Bioventix plc

("Bioventix" or "the Company")

Results for the year ended 30 June 2021

Bioventix plc (BVXP), a UK company specialising in the development and commercial supply of high-affinity monoclonal antibodies for applications in clinical diagnostics, announces its audited results for the year ended 30 June 2021.

Highlights:

- Revenue up 6% to £10.93 million (2020: £10.31 million)
- Profit before tax down 1% to £8.12 million (2020: £8.23 million)
- Cash at year end of £6.5 million (30 June 2020: £8.1 million)
- Second interim dividend of 62p per share (2020: 52p)
- Special dividend of 38p per share (2020: 53p)

Introduction and Technology

Bioventix creates, manufactures and supplies high affinity sheep monoclonal antibodies (SMAs) for use in diagnostic applications. Bioventix antibodies are preferred for use when they confer an improved test performance compared to other available antibodies.

The majority of our antibodies are used on blood-testing machines installed in hospitals and other laboratories around the world. Bioventix makes antibodies using its SMA technology for supply to diagnostic companies for subsequent manufacture into reagent packs used on blood-testing machines. These blood-testing machines are supplied by large multinational in vitro diagnostics (IVD) companies such as Roche Diagnostics, Siemens Healthineers, Abbott Diagnostics & Beckman Coulter. Antibody-based blood tests are used to help diagnose many different conditions including, amongst others, heart disease, thyroid function, fertility, infectious disease and cancer.

Over the past 17 years, we have created and supplied approximately 20 different SMAs that are used by IVD companies around the world. We currently sell a total of 15-20 grams of purified physical antibody per year, the vast majority of which is exported. In addition to revenues from physical antibody supplies, the sale by our customers of diagnostic products (based on our antibodies) to their downstream end-users attracts a modest percentage royalty payable to Bioventix. These downstream royalties currently account for approximately 60-70% of our annual revenue. Physical antibody sales and royalty revenues from our multinational customers are made in either US dollars or Euros.

Bioventix adopts one of two commercial approaches when creating new antibodies. The first is own-risk antibody creation projects which gives Bioventix the complete freedom to commercialise the antibodies produced. The second is contract antibody creation projects in partnership with customers who supply materials, know-how and funding and creates antibodies that can only be commercialised with the partner company. In both cases, after initiation of a new project, it takes around a year for our scientists to create a panel of purified antibodies for evaluation by our customers. The evaluation process at customers' laboratories generally requires the fabrication of prototype reagent packs which can be compared to other tests, for example the customer's existing commercial test or perhaps another "gold standard" method, on the assay machine platform being considered. The process of subsequent development thereafter by our customers can take many years before registration or approval from the relevant authority, for example the US FDA or EU authorities, is obtained and products can be sold to the benefit of the customers, and of course Bioventix, through the agreed sales royalty. This does mean that there is a lead time of 4-10 years between our own research work and the receipt by Bioventix of royalty revenue from product sales. However, because of the resource required to gain such approvals, after having achieved approval for an accurate diagnostic test using a Bioventix antibody, there is a natural incentive for continued antibody use. This results in a barrier to entry for potential replacement antibodies, which would require at least partial repetition of the approval process arising on a change from one antibody to another.

Another consequence of the lengthy approval process is that the antibodies discussed in the revenue review of the current accounting period were created many years ago. Indeed, growth over the next few years from, for example the troponin antibodies, will come from research work already carried out many years ago. By the same dynamics, the current research work active at our laboratories now is more likely to influence sales in the period 2025-2035.

2020/2021 Financial Results

We are pleased to report our results for the financial year ended 30 June 2021. Revenues for the year increased by 6% to £10.93 million (2019/20: £10.31 million). Operating profit for the year was flat at £8.09 million (2019/20; £8.18million) due in the main to the adverse impact of foreign exchange movements and an increased charge in respect of share options issued in previous years. Cash balances at the year-end were lower at £6.5 million (30 June 2020 £8.1 million) reflecting increases in the turnover generated from a material level of royalties in respect of the year received post year end and dividends paid in the year of £7.71 million (2019/20 £6.50 million).

Our most significant revenue stream continues to come from the vitamin D antibody called vitD3.5H10. This antibody is used by a number of small, medium and large diagnostic companies around the world for use in vitamin D deficiency testing. Sales of vitD3.5H10 remained relatively unchanged at £4.8 million during the year due to a flatter downstream market for vitamin D testing and pandemic effects. The importance of vitamin D in human biology is widely acknowledged and does indicate that vitamin D testing will continue to be part of clinical diagnostics in the long term.

Sales of our other lead antibodies are featured below with the respective percentage increase/decrease from 2019/20:

- NT-proBNP: £1.28 million (+6%) (this revenue stream expired in July 2021)
- T3 (tri-iodothyronine): £0.74 million (+2%);
- progesterone: £0.54 million (+15%);
- estradiol: £0.44 million (+40%);
- testosterone: £0.44 million (-7%);
- drug-testing antibodies: £0.40 million (-48%);

Total troponin antibody sales from Siemens Healthineers and another separate technology sub-license doubled during the year to £0.68 million (2019/20: £0.33 million). This significant increase clearly demonstrates a gathering momentum of product roll-outs for the new high sensitivity troponin assays supported by SMAs and we believe that these revenues will continue to grow in the next financial years.

Our shipments of physical antibody to China continued to increase. Some sales are made directly but the majority are made through five appointed distributors. Regulatory approvals for domestic Chinese customers have considerable lead times but we are now seeing modest increases in royalty payments flowing from these customers. The prospects for further growth in China are good though we recognise that the development of antibody technology companies in China represents a longer term challenge. In addition, relative global geopolitical stability will be important for the continued trade in technology products such as our antibodies.

Our underlying revenues continue to be dominated by US Dollars and Euros. When converting revenues to Sterling, in the absence of hedging mechanisms, they will be influenced by movements in exchange rates. Sales invoiced in foreign currencies are recorded in Sterling at the exchange rate on the date of sale. When Dollar and Euro monies are received, they are immediately converted into Sterling at the exchange rate applying on the date of arrival. Any difference in exchange rate between the date of invoice and the date of receipt is reported in the form of an exchange rate adjustment and is recorded in the period as a loss or gain when it is crystallised. The effect of these adjustments during the current year has been particularly large and provided a negative effect of £0.29 million which has been crystalised and recognised in our results for this year compared to a positive effect of £0.20 million for the previous year; a total movement between the years of almost £0.5 million. The critical period for such differences arises around the time of royalty receipts in February and August when debtors, in respect of turnover recognised in the six month periods ended 31st December and 30th June respectively, is recorded in Sterling at exchange rates applicable at those balance sheet dates rather than at the exchange rates at the date the royalties are received. We have no current plans to institute any hedging mechanisms to cover these short periods or indeed any longer periods and therefore any future changes in exchange rates, up or down, may impact our reported Sterling revenues accordingly.

Included in the cost of sales are significant expenditures on external contract services linked to the industrial pollution exposure project described below. This level of expenditure will be maintained in 2021/22 reflecting the continued investment in this research project. In accordance with our longstanding accounting policy, all such research and development costs are charged in full in the profit and loss account when they are incurred and there is no capitalisation of these costs.

As we observed earlier in the pandemic, through our multinational in vitro diagnostics (IVD) customers, our main business is intrinsically linked to the diagnostic pathways that exist at hospitals and clinics around the world. The activity within these routine diagnostic pathways continues to be adversely affected by the COVID-19 pandemic as hospital resources are diverted to cope with the additional patient burden created by the pandemic. Even where diagnostic capability exists, there is still evidence that concerned patients have chosen not to enter diagnostic pathways and have not presented to healthcare professionals as would normally be expected.

The evolution of the pandemic has proved difficult for Governments and their expert advisors to forecast and the timing of a return to normality remains uncertain. Nevertheless, we are confident of the robustness of our business and that as circumstances change and as healthcare pathways continue to be re-established and normalised, Bioventix sales will revert to an established trajectory.

Cash Flows and Dividends

As reported above, the performance of the business during the year generated cash balances at the year-end of £6.5 million and royalties received during Q3.2021 have added to this balance. Whilst considering the impact of the pandemic on the core business, the Board has determined that is appropriate to maintain the established dividend policy in the immediate future. For the current year, the Board is pleased to announce a second interim dividend of 62 pence per share which, when added to the first interim dividend of 43 pence per share makes a total of 105 pence per share for the current year.

Our current view continues to be that maintaining a cash balance of approximately £5 million is sufficient to facilitate operational and strategic agility both with respect to possible corporate or technological opportunities that might arise in the foreseeable future and to provide comfort against the ongoing impact of the pandemic and any economic uncertainty arising from it. We have therefore decided to distribute surplus cash that is in excess of anticipated needs and we are pleased to announce a special dividend of 38 pence per share.

Accordingly, dividends totalling 100 pence per share will be paid in November 2021. The shares will be marked ex-dividend on 28 October 2021 and the dividend will be paid on 12 November 2021 to shareholders on the register at close of business on 29 October 2021.

Research and Future Developments

Over the next few years, the commercial development of the new troponin assays will have the most significant influence on Bioventix sales. There are currently no antibodies in the future pipeline that are comparable to our troponin products in potential value and the ability to influence revenues in the next few years.

We have undertaken a range of research projects over the previous few years and in the table below we have illustrated our current view of their potential value and probability of success;

↑ **Increasing potential value**				
	high	**Secretoneurin (CardiNor)** **Amyloid (Pre-Diagnostics)** **Tau (alzheimers, own-risk)**		
	medium		**Industrial biomonitoring (new markers)**	**Pyrene biomonitoring** **T4 (thyroxine) [1]** **Biotin blockers**
	Low		**Thyroglobulin (contract) [2]**	**Cancer (contract) [1]** **THC (sandwich)**

		Low	***Medium***	***high***
Increasing probability of success →				

Table notes:
[1] Modest sales now contribute to miscellaneous sales
[2] Project de-prioritised at customer

Our partners at CardiNor (Oslo) have continued with their work to try and identify the possible utility of secretoneurin in heart failure patients and in particular those patients who might be candidates for implantable cardiac devices .This work is on-going and we hope to have more definitive news in the months to come.

Pre-Diagnostics (also in Oslo) and their clinical collaborators now have two amyloid beta assays in development based on Bioventix antibodies. The goal of the project is to identify fragments of amyloid beta in patient samples that would be helpful in Alzheimers diagnostics. Additional data on patient samples will be generated next year to help define the utility of these assays in Alzheimers diagnostics.

Another biomarker that has shown potential in Alzheimers diagnostics is the Tau protein in the form of total Tau and phosphorylated Tau. During the year we created a number of anti-Tau antibodies and this work will continue into 2022. Our objective is to use our antibody skills to create useful antibodies and to work with a leading academic group to investigate their use in Alzheimers assays.

We now have two candidate biotin “blocker” antibodies that are intended to mitigate the interference that biotin vitamin supplements can have on certain blood tests supplied by some IVD manufacturers. Some customer results from evaluation samples have demonstrated the effectiveness of these blocker antibodies. However, as this project has evolved, it has become clear through FDA guidelines that much larger quantities of biotin blockers will be required in assay reagent packs. This imposes cost/price constraints in addition to manufacturing/capacity challenges. Over the next year, we will explore production systems (such as e.coli) in order to identify improved production techniques which could facilitate commercial feasibility.

We are particularly pleased with the progress of the pyrene exposure project. Pyrene is a common industrial combustion pollutant and we now have a prototype lateral flow device that would be suited to testing for pyrene exposure in industrial field use. After running the urine sample, the plastic lateral flow cassette is loaded into 3-D printed phone holder and an app directs the phone camera to quantify the result line. The operator then estimates the urine strength by colour enabling the workers’ recent pyrene exposure to be estimated. Internal results (using a small bank of industrial urine samples) are encouraging and we are working with a UK industrial site to conduct a field trial of the device and app over the next few months. We accept that the creation, manufacture and supply of final assay products is outside our normal focus of bulk antibody sales but we believe that through our own efforts we can substantiate the viability of such products and generate demand, thereby stimulating the interest of future commercial partners.

The progress of the pyrene project has encouraged us to consider additional assays in the field of industrial health and safety. Work on these new analytes has only just started and is planned to continue into 2022 and 2023.

Regarding our core SMA antibody technology, we have successfully generated superior antibodies over the last 17 years and these antibodies are now in routine use at our customers. The antibody technology landscape has evolved over this time-period. We are aware that rabbit monoclonal technology – a competitive antibody technology – does exist at some of our customers’ laboratories and this is likely to have resulted in some lost opportunities for our SMA technology. In addition, the steady development of “synthetic” antibody technology (known in the industry as antibody “library” technology”) has continued. This technology is perhaps not so directly competitive but is useful for targets which are fragile and liable to dissociation upon immunisation into sheep.

During 2020, we used this library technology by contracting work at a third party to make a “sandwich” assay format for THC/cannabis using a parental SMA that we created many years ago. This has yielded an antibody “pair” candidate that does appear to facilitate improved lateral flow tests for THC/cannabis in saliva. The quantity of antibody used per test together with the modest selling price of THC tests does present cost/price challenges. We will attempt to utilise improved manufacturing technology (eg using e.coli) during 2022 to improve the economics of this project.

The Bioventix Team and Facility

The composition of the Bioventix team of 12 full-time equivalents has remained relatively stable over the year facilitating excellent performance and know how retention. The past 18 months has been a challenging period for everyone and we are very grateful to the team at Bioventix for their dedication over this period which has allowed us the adapt and modify our business to cope with the effects of the pandemic whilst still maintaining our progress.

Development of the lab facilities concluded earlier in 2021 with some updated and additional laboratory utilities including a new autoclave machine and the modernisation and upgrading of office areas. This significant investment in our Farnham facility will provide an excellent base for our future and ongoing research activities as well as giving us room to explore and deliver improved production systems for our SMAs.

In the general manufacturing sector, there have been a variety of reports relating to supply chain issues caused by a range of contributing factors. We have also experienced such supply delays during the year covering reagents, plastics and filters. We have successfully managed these issues through careful stock planning and sourcing alternatives where possible and we will continue to utilise such mitigations to minimise any future impact.

Conclusion and Outlook

We are pleased with our financial results for the year considering the continued negative impact of the global pandemic. The core business is linked to routine testing at hospitals around the world and this has undoubtedly been affected by the COVID-19 pandemic. The timing of a return to normality is uncertain but when it does, we expect our business will revert to an established trajectory, albeit without the income from NT-proBNP which ceased from July 2021. Regardless of the pandemic effects, we anticipate the continued roll-out of the high sensitivity troponin assays and the royalties associated with this. Excellent technical progress has been made with our research projects including the industrial pollution exposure project and we anticipate that this project and others in our pipeline will create additional shareholder value in the years ahead.

For further information please contact:

Bioventix plc		**Tel: 01252 728 001**
Peter Harrison	Chief Executive Officer	
finnCap Ltd		**Tel: 020 7220 0500**
Geoff Nash/Simon Hicks	Corporate Finance	
Alice Lane	ECM	

About Bioventix plc:

Bioventix (www.bioventix.com) specialises in the development and commercial supply of high-affinity monoclonal antibodies with a primary focus on their application in clinical diagnostics, such as in automated immunoassays used in blood testing. The antibodies created at Bioventix are generated in sheep and are of particular benefit where the target is present at low concentration and where conventional monoclonal or polyclonal antibodies have failed to produce a suitable reagent. Bioventix currently offers a portfolio of antibodies to customers for both commercial use and R&D purposes, for the diagnosis or monitoring of a broad range of conditions, including heart disease, cancer, fertility, thyroid function and drug abuse. Bioventix currently supplies antibody products and services to the majority of multinational clinical diagnostics companies. Bioventix is based in Farnham, UK and its shares are traded on AIM under the symbol BVXP.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	*2020* *£*
Turnover	**10,930,588**	*10,313,576*
Cost of sales	**(817,448)**	*(821,823)*
Gross profit	**10,113,140**	*9,491,753*
Administrative expenses	**(1,506,741)**	*(1,416,766)*
Difference on foreign exchange	**(294,046)**	*202,668*
Research and development tax credit	**32,878**	*21,817*
Share option charge	**(257,629)**	*(115,481)*
Operating profit	**8,087,602**	*8,183,991*
Interest receivable and similar income	**30,628**	*41,068*
Profit before tax	**8,118,230**	*8,225,059*
Tax on profit	**(1,386,882)**	*(1,022,362)*
Profit for the financial year	**6,731,348**	*7,202,697*
Other comprehensive income for the year		
Total comprehensive income for the year	**6,731,348**	*7,202,697*

Earnings per share:

	2021 £	*2020* *£*
Basic	**129.22**	*139.41*
Diluted	**127.94**	*137.93*

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

		2021 £		*2020* *£*
Fixed assets				
Tangible assets		**843,720**		*718,496*
Investments		**610,039**		*610,039*
		1,453,759		*1,328,535*
Current assets				
Stocks	**332,459**		*245,423*	
Debtors: amounts falling due within one year	**4,625,967**		*3,649,369*	
Cash at bank and in hand	**6,494,985**		*8,076,468*	
	11,453,411		*11,971,260*	
Creditors: amounts falling due within one year	**(1,008,772)**		*(728,630)*	
Net current assets		**10,444,639**		*11,242,630*
Total assets less current liabilities		**11,898,398**		*12,571,165*
Provisions for liabilities				
Deferred tax	**(78,084)**		*(50,238)*	
		(78,084)		*(50,238)*
Net assets		**11,820,314**		*12,520,927*
Capital and reserves				
Called up share capital		**260,467**		*260,392*
Share premium account		**1,332,471**		*1,312,323*
Capital redemption reserve		**1,231**		*1,231*
Profit and loss account		**10,226,145**		*10,946,981*
		11,820,314		*12,520,927*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2020	**260,392**	**1,312,323**	**1,231**	**10,946,981**	**12,520,927**
Comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**6,731,348**	**6,731,348**
Dividends: Equity capital	**-**	**-**	**-**	**(7,709,813)**	**(7,709,813)**
Shares issued during the year	**75**	**20,148**	**-**	**-**	**20,223**
Share option charge	**-**	**-**	**-**	**257,629**	**257,629**
Total transactions with owners	**75**	**20,148**	**-**	**(7,452,184)**	**(7,431,961)**
At 30 June 2021	**260,467**	**1,332,471**	**1,231**	**10,226,145**	**11,820,314**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2019	**257,134**	**435,908**	**1,231**	**10,132,030**	**10,826,303**
Comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**7,202,697**	**7,202,697**
Dividends: Equity capital	**-**	**-**	**-**	**(6,503,227)**	**(6,503,227)**
Shares issued during the year	**3,258**	**876,415**	**-**	**-**	**879,673**
Share option charge	**-**	**-**	**-**	**115,481**	**115,481**
Total transactions with owners	**3,258**	**876,415**	**-**	**(6,387,746)**	**(5,508,073)**
At 30 June 2020	**260,392**	**1,312,323**	**1,231**	**10,946,981**	**12,520,927**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	*2020* *£*
Cash flows from operating activities		
Profit for the financial year	**6,731,348**	*7,202,697*
Adjustments for:		
Depreciation of tangible assets	**135,103**	*133,569*
(Profit) / Loss on disposal of tangible assets	**(500)**	*2,376*
Interest received	**(30,628)**	*(41,068)*
Taxation charge	**1,386,882**	*1,022,362*
(Increase) in stocks	**(87,036)**	*(6,128)*
(Increase)/decrease in debtors	**(976,596)**	*284,546*
Increase in creditors	**59,514**	*133,976*
Corporation tax (paid)	**(1,138,410)**	*(1,164,897)*
Share option charge	**257,629**	*115,481*
Net cash generated from operating activities	**6,337,306**	*7,682,914*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(260,327)**	*(339,620)*
Sale of tangible fixed assets	**500**	*-*
Purchase of unlisted and other investments	**-**	*(221,662)*
Interest received	**30,628**	*41,068*
Net cash from investing activities	**(229,199)**	*(520,214)*
Cash flows from financing activities		
Issue of ordinary shares	**20,223**	*879,673*
Dividends paid	**(7,709,813)**	*(6,503,227)*
Net cash used in financing activities	**(7,689,590)**	*(5,623,554)*
Net (decrease)/increase in cash and cash equivalents	**(1,581,483)**	*1,539,146*
Cash and cash equivalents at beginning of year	**8,076,468**	*6,537,322*
Cash and cash equivalents at the end of year	**6,494,985**	*8,076,468*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

1.2 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

Direct sales are generally recognised at the date of dispatch unless contractual terms with customers state that risk and title pass on delivery of goods, in which case revenue is recognised on delivery.

R&D income

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

Licence revenue and royalties

Annual licence revenue is recognised, in full, based upon the date of invoice. Royalties are accrued over period to which they relate and revenue is recognised based upon returns and notifications received from customers. In the event that subsequent adjustments to royalties are identified they are recognised in the period in which they are identified.

1.3 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.

1.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.5 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 profit or loss 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.

1.6 Current and deferred taxation

Current and deferred tax are recognised as an expense or income in the Statement of Comprehensive Income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity. 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.

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.

1.7 Research and development

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

1.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful live

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

1.9 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.

1.10 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.

1.11 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.

1.12 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 twelve 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.

1.13 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.

1.14 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 profit or loss 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.

1.15 Financial instruments

The Company only enters into basic financial instrument 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 ordinary shares.

1.16 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.

1.17 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.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions. These estimates and underlying assumptions and are reviewed on an ongoing basis.

Carrying value of Unlisted Investments

The Company holds two unlisted investments in companies carrying out research in identifying biomarkers for diagnosing health conditions. The Directors have reviewed the progress of this research over the last year and, in common with much scientific research there is uncertainty, both in relation to the science and to the commercial outcome, and no information to be able to reliably calculate a fair value for these investments. The carrying value of these investments will continue to be historic cost.

3. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Product revenue and R&D income	**3,620,416**	*4,048,847*
Royalty and licence fee income	**7,310,172**	*6,264,729*
	10,930,588	*10,313,576*

	2021 £	2020 £
United Kingdom	**824,518**	*832,895*
European Union	**1,246,024**	*1,206,854*
Rest of the world	**8,860,046**	*8,273,827*
	10,930,588	*10,313,576*

4. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	**135,104**	*133,569*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**12,500**	*10,650*
Exchange differences	**294,046**	*(202,668)*
Research and development costs	**1,201,236**	*1,175,602*

5. Taxation

	2021 £	*2020* *£*
Corporation tax		
Current tax on profits for the year	**1,359,036**	1,002,978
	1,359,036	1,002,978
Total current tax	**1,359,036**	1,002,978
Deferred tax		
Origination and reversal of timing differences	**27,846**	19,384
Total deferred tax	**27,846**	19,384
Taxation on profit on ordinary activities	**1,386,882**	1,022,362

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2020 - lower than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 **£**	*2020* *£*
Profit on ordinary activities before tax	**8,118,230**	*8,225,059*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**1,542,464**	*1,562,761*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**42**	*559*
Capital allowances for year in excess of depreciation	**(6,398)**	*(21,325)*
Research and development tax credit	**(226,022)**	*(246,383)*
Share based payments	**48,950**	*(292,634)*
Other differences leading to an increase in the tax charge	**27,846**	*19,384*
Total tax charge for the year	**1,386,882**	*1,022,362*

Factors that may affect future tax charges

The UK rate of corporation tax is set to be increased from the current rate of 19% to 25% with effect from 1 April 2023. This change will increase the tax charge in future years such that, had the change been in place for the current year, it would have increased by £429,169 from £1,359,036 to £1,788,205.

6. Dividends

	2021 **£**	*2020* *£*
Dividends paid	**7,709,813**	*6,503,227*
	7,709,813	*6,503,227*

7. Share capital

	2021 £	*2020* *£*
Allotted, called up and fully paid		
5,209,333 *(2020 - 5,207,835)* Ordinary shares of £0.05 each	**260,467**	*260,392*

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

1,498 ordinary shares were issued during the year at £13.50 per share. The aggregated nominal value was £74.90.

8. Share based payments

During the year the company operated 2 share option schemes; an Approved EMI Share Option Scheme and an Unapproved Share Option Scheme to incentivise employees.

The company has applied the requirements of FRS 102 Section 26 Share-based Payment to all the options granted under both schemes. The terms for granting share options under both schemes are the same and provide for an option price equal to the market value of the Company's shares on the date of the grant and for the Approved EMI Share Option Scheme this price is subsequently agreed with HMRC Shares and Assets Valuation Division.

The contractual life of an option under both schemes is 10 years from the date of grant. Options granted become exercisable on the third anniversary of the date of grant. Exercise of an option is normally subject to continued employment, but there are also considerations for good leavers. All share based remuneration is settled in equity shares.

	Weighted average exercise price (pence) 2021	Number 2021	*Weighted average exercise price (pence) 2020*	*Number 2020*
Outstanding at the beginning of the year	**2942.00**	**57,103**	*1350.00*	*85,938*
Granted during the year		**-**	*3153.00*	*50,401*
Forfeited during the year	**3855.00**	**(3,401)**	*1350.00*	*(14,075)*
Exercised during the year	**1350.00**	**(1,498)**	*1350.00*	*(65,161)*
Outstanding at the end of the year	**2928.00**	**52,204**	*2942.00*	*57,103*

	2021	*2020*
Option pricing model used	**Black Scholes**	*Black Scholes*
Issue price	**£13.50-£38.55**	*£13.50 - £38.55*
Exercise price (pence)	**£13.50-£38.55**	*£13.50 - £38.55*
Option life	**10 years**	*10 years*
Expected volatility	**25.15%**	*25.15%*
Fair value at measurement date	**£4.66 - £26.91**	*£4.66 - £26.91*
Risk-free interest rate	**0.18%**	*0.18%*

The expected volatility is based upon the historical volatility over the period since the Company's shares were listed on AIM.

9. Publication of Non-Statutory Accounts

The financial information set out in this preliminary announcement does not constitute the Group's financial statements for the year ended 30 June 2021. The financial statements for the year ended 30 June 2020 have been delivered to the Registrar of Companies. The financial statements for the year ended 30 June 2021 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors' report on both accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under sections 498(2) or (3) of the Companies Act 2006. The audited financial statements of Bioventix plc for the period ended 30 June 2021 are expected to be posted to shareholders shortly, will be available to the public at the Company's registered office, 7 Romans Business Park, East Street, Farnham, Surrey, GU9 7SX and available to view on the Company's website at www.bioventix.com once posted.