medical Equipment Co Ltd (3)	Supply of infection-control products	New Zealand	100%	100%
Tristel Asia Limited * (4)	Supply of infection-control products	China	100%	100%
Tristel International Limited * (1)	Supply of infection-control products	Hong Kong	100%	100%
Tristel GMBH * (5)	Supply of infection-control products	England and Wales	100%	100%
Tristel Pty Limited * (6)	Supply of infection-control products	Germany	100%	100%
Tristel Sp. z.o.o * (7)	Supply of infection-control products	Australia	100%	100%
Medichem International Limited * (8)	Holder of trademarks	Poland	100%	100%
Tristel AG * (9)	Supply of infection-control products	England and Wales	50% **	50% **
Tristel Belgium * (10)	Supply of infection-control products	Switzerland	100%	100%
Tristel France * (11)	Supply of infection-control products	Belgium	100%	100%
Tristel Netherlands * (12)	Supply of infection-control products	France	100%	100%
Tristel Inc * (1)	Dormant	The Netherlands	100%	100%
Tristel GK * (13)	Dormant	USA	100%	100%
Tristel India Private Limited * (14)	Dormant	Japan	100%	100%
Tristel Italia srl * (15)	Supply of infection-control products	India	100%	100%
Tristel Malaysia SDNBHD * (16)	Supply of infection-control products	Italy	100%	100%
Tristel Ireland Limited (17)	Dormant	Malaysia	100%	100%
Tristel Private Limited (18)	Supply of infection-control products	Ireland	100%	100%
Tristel Solutions, S.L. (19)	Supply of infection-control products	Singapore	100%	100%
Stella Performance Limited (20)	Dormant	Spain	100%	100%

* Indicates direct investment of the company
** Management considers that control is held as use of the intellectual property (IP) owned by the entity is restricted by Tristel plc.

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(1) Unit 1B, Lynx Business Park, Fordham Road, Snailwell, Cambridgeshire, CB8 7NY
(2) 23 Birch Avenue, Judea, Tauranga, Bay Of Plenty, 3110
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(4) 21st Floor, 168 Electric Road, Hong Kong
(5) Karl-Marx-Allee 90A, 10243 Berlin
(6) 40/328 Reserve Road, Cheltenham, Victoria, 3192
(7) Pl. Piłsudskiego 1, 00-078 Warszawa, Poland
(8) 2 Lords Court, Basildon, England, SS13 1SS
(9) Sandgrube 29, CH - 9050 Appenzell, Schweiz
(10) Smallandlaan 14 B, Anvers , 2660
(11) 130, Boulevard de la Liberté, Lille, 59000
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(13) 2-25 Sudacho, Kanda, Chiyoda-ku, Tokyo, Japan
(14) 335, Udyog Vihar Phase-IV, Gurugram, Haryana-122015
(15) Centro Colleoni - Palazzo Astrolabio - 20864 Agrate Brianza
(16) Unit A-25-3A, Tower A, Pinnacle Petaling Jaya, Selangor D.E
(17) Fieldfisher LLP, Suite 508 the Capel Building, Mary's Abbey, Dublin, D07 N4c6
(18) Unit 14-04, 2 Venture Drive, Singapore, 608526
(19) Carrer Aragó 308, 08022, Barcelona, Spain
(20) 23 Birch Avenue, Judea, Tauranga, Bay Of Plenty, 3110

13. Investments *continued*

Company	Shares in Group undertakings *restated* £'000
Cost	
Restated at 30 June 2021	13,094
Capital contributions as a result of share-based payments	596
Restated at 30 June 2022	13,690
Capital contributions as a result of share-based payments	1,061
At 30 June 2023	14,751
Impairment	
At 30 June 2021	433
Movement in the year	–
At 30 June 2022	433
Movement in the year	–
At 30 June 2023	433
Net book value	
30 June 2023	14,318
30 June 2022	13,257

The total amount recognised in the Company statement of financial position in relation to options granted over the parent company shares to employees of subsidiaries during the year amounts to a current year charge of £1,061,000 (restated 2022: £596,000).

14. Inventories

	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Raw materials and consumables	2,457	2,507	–	–
Finished goods	2,112	1,913	–	–
	4,569	4,420	–	–

Included in the above is a stock provision of £267,000 (2022: £207,000) held in respect of both raw materials and finished goods.

15. Trade and other receivables

	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Net trade receivables	5,340	4,592	–	–
Receivables from group entities	–	–	10,146	7,905
Prepayments	1,323	1,086	146	140
Other receivables	417	173	101	120
	7,081	5,851	10,393	8,165

The Directors consider that there are no irrecoverable amounts from the sale of goods other than those already identified and included within the impairment allowance. This position has been determined by reference to past default experience.

Receivables from group entities are interest-free and repayable on demand.

A reconciliation of the movement in the allowance for impairment provisions for trade receivables is as follows:

Current	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Impairment provision brought forward	(27)	(24)	–	–
Decrease/(Increase) in provision	13	(3)	–	–
Impairment provision carried forward	(14)	(27)	–	–

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. There is minimum risk and no history of credit losses with related parties.

The expected loss rates are based on the payment profiles of sales over a period of 48 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

In the other revenue sector, the distribution model means that the debt is allocated amongst multiple customers, thereby reducing the credit risk. Credit risk is predominantly within the hospital medical device and environmental surface disinfection product categories.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for all customers as at 30 June 2023, group entities are considered low risk for these purposes:

Grade	Internal credit rating	Weighted average loss rate %	Net carrying amount £'000	Impairment loss allowance £'000
Low risk	AAA-A	0%	4,509	–
Fair risk	BBB-B	0%	806	–
Substandard	CCC	0%	1	–
Doubtful	CC-C	23%	24	14
Loss	D	0%	–	–
			5,340	14

Loss rates are calculated with reference to the probability of a receivable being written-off based on credit risk characteristics such as geographic location.

The trade and other receivables classified as financial instruments are disclosed in note 25. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

16. Cash and cash equivalents

	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Cash and cash equivalents	7,113	8,883	1,104	1,146

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with a maturity of three months or less. The carrying amount of these assets approximates to their fair value.

17. Short-term investments

	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Short-term investments held	2,432	–	–	–

Short-term investments comprise cash resources held by the Group within short-term bank deposits with a maturity of three months or more. The carrying amount of these assets approximates to their fair value.

18. Share capital

Allotted, called-up and fully paid shares	2023 Number '000	2023 £'000	2022 Number '000	2022 £'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).

19. Pension and other schemes

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £357,000 (2022: £328,000), with £57,000 (2022: £40,000) outstanding at the year end.

20. Trade and other payables

	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Trade payables	895	1,048	9	28
Accruals	2,867	1,587	186	196
Social security and other taxes	798	581	–	4
Other payables	241	255	–	–
	4,801	3,471	195	228

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note 26.

21. Dividends

Amounts recognised as distributions to equity holders in the year:

Ordinary shares of 1p each	2023 £'000	2022 £'000
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
Company		
Dividend received from subsidiaries	(8,031)	(7,515)

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.

22. Earnings per share

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

	2023 £'000	2022 *restated* £'000
Retained profit for the financial year attributable to equity holders of the parent company	4,461	987

	Shares Number '000	Shares Number '000
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 £'000	2022 £'000
Retained profit for the financial year attributable to equity holders of the parent company	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

The adjusted earnings per share is presented post-tax. The comparative figure has been represented to be on a comparable basis.

23. Share-based payments

During the year ended 30 June 2023 the Group had 158 share-based payment arrangements, under four schemes. Grants in the year are detailed below:

	General Employee Scheme	General Employee Scheme	General Employee Scheme	Discretionary Share Plan
Grant date	20-Feb-23	25-Oct-22	30-Sep-22	01-Jul-22
Vesting period ends	20-Feb-23	25-Oct-22	30-Sep-22	30-Jun-24
Share price at date of grant	325.00p	302.50p	330.00p	352.50p
Volatility	48.06%	47.46%	47.14%	45.50%
Option life	10 years	10 years	10 years	10 years
Expected dividend yield	1.85%	1.71%	1.71%	1.71%
Risk-free investment rate	4.00%	2.25%	2.25%	1.25%
Fair value at grant date	£1.057	£0.932	£1.010	£3.339
Exercise price at date of grant	325.00p	302.50p	330.00p	1.00p

The Executive Director Scheme is part of the remuneration package of the Executive Directors of the parent company. Options under this scheme will vest if certain conditions defined in the programme are met. The extent to which one half of the ordinary shares comprising each option may vest will be dependent on the Group's adjusted profit before tax for the financial year ending 30 June 2024. The fair value of these options at grant date of £2.867 has been calculated using the Black Scholes method. The extent to which the other half of the ordinary shares comprising each option may vest will be dependent on the Group's share price growth performance from the average share price over the period 19 October 2020 to (and including) 13 December (the 'base price') to the average share price over the last three months of the financial year to 30 June 2024. The fair value of these options at grant date of £5.110 has been calculated using the Monte Carlo method. Upon vesting, each option allows the holder to purchase one ordinary share at the stated share price. Management do not consider the adjusted profit before tax condition is deemed to be achievable and as such no share-option charge relating to that condition has been recognised.

Senior Management Scheme (1) is part of the remuneration package of the Executive Directors and Senior Management of the Company's parent Tristel plc. Options under this scheme will vest if certain conditions defined in the programme are met. Upon vesting, each option allows the holder to purchase one ordinary share at the stated share price.

The General Employee Scheme is part of the remuneration package of certain employees of the Group. Options under this scheme will vest immediately upon grant, or will vest in accordance with a set timescale over 36 months provided the holder remains an employee of Tristel. Upon vesting, each option allows the holder to purchase one ordinary share at the stated share price. If the option holder leaves the employment of the Group prior to exercise the option is forfeited. All General Employee scheme options currently in issue do not have any vesting conditions attached to them.

The Discretionary Share Plan is part of the remuneration package of certain employees of the Group. Options under this scheme will vest in accordance with a set timescale as detailed at the time of grant. All options currently granted under this scheme vest at 30 June 2024. Upon vesting, each option allows the holder to purchase one ordinary share at the stated share price. If the option holder leaves the employment of the Group the option is forfeited.

The expected volatility is based on historical volatility over the past three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about a number of options that are expected to become exercised. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that on vesting.

Fair values for the share-option schemes have been determined using the Black-Scholes model, except for the Executive director scheme, where fair values have been calculated via the Monte Carlo method.

23. Share-based payments *continued*

A reconciliation of option movements over the year to 30 June 2023 is shown below:

	Executive Director Scheme	Weighted average exercise price	Senior Management Scheme (1)	Weighted average exercise price	Discretionary Share Plan 2022	Weighted average exercise price	General Employee Scheme	Weighted average exercise price	Total options
Outstanding at 30 June 2021	800,000	1.00p	5,000	1.00p	–	–	1,058,550	319.02p	1,858,550
Granted	–	–	–	–	–	–	400,000	453.58p	400,000
Forfeited/lapsed	–	–	–	–	–	–	(20,000)	494.00p	(20,000)
Exercised	–	–	(5,000)	1.00p	–	–	(155,550)	255.35p	(155,550)
Outstanding at 30 June 2022	800,000	1.00p	–	–	–	–	1,283,000	365.96p	2,083,000
Granted	–	–	–	–	98,000	1.00p	580,000	311.59p	678,000
Forfeited/lapsed	–	–	–	–	(3,000)	–	(91,000)	385.80p	(91,000)
Exercised	–	–	–	–	–	–	(85,000)	219.60p	(85,000)
Outstanding at 30 June 2023	800,000	1.00p	–	–	95,000	1.00p	1,687,000	349.91p	2,582,000
Exercisable at 30 June 2022	–	–	–	–	–	–	1,258,000	365.96p	1,258,000
Exercisable at 30 June 2023	–	–	–	–	–	–	1,687,000	349.91p	1,687,000

The total charge at 30 June 2023 relating to employee share-based payment plans, in accordance with IFRS 2, was £1,061,000 (2022: £596,000) all of which related to equity-settled share-based payment transactions. The weighted average share price at the date of exercise for the above options was £3.56 (2022: £3.76).

The range of exercise prices for the General Employee Scheme options outstanding at the end of the period is 78.50p and 617.00p.

Analysed by exercise price	2023 Number outstanding	2023 Weighted average remaining contractual life	2022 Number outstanding	2022 Weighted average remaining contractual life
£0.5375 – £2.00	111,600	3 years	142,100	4 years
£2.01 – £4.00	1,039,400	8 years	604,900	7 years
£4.01 – £6.00	436,000	8 years	436,000	9 years
£6.01 – £6.17	100,000	7 years	100,000	8 years
	1,687,000	8 years	1,283,000	7 years

The majority of the options are held evenly between 150.00p and 617.00p. The weighted average of the remaining contractual life of options at the end of the period is seven years.

24. Related party transactions

All amounts quoted are gross of VAT.

Transactions between the Group and David Orr

Under the terms of supply agreements between the Company and Manor Packaging Limited, a private company incorporated in England and Wales in which Mr David Orr, a non-executive director in the Company, is a director, monies totalling £519,000 were payable (2022: £404,000). At 30 June 2023, the Group owed Manor Packaging Limited £nil (2022: £20,000).

Transactions between the Group and Bart Leemans

During the year, the Group paid £34,000 (2022: £29,000) for warehouse space owned by Vicella, a management company owned by Bart Leemans, an executive director in the Company. At 30 June 2023, the Group owed Vicella £nil (2022: £29,000). Bart Leemans was remunerated for his services as director through Vicella for the amounts as shown in the Directors' remuneration report.

Transactions between the Parent Company and subsidiaries

During the year, the parent company, Tristel plc had various expenses paid for on its behalf by its subsidiaries. These are detailed below including the balances outstanding at the year end. The parent company received dividends from its subsidiaries during the year, these are disclosed in total on the face of the Parent Company Statement of financial position.

Other transactions with Directors

Dividends were paid to Directors as follows:

	2023 £	2022 £
Paul Swinney	39,379	46,277
Elizabeth Dixon	25,690	16,004
David Orr	4,929	3,301
Bart Leemans	91,167	62,528
Caroline Stephens	188	52
Isabel Napper	191	131

Key management compensation

	2023 £'000	2022 *restated* £'000
Salaries and other short-term employee benefits	1,832	1,434
Post-employment benefits	132	114
Share-based payments	329	329
	2,293	1,877

The key management figures given above includes Executive, Non-Executive Directors and four other individuals. The prior year has been restated for the inclusion of Non-Executive Directors salaries which were omitted in 2022.

25. 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	NOTE	2023 Statutory £'000	Specific adjusting item 2	2023 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	483	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	41,367
Current liabilities	(5,763)
Capital employed	35,604
EBIT	5,281
ROCE	15%

25. Non-GAAP measures *continued*

Adjusted profit measures	NOTE	2022 Statutory £'000	Specific adjusting item 1	Specific adjusting item 2	2022 Adjusted £'000
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	2022 Statutory *restated* £'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 (see note 22)

26. Financial risk management and impairment of financial assets

Group

The Group's activities expose it to a number of financial risks including credit risk, cash-flow risk and exchange-rate risk:

Credit risk

The Group's principal financial assets are bank balances and cash and cash equivalents, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables that predominantly contain low-risk customers. In addition, operations in emerging or new markets may have a higher than average risk of political or economic instability, and may carry increased credit risk. In each case the risk to the Group is the recoverability of the cash flows.

Credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit risk on trade and other receivables is managed by agreeing appropriate payment terms with customers, obtaining credit agency ratings of all potential customers; by requiring wherever possible payment for goods in advance or upon delivery; and by closely monitoring customers' balances due, to ensure they do not become overdue. In addition, careful consideration is given to operations in emerging or new markets before the Group enters that market.

Cash-flow risk

Group cash balances and expected cash flow are monitored on a daily basis to ensure the Group has sufficient available funds to meet its needs.

Exchange-rate risk

Group exposure to exchange-rate risk includes the measurement of overseas operations at the relevant exchange rate and changes in trade payables and receivables as a result of exchange rate movements. Daily exchange rate movements are monitored and any losses or gains incurred are taken to the income statement and reported in the Group's internal management information. Before agreeing any overseas transactions, consideration is given to utilising financial instruments such as hedging and forward-purchase contracts, none of which were in place at the year end.

Exposure to credit

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023 Group carrying amount £'000	2022 Group carrying amount £'000	2023 Company carrying amount £'000	2022 Company carrying amount £'000
Cash and cash equivalents	7,113	8,883	1,104	1,146
Short-term investments	2,432	–	–	–
Receivables from group entities	–	–	10,146	7,905
Trade and other receivables excluding prepayments	5,757	4,765	89	120
	15,302	13,648	11,339	9,171

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	2023 Group carrying amount £'000	2022 Group carrying amount £'000	2023 Company carrying amount £'000	2022 Company carrying amount £'000
United Kingdom	2,787	2,227	2,446	7,818
Rest of the World	2,970	2,538	–	–
	5,757	4,765	2,446	7,818

The Group's and the Company's trade and other receivables have been reviewed for indicators of impairment. An impairment loss allowance of £27,000 (2022: £27,000) has been provided but no other receivables were considered to be impaired.

26. Financial risk management and impairment of financial assets *continued*

In addition, some of the unimpaired trade and other receivables are past due as at the reporting date. The age of the trade and other receivables past due but with no loss impairment allowance are as follows:

Group	2023 £'000	2022 £'000
Not past due	4,391	3,783
Past due 0-30 days	740	495
Past due 31-120 days	401	291
Past due 120 days +	210	196
	5,757	4,765

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 to 12 months £'000	More than 12 months £'000
30 June 2023					
Non-derivative financial liabilities					
Trade and other payables (excluding taxes)	4,003	4,003	4,003	–	–
	4,003	4,003	4,003	–	–
30 June 2022					
Non-derivative financial liabilities					
Trade and other payables (excluding taxes)	2,890	2,890	2,890	–	–
	2,890	2,890	2,890	–	–

Company	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 to 12 months £'000	More than 12 months £'000
30 June 2023					
Non-derivative financial liabilities					
Trade and other payables (excluding taxes)	195	195	195	–	–
	195	195	195	–	–
30 June 2022					
Non-derivative financial liabilities					
Trade and other payables (excluding taxes)	224	224	224	–	–
	224	224	224	–	–

26. Financial risk management and impairment of financial assets *continued*

Current assets: loans and receivables at amortised cost	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Cash and cash equivalents	7,113	8,883	1,104	1,146
Short-term investments	2,432	–	–	–
Receivables from group entities	–	–	10,146	7,905
Trade and other receivables	5,757	4,765	89	120
	15,302	13,648	11,339	9,171

Current liabilities	2023 Group £'000	2022 Group £'000	2023 Company £'000	2022 Company £'000
Trade and other payables	4,003	2,890	195	228
	4,003	2,890	195	228

All of the above relate to the IFRS 9 category 'other financial liabilities' held at amortised cost.

Liquidity needs are managed by regular review of the timing of expected receivables and the maintenance of cash on deposit.

Currency risk

The Group has an element of currency risk as it buys certain chemicals, parts and equipment from overseas manufacturers, sells finished products into overseas markets and holds foreign currency cash balances. The movement in exchange rates following the UK referendum on EU membership means that the Group will face an element of uncertainty in relation to foreign currency transaction and assets in the near term. The below table details balances denoted in Euro but held in entities with Sterling as the functional currency. An adverse movement in exchange rates could lead to losses on these positions.

As at 30 June 2023 an adverse movement in the Euro of 10% would result in a reduction of the Group's equity and profit or loss of £80,000 (2022: £81,000).

	2023 £'000	2022 £'000
Assets (Euro)	892	893

Interest rate

The Group's financial assets include cash at bank and short-term investments. At 30 June 2023, the average interest rate earned on the temporary closing balances was 0.01% (2022: 0.1%).

Sensitivity analysis

The Group's sensitivity to interest rates are considered immaterial.

The Group has an exposure to exchange rates, gains and losses are recognised upon the translation of overseas subsidiary profits, foreign currency cash holdings and non-GBP trade. There is a loss of £346,000 within these financial statements, shown within note 4. This balance consists of a £240,000 loss originating upon the translation of overseas profits and a £106,000 loss from the revaluation of cash and open trade balances at the year end.

Fair values versus carrying amounts

There is no material difference between fair values and carrying amounts of financial assets and liabilities.

26. Financial risk management and impairment of financial assets *continued*

Capital risk management

The Group's capital management policy is to maintain a strong capital base so as to enhance investor, creditor and market confidence. The Board's objective is to safeguard the Group's ability to continue as a going concern, to sustain the future development of the business and to provide returns for shareholders, while controlling the cost of capital.

The Group monitors capital on the basis of the carrying amount of equity, less cash as presented on the face of the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, issue new shares or sell assets.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital for the period is summarised as follows:

	2023 Group £'000	2022 Group *restated* £'000	2023 Company £'000	2022 Company £'000
Total equity	30,351	29,361	26,541	22,690
Cash and cash equivalents	(7,113)	(8,883)	(1,104)	(1,146)
Short-term investments	(2,432)	–	–	–
Capital	20,804	20,061	25,437	21,544
Total equity	30,351	29,361	26,541	22,690
Borrowings	5,180	5,811	–	–
Overall financing	35,531	35,172	26,541	22,690
Capital to overall financing ratio	0.5855	0.5772	0.9581	0.9494

27. 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 £60,000 from £927,000 to £987,000. 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 2021 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.

Consolidated statement of financial position 2022	2022 Previously reported £'000	Restatement 1 £'000	Restatement 2 £'000	Restatement 3 £'000	2022 Restated £'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

Consolidated statement of financial position 2021	2021 Previously reported £'000	Restatement 1 £'000	Restatement 2 £'000	Restatement 3 £'000	2021 Restated £'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

27. Prior year restatement *continued*

During the current financial year it was identified that share-based payments charges had incorrectly been recorded within the Company income statement as opposed to a capital contribution. The restatement is outlined below.

Company statement of financial position at 30 June 2022	**2022 Previously reported** £'000	**2022 Restatement** £'000	**2022 Restated** £'000
Investments	13,097	160	13,257
Retained earnings	6,271	160	6,431

Company statement of financial position at 30 June 2021	**2021 Previously reported** £'000	**2021 Restatement** £'000	**2021 Restated** £'000
Investments	12,288	373	12,661
Retained earnings	3,693	373	4,066

As a result of the above restatement the profit for the year ended 30 June 2022 decreased by £213,000 from £5.073m to £4.860m.

Notes

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