

# Bioventix plc

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Bioventix plc (BVXP) ("Bioventix" or "the Company"), a UK company specialising in the development and commercial supply of high-affinity monoclonal antibodies for applications in clinical diagnostics, announces its unaudited interim financial results for the six-month period ended 31 December 2017.

### HIGHLIGHTS

- **Underlying revenue up 13% to £3.5 million**
- **Back-dated royalties from prior periods of £0.77 million**
- **Profit before tax up 36% to £3.4 million**
- **Closing cash balances of £5.6 million\***
- **First interim dividend up 20% to 25p per share**

\*excludes back -dated royalties

### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

#### Business review

We are pleased to report interim results for the six-month period ended 31 December 2017.

During the half-year, an internal audit at one of our customers identified a back-dated royalty stream of £0.77 million that was due from 1 July 2014 to 30 June 2017 and therefore outside the current reporting period. We have therefore identified these back-royalties separately in the accounts.

Underlying revenues (excluding the back-royalty) for the half-year of £3.5 million (2016: £3.1 million) were 13% up on the previous year.

Total profits before tax for the half-year (including the back-royalty) increased by 36% to £3.4 million (2016: £2.5 million). Cash balances increased, finishing the period at £5.6 million (31 December 2016: £5.2 million). As with other royalty payments, this cash balance excludes the back-royalty which was received after 31 December.

Vitamin D antibody sales continued at the healthy levels seen in the prior six months and were approximately £0.4 million above the levels in the comparable period. Growth in other antibody sales (progesterone, drug antibodies, contract NT-proBNP) also amounted to around £0.4 million. The additive effect of these sales was more than sufficient to make up for the approximately £0.4 million of revenue that has been lost through a terminated revenue stream, as previously reported.

We have mentioned previously the developments of our troponin (chest pain and heart attack diagnostics) project with Siemens Healthineers. In October 2017, we conveyed our expectation that the commercial development of this exciting new product would not gear up until calendar year 2018 and this expectation has been manifest in the reporting period. We remain confident that sales will build during 2018, though our detailed understanding is limited by a six-monthly information feed through the royalty reporting mechanism.

Sales in China, largely through our appointed distributors, continue to progress and we have further evidence that our antibodies are succeeding in this important emerging market.

The majority of our scientific resource remains focused on our research projects and we are encouraged by the steady progress made in existing projects and the identification of exciting new projects for the future. We will comment in more detail on these activities in our next report.

The Board continues to follow a progressive dividend policy that embraces continuity. For the current half-year, the Board is pleased to announce a first interim dividend of 25p which represents a 20% increase on the previous half-year.

The shares will be marked ex-dividend on 5 April 2018 and the dividend will be paid on 20 April 2018 to shareholders on the register at close of business on 6 April 2018.

We are delighted to be able to report such positive news for the current half-year. We are pleased with the continued success of our vitamin D antibody and the remainder of the core antibody business. We remain optimistic about our troponin project and the success of Siemens as their product launches around the world and we look forward to further progress in the second half of the year.

P Harrison

Chief Executive Officer

I J Nicholson

Non-Executive Chairman

**BIOVENTIX PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the six month period ended 31 December 2017

	Six months ended 31 Dec 2017 £	Six months ended 31 Dec 2016 £
<b>TURNOVER</b>	3,522,636	3,109,703
Back-dated royalty income	<u>772,391</u>	-
<b>TOTAL TURNOVER</b>	4,295,027	3,109,703
Cost of sales	<u>(244,333)</u>	<u>(200,950)</u>
<b>GROSS PROFIT</b>	4,050,694	2,908,753
Administrative expenses	(612,739)	(472,702)
Share option charge	(67,005)	-
Difference on foreign exchange	721	35,878
Research & development tax credit adjustment	18,738	-
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<b>OPERATING PROFIT</b>	3,390,409	2,471,929
Interest receivable	10,157	23,117
Interest payable	<u>(0)</u>	<u>(253)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3,400,566	2,494,793
Tax on profit on ordinary activities	<u>(578,068)</u>	<u>(471,530)</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<u>2,822,498</u>	<u>2,023,263</u>
<b>Earnings per share for the period:</b>		
Basic	55.03p	39.01p
Diluted	54.08p	38.67p

**BIOVENTIX PLC**  
**BALANCE SHEET**  
as at 31 December 2017

	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	£	£
<b>FIXED ASSETS</b>		
Intangible fixed assets	0	0
Tangible fixed assets	444,523	458,377
Investments	195,560	195,560
	640,083	653,937
<b>CURRENT ASSETS</b>		
Stocks	254,035	233,650
Debtors	3,714,624	2,597,150
Cash at bank and in hand	5,588,796	5,148,037
	9,557,455	7,978,836
<b>CREDITORS:</b> amounts falling due within one year	(800,145)	(581,540)
	8,757,310	7,397,296
<b>NET CURRENT ASSETS</b>	<b>8,757,310</b>	<b>7,397,296</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>9,397,393</b>	<b>8,051,233</b>
<b>PROVISIONS FOR LIABILITIES</b>		
Deferred Tax	11,730	17,078
<b>NET ASSETS</b>	<b>9,385,663</b>	<b>8,034,155</b>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	256,934	242,933
Share premium account	395,108	224,942
Capital redemption reserve	1,231	1,231
Profit and loss account	8,732,390	7,553,049
<b>SHAREHOLDERS' FUNDS</b>	<b>9,385,663</b>	<b>8,034,155</b>

**BIOVENTIX PLC**  
**STATEMENT OF CASH FLOWS**  
for the six month period ended 31 December 2017

	31 Dec 2017 £	31 Dec 2016 £
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Cash flows from operating activities		
Profit for the financial year	2,822,498	2,023,263
Depreciation of tangible fixed assets	16,739	18,215
Interest received	(10,157)	(23,117)
Taxation	572,906	57,034
Decrease / (increase) in stocks	(27,862)	(34,716)
Decrease / (increase) in debtors	(407,567)	83,338
(Decrease) /increase in creditors	57,283	(21,034)
Other tax movements	(18,737)	0
<b>Net cash generated from operating activities</b>	<u>3,005,103</u>	<u>2,102,983</u>
 <b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(11,950)	(9,505)
Purchase of listed and other investments	0	(152,230)
Interest received	10,157	23,117
Share option charge	67,005	0
<b>Net cash from investing activities</b>	<u>65,212</u>	<u>(138,618)</u>
 <b>Cash flows from financing activities</b>		
Issue of ordinary shares	0	2,386
Movement on share premium account	0	146,516
Dividends paid	(3,648,459)	(2,345,382)
Interest paid	(0)	(253)
<b>Net cash used in financing activities</b>	<u>(3,648,459)</u>	<u>(2,196,733)</u>
Cash and cash equivalents at the beginning of the year	6,166,940	5,380,405
<b>Cash and cash equivalents at the end of the year</b>	<b>5,588,796</b>	<b>5,148,037</b>
 <b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	<b>5,588,796</b>	<b>5,148,037</b>

## BIOVENTIX PLC

### Notes to the financial information

1. While the interim financial information has been prepared using the company's accounting policies and in accordance with Financial Reporting Standard 102, the announcement does not itself contain sufficient information to comply with Financial Reporting Standard 102.
2. This interim financial statement has not been audited or reviewed by the auditors.
3. The accounting policies which were used in the preparation of this interim financial information were as follows:

#### 3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102.

#### 3.2 Revenue

• Turnover is recognised for product supplied or services rendered to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria determine when turnover will be recognised:

• Direct sales are recognised at the date of dispatch.

• Subcontracted R & D income is recognised based upon the stage of completion at the year end.

• Annual licence revenue is recognised, in full, based upon the date of the invoice, and royalties are accrued over the period to which they relate.

#### 3.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	Over 10 years
Know how	-	Over 10 years

## BIOVENTIX PLC

### Notes to the financial information

#### 3.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and equipment	-	25% reducing balance
Motor Vehicles	-	25% straight line
Equipment	-	25% straight line

#### 3.5 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

#### 3.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 3.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 3.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

# BIOVENTIX PLC

## Notes to the financial information

### 3.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

### 3.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 3.11 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is GBP.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

### 3.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 3.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### 3.14 Employee benefits-share-based compensation

The company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the company will revise its estimates of the number of options are expected to be exercisable. It will recognise the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. 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.

### 3.15 Research and development

Research and development expenditure is written off in the year in which it is incurred.



## BIOVENTIX PLC

### Notes to the financial information

#### 3.16 Pensions

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

#### 3.17 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

#### 3.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

#### 3.19 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

