**Bioventix plc**

("Bioventix" or "the Company")

**Results for the year ended 30 June 2022**

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 2022.

**Highlights:**

- Revenue up 7% to £11.72 million (2021: £10.93 million)
- Profit before tax up 14% to £9.28 million (2021: £8.12 million)
- Cash at year end of £6.1 million (30 June 2021: £6.5 million)
- Second interim dividend of 74p per share (2021: 62p)
- Special dividend of 26p per share (2021: 38p)

**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.

Most of our antibodies are used on blood-testing machines installed in hospitals and other laboratories around the world. Bioventix makes antibodies using our 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 18 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 70% of our annual revenue.

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 Food and Drug Administration (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. This barrier to antibody replacement arises from a combination of factors driven by the clinical criticality of the test and the potential consequences of making such a change which include the time and cost to register any changes required to validate the performance of the replacement antibody.

Another consequence of the lengthy approval process is that the revenue for the current accounting period is derived from antibodies created many years ago. Indeed, revenue 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 2026-2036.

**2021/2022 Financial Results**

We are pleased to report our results for the financial year ended 30 June 2022. Revenues for the year increased by 7% to £11.72 million (2020/21: £10.93 million). Profits before tax for the year increased by 14% to £9.28 million (2020/21; £8.12million). Cash balances at the year-end were lower at £6.1 million (30 June 2021 £6.5 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 increased by 13% to £5.4 million which we believe reflects an improved downstream market for vitamin D testing following a degree of recovery from coronavirus pandemic effects.

Sales of our other core historic antibodies are featured below with the respective percentage increase/decrease from 2020/21:

- T3 (tri-iodothyronine): £0.93 million (+25%);
- biotins and biotin blockers: £0.90 million (+67%)
- progesterone: £0.62 million (+14%);
- estradiol: £0.59 million (+34%);
- testosterone: £0.47 million (+7%);
- drug-testing antibodies: £0.38 million (-7%);

As expected, revenues from NT-proBNP terminated in August 2021 and resulted in a loss of £1.2 million of revenues. This loss has been balanced by the increase in revenues from the core antibodies together with increased troponin sales.

Total troponin antibody sales from Siemens Healthineers and another separate technology sub-license almost doubled during the year to £1.23 million (2020/21: £0.68 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.

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 continued antibody technology development in China and elsewhere does constitute a longer-term threat. In addition, relative global geopolitical stability will be important for the continued trade in technology products such as our antibodies.

Our underlying revenues are dominated by foreign currencies such as US Dollars and Euros. When converting revenues to Sterling, our functional currency, in the absence of any appropriate hedging mechanisms, they will be influenced by movements in exchange rates. When Dollar and Euro monies are received, they are immediately converted into Sterling at the exchange rate applying on the date of arrival. We have no current plans to institute any hedging mechanisms to cover future periods and therefore any future changes in exchange rates, up or down, may impact our reported Sterling revenues accordingly. The majority of our physical antibody sales are priced in US$. Our royalty revenues from our multinational customers typically arrive in either US Dollars or Euros depending on the location of the global finance centre of the customer. However, the underlying assay sales that support the royalties will comprise a basket of local currencies, dominated by Dollars, Euros and Asian currencies. Overall, we estimate that 50-60% of our total sales are directly or indirectly linked to US Dollars.

In the reporting period, US Dollar royalty revenues received in August relating to sales by our customers in the period January to June 2022 were converted at an exchange rate of approximately $1.2 to £1 compared to an exchange rate of between $1.35-$1.40 to £1 for the same periods in the previous financial year. This effect was additive to our Sterling revenues for the second half of the year and contributed to a forex benefit in the year; on a constant currency basis our turnover for 2021/22 would have been circa £11.3million and the benefit therefore circa £0.4 million.

During the coronavirus pandemic, activity in the diagnostic pathways that exist at hospitals and clinics around the world declined. We believe that the activity within healthcare pathways has recovered more recently in some

territories and our sales have responded accordingly. We hope that this represents a return to normality but predicting the dynamics of the pandemic has confounded experts over the last 30 months.

**Cash Flows and Dividends**

As reported above, the performance of the business during the year generated cash balances at the year-end of £6.1 million and royalties received during quarter 3 of 2022 have added to this balance. 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 74 pence per share which, when added to the first interim dividend of 52 pence per share makes a total of 126 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. 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 26 pence per share.

Accordingly, dividends totaling 100 pence per share will be paid in November 2022. The shares will be marked ex-dividend on 3 November 2022 and the dividend will be paid on 18 November 2022 to shareholders on the register at close of business on 4 November 2022.

**Research and Future Developments**

Over the next few years, the continued commercial development of the new troponin assays and their roll out by our customers will have the most significant influence on Bioventix sales.

We have undertaken a range of new 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 (Alzheimer's, own-risk)** | |
| | ***medium*** | | | **Biotin blockers [1]** |
| | ***Low*** | | **Industrial biomonitoring (benzene, isocyanates)** | **Pyrene biomonitoring THC sandwich [1]** |
| | | ***Low*** | ***Medium*** | ***high*** |
| **Increasing probability of success →** | | | | |

Table notes:
[1] Projects were successful and modest sales now contribute total sales

Whilst antibodies in the future pipeline are at stages of testing and development that do not allow us to make any prediction about their potential value and influence on future revenues there has still been encouraging progress.

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 (ICDs). Data from recent patient sample studies does show a link with heart disease read-outs. The next step for CardiNor will be to define the potential utility of secretoneurin diagnostics in cardiac health.

Pre-Diagnostics (also in Oslo) and their clinical collaborators have two amyloid beta assays based on Bioventix antibodies available for research use. The goal of the project is to identify fragments of amyloid beta in patient samples that would be helpful in Alzheimer's diagnostics. A new area of interest is the diagnosis of ARIA, a side-effect related to new anti-amyloid drugs.

Another biomarker that has shown potential in Alzheimer's diagnostics is the Tau protein in the form of total Tau and phosphorylated Tau. During the year we created more anti-Tau antibodies and this work will continue into 2023. Our academic collaborators at the University of Gothenburg have used our antibodies to create prototype assays and have generated encouraging data from patient blood samples. The levels of Tau detected using our antibodies are approximately 2 times higher in Alzheimer's samples compared to controls, a ratio of 2 times being similar to other research groups. Our scientific target ratio is slightly higher at 4-5 times. We are encouraged by this progress and plan to create more antibodies to support further work with our collaborators in Gothenburg during 2023. The recent success of the Eisai/Biogen lecanemab clinical trial is likely to increase the need for early diagnostics and we are very fortunate to be working with one of the world's leading labs focussed on Alzheimer's biomarkers and tests.

The biotin "blocker" antibodies and THC sandwich antibodies reviewed in our previous reports have now progressed at customers and modest sales are now being generated to add to our total revenues.

Our pyrene lateral flow system for industrial pollution biomonitoring completed a trial at a UK industrial site during quarter 4 of 2021. This went well and we plan to conduct additional site studies during 2023. 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 for benzene and isocyanates, also in the field of industrial health and safety. Benzene exposure is of relevance to the petroleum industry and isocyanates are hazardous chemicals used in the manufacture of polyurethane paints and plastics. This work will continue into 2023 and 2024.

**Future Strategy**

We have previously identified diagnostic biomarkers that we believe suit our antibody technology and have found academic collaborators who have seen merit in working with Bioventix. This pursuit will continue into the future to support the internal organic growth of our business.

We will continue to rely on our core SMA antibody creation technology which consistently helps us to create superior antibodies for our research projects. We are also incorporating additional newer technologies where such technologies are helpful to us. We have successfully created "sandwich" assay formats for pyrene and THC/cannabis using a combination of primary SMA technology and a secondary synthetic "anti-complex" antibody created using the "antibody library" technology of a third party. The synergy of the two technologies provided unique solutions to pyrene and THC/cannabis and we will seek more such opportunities in the field of small molecule detection.

We are also using new production techniques to improve the yields of our manufacturing processes. We have had success in transferring some antibody production from sheep cells to more productive hamster cell systems. E.coli bacteria have also been used to good effect with certain antibody production systems. These technologies combine to increase yields and increase effective production capacity whilst also reducing unit costs.

**The Bioventix Team and Facility**

The composition of the Bioventix team of 12 full-time equivalents has remained stable over the year facilitating excellent performance and know how retention. The past 30 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 to adapt and modify our business to cope with the effects of the pandemic whilst still maintaining our progress.

Supply chain issues relating to plastics and chemical reagents have persisted during the year but have been expertly managed by our procurement team.

Turmoil in the energy market has added another risk factor with some energy commentators predicting power outages during the winter of 2022/23. We plan to use our diesel generator and reserve fuel supplies to minimise any disruption caused to the lab by any such power outages.

**Environmental, Social and Governance**

Our production processes do consume quantities of reagents and plastics. A key goal for the company is to use our various technologies to reduce the quantities of materials we consume. The use of bioreactor technology does result in a significant reduction in plastics consumption and we have converted one antibody to this production format during the year.

Genetic engineering techniques can also be used to enhance antibody productivity and we have successfully implemented techniques for one antibody during the year resulting in a four-fold increase in yield.

The mass immunisation of sheep to make serum-based reagents for clinical assays has been common-place since the 1970s. SMAs made *in vitro* can substitute for this large scale use of animals and our T4 (thyroxine) antibody is reaching the market thereby resulting in a reduction in animal usage.

Over the last 20 years, our SMAs have been used to improve the diagnostic processes at hospitals around the world. This has resulted in improved diagnostic tests for heart disease, thyroid function & fertility. Our goal over the next few years is to extend this success to dementia diagnostics.

Internally at Bioventix, we value our team and seek ways to help them as they develop their lives. We have been supportive of recent parents in their desire to return to work and we now have four parents who work part-time having returned to the lab after parental leave.

Regarding corporate Governance, we continue to follow the guidelines of the Quoted Companies Alliance as described in our Governance report above. We are aware of the need to increase the diversity of our Board whilst maintaining skills and experience to underpin corporate culture and support business continuity which both bring benefits for all our stakeholders. Like many businesses limited candidate availability has compromised our progress in this regard but our efforts will continue.

**Conclusion and Outlook**

We are pleased with our financial results for the year which we believe reflect both the growth in the use of our products and of course some relief from the global pandemic. In particular the continued roll-out of the high sensitivity troponin assays and the royalties associated with them have combined to help replace revenues from NT-proBNP which ceased from August 2021. After stripping out the impact of these 2 significant changes the growth in our underlying business over the year is in the range 8-10% which we believe is sustainable for the immediate future as our sales mix continues to change.

Excellent technical progress has been made with our research projects and we anticipate that our pipeline of opportunities will create additional shareholder value in the period 2026 to 2036.

**For further information please contact:**


| | | |
|---|---|---|
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| | | |
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*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 2022

| | 2022<br>£ | *2021*<br>*£* |
|---|---|---|
| Turnover | **11,719,271** | *10,930,588* |
| Cost of sales | **(710,446)** | *(817,448)* |
| **Gross profit** | **11,008,825** | *10,113,140* |
| Administrative expenses | **(1,605,446)** | *(1,506,741)* |
| Difference on foreign exchange | **92,856** | *(294,046)* |
| Research and development tax credit | **22,160** | *32,878* |
| Share option charge | **(244,871)** | *(257,629)* |
| **Operating profit** | **9,273,524** | *8,087,602* |
| Interest receivable and similar income | **4,804** | *30,628* |
| Interest payable and expenses | **(303)** | *-* |
| **Profit before tax** | **9,278,025** | *8,118,230* |
| Tax on profit | **(1,603,874)** | *(1,386,882)* |
| **Profit for the financial year** | **7,674,151** | *6,731,348* |
| **Other comprehensive income for the year** | | |
| **Total comprehensive income for the year** | **7,674,151** | *6,731,348* |

**Earnings per share:**

| | 2022<br>£ | *2021*<br>*£* |
|---|---|---|
| Basic | **147.32** | *129.22* |
| Diluted | **145.90** | *127.94* |

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

| | | 2022<br>£ | | 2021<br>£ |
|---|---|---|---|---|
| Tangible assets | | **694,370** | | *843,720* |
| Investments | | **610,039** | | *610,039* |
| | | **1,304,409** | | *1,453,759* |
| **Current assets** | | | | |
| Stocks | **461,815** | | *332,459* | |
| Debtors: amounts falling due within one year | **5,224,717** | | *4,625,967* | |
| Cash at bank and in hand | **6,126,650** | | *6,494,985* | |
| | **11,813,182** | | *11,453,411* | |
| Creditors: amounts falling due within one year | **(1,252,165)** | | *(1,008,772)* | |
| **Net current assets** | | **10,561,017** | | *10,444,639* |
| **Total assets less current liabilities** | | **11,865,426** | | *11,898,398* |
| **Provisions for liabilities** | | | | |
| Deferred tax | **(44,276)** | | *(78,084)* | |
| | | **(44,276)** | | *(78,084)* |
| **Net assets** | | **11,821,150** | | *11,820,314* |
| **Capital and reserves** | | | | |
| Called up share capital | | **260,467** | | *260,467* |
| Share premium account | | **1,332,471** | | *1,332,471* |
| Capital redemption reserve | | **1,231** | | *1,231* |
| Profit and loss account | | **10,226,981** | | *10,226,145* |
| | | **11,821,150** | | *11,820,314* |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

| | Called up share capital | Share premium account | Capital redemption reserve | Profit and loss account | Total equity |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| At 1 July 2021 | **260,467** | **1,332,471** | **1,231** | **10,226,145** | **11,820,314** |
| **Comprehensive income for the year** | | | | | |
| Profit for the year | **-** | **-** | **-** | **7,674,151** | **7,674,151** |
| Dividends: Equity capital | **-** | **-** | **-** | **(7,918,186)** | **(7,918,186)** |
| Transfer to/from profit and loss account | **-** | **-** | **-** | **244,871** | **244,871** |
| **Total transactions with owners** | **-** | **-** | **-** | **(7,673,315)** | **(7,673,315)** |
| **At 30 June 2022** | **260,467** | **1,332,471** | **1,231** | **10,226,981** | **11,821,150** |

## 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 CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

| | 2022<br>£ | *2021*<br>*£* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the financial year | **7,674,151** | *6,731,348* |
| **Adjustments for:** | | |
| Depreciation of tangible assets | **143,392** | *135,103* |
| Loss on disposal of tangible assets | **17,714** | *(500)* |
| Interest paid | **303** | *-* |
| Interest received | **(4,804)** | *(30,628)* |
| Taxation charge | **1,603,874** | *1,386,882* |
| (Increase) in stocks | **(129,356)** | *(87,036)* |
| (Increase) in debtors | **(598,752)** | *(976,596)* |
| Increase in creditors | **76,347** | *59,514* |
| Corporation tax (paid) | **(1,470,634)** | *(1,138,410)* |
| Share option charge | **244,871** | *257,629* |
| **Net cash generated from operating activities** | **7,557,106** | *6,337,306* |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | **(11,756)** | *(260,327)* |
| Sale of tangible fixed assets | **-** | *500* |
| Interest received | **4,804** | *30,628* |
| **Net cash from investing activities** | **(6,952)** | *(229,199)* |
| **Cash flows from financing activities** | | |
| Issue of ordinary shares | **-** | *20,223* |
| Dividends paid | **(7,918,186)** | *(7,709,813)* |
| Interest paid | **(303)** | *-* |
| **Net cash used in financing activities** | **(7,918,489)** | *(7,689,590)* |
| **Net (decrease) in cash and cash equivalents** | **(368,335)** | *(1,581,483)* |
| Cash and cash equivalents at beginning of year | **6,494,985** | *8,076,468* |
| **Cash and cash equivalents at the end of year** | **6,126,650** | *6,494,985* |
| **Cash and cash equivalents at the end of year comprise:** | | |
| Cash at bank and in hand | **6,126,650** | *6,494,985* |
| | **6,126,650** | *6,494,985* |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### 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 (see note 3).

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 Finance costs

Finance costs are charged to profit or loss 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.

### 1.6 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.

### 1.7 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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.

### 1.8 Research and development

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

### 1.9 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% | straight line |
| Motor Vehicles | - | 25% | straight line |
| Fixtures & Fittings | - | 25% | straight line |
| Equipment | - | 25% | straight line |

**1.10 Valuation of investments**

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting 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.

**1.11 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.

**1.12 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.

**1.13 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.

**1.14 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.

**1.15 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 reporting 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.

**1.16 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.

**1.17 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.

### 1.18 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. 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:

| | 2022<br>£ | *2021*<br>*£* |
|---|---|---|
| Product revenue and R&D income | **3,592,556** | *3,620,416* |
| Royalty and licence fee income | **8,126,715** | *7,310,172* |
| | **11,719,271** | *10,930,588* |

| | 2022<br>£ | *2021*<br>*£* |
|---|---|---|
| United Kingdom | **787,046** | *824,518* |
| European Union | **1,327,360** | *1,246,024* |
| Rest of the world | **9,604,865** | *8,860,046* |
| | **11,719,271** | *10,930,588* |

## 4. Operating profit

The operating profit is stated after charging:

| | 2022<br>£ | *2021*<br>*£* |
|---|---|---|
| Depreciation of tangible fixed assets | **143,392** | *135,104* |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | **25,000** | *12,500* |
| Exchange differences | **(92,856)** | *294,046* |
| Research and development costs | **975,317** | *1,201,236* |

## 5. Taxation

| | 2022 | *2021* |
|---|---|---|
| | **£** | *£* |
| **Corporation tax** | | |
| Current tax on profits for the year | **1,637,682** | *1,359,036* |
| **Total current tax** | **1,637,682** | *1,359,036* |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **(33,808)** | *27,846* |
| **Total deferred tax** | **(33,808)** | *27,846* |
| **Taxation on profit on ordinary activities** | **1,603,874** | *1,386,882* |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Profit on ordinary activities before tax | **9,278,025** | *8,118,230* |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | **1,762,825** | *1,542,464* |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **83** | *42* |
| Capital allowances for year in excess of depreciation | **27,048** | *(6,398)* |
| Research and development tax credit | **(198,799)** | *(226,022)* |
| Share based payments | **46,525** | *48,950* |
| Other differences leading to an increase in the tax charge | **(33,808)** | *27,846* |
| **Total tax charge for the year** | **1,603,874** | *1,386,882* |

**Factors that may affect future tax charges**

The rate of corporation tax in the UK 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 in the current year, it would have increased by £517,163 from £1,603,874 to £2,121,037.

## 6. Dividends

| | 2022<br>£ | *2021*<br>*£* |
|---|---|---|
| Dividends paid | **7,918,186** | *7,709,813* |
| | **7,918,186** | *7,709,813* |

## 7. Share capital

| | 2022 £ | *2021 £* |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 5,209,333 *(2021 - 5,209,333)* Ordinary shares of £0.05 each | **260,467** | *260,467* |

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.

## 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) 2022** | **Number 2022** | *Weighted average exercise price (pence) 2021* | *Number 2021* |
|---|---|---|---|---|
| Outstanding at the beginning of the year | **2942** | **52,204** | *2942.00* | *57,103* |
| Granted during the year | | **-** | | *-* |
| Forfeited during the year | **3855** | **(1,706)** | *3855.00* | *(3,401)* |
| Exercised during the year | | **-** | *1350.00* | *(1,498)* |
| **Outstanding at the end of the year** | **2896** | **50,498** | *2928.00* | *52,204* |

| | **2022** | *2021* |
|---|---|---|
| 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** | |

| | | |
|---|---|---|
| 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.

The expense recognised for share-based payments during the year ended 30 June 2022 was £244,871 (2021 : £257,629).

The number of staff and officers holding share options at 30 June 2022 was 13 (2021: 14). The share options have been issued to underpin staff service conditions.

## 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 2022. The financial statements for the year ended 30 June 2021 have been delivered to the Registrar of Companies. The financial statements for the year ended 30 June 2022 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 2022 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.