Bioventix plc

("Bioventix" or "the Company")

Results for the year ended 30 June 2023

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 2023.

Highlights:

- Revenue up 9% to £12.82 million (2022: £11.72 million)
- Profit before tax up 9% to £10.13 million (2022: £9.28 million)
- Cash at year end of £5.7 million (30 June 2022: £6.1 million)
- Second interim dividend of 90p per share (2022: 74p)
- Total dividends 152p per share (2022: 152p)

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.

Testosterone is an example of a blood test where a Bioventix SMA has facilitated an improved test. In 2003, it became clear that testosterone tests performed on automated IVD platforms were deficient. Whilst the higher levels of testosterone in healthy adult males were accurately reported, the lower levels of testosterone in pre-pubescent boys and women were inaccurately reported. In 2005, Bioventix created an antibody called testo3.6A3 which was evaluated by customers during 2006. Evaluations were successful and following the necessary regulatory approvals, the first testosterone assays based on testo3.6A3 were launched in 2009. A number of IVD companies now use this antibody for revised tests that more accurately measure lower levels of testosterone.

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 to create 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 more than ten years ago. By the same dynamics, the current research work active at our laboratories now is more likely to generate sales in the period 2028-2038.

2022/2023 Financial Results

We are pleased to report our results for the financial year ended 30 June 2023. Revenues for the year increased by 9% to £12.8 million (2021/22: £11.7 million). Profits before tax for the year also increased by 9% to £10.1 million (2021/22; £9.3million). Cash balances at the year-end were £5.7 million (30 June 2022 £6.1 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 7% to £5.8 million which reflects analysts' expectation for a relatively mature global IVD market.

Sales of our other core historic antibodies are featured below with the respective percentage increase/decrease from 2021/22:

- T3 (tri-iodothyronine): £.1.14 million (+23%)
- biotins and biotin blockers: £0.85 million (-5%)
- progesterone: £0.75 million (+21%)
- estradiol: £0.56 million (-6%)
- testosterone: £0.46 million (-3%)
- drug-testing antibodies: £0.40 million (+6%)

Troponin is the preferred biomarker to help diagnose heart attacks. Under an antibody creation contract previously undertaken with a company subsequently acquired by Siemens, SMAs were created that facilitated an improved troponin test that was launched by Siemens in 2017. Total troponin antibody sales from Siemens Healthineers and another separate technology sub-license increased by 30% during the year to £1.61 million (2021/22: £1.23 million).

Whilst the percentage growth is less than last year, we have no reason to doubt that prospective troponin sales in 2024 and beyond will increase in line with analysts' forecast until June 2032 when contractual payments from our contract with Siemens will cease.

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 continue to see modest increases in royalty payments flowing from these customers. The prospects for further growth in China are good although we detect pressure on downstream final assay prices that has resulted from aggressive purchasing on the part of centralised procurement organisations. This could exert pressure on Bioventix as we supply relatively high-cost reagents. We also recognise that continued antibody technology development in China and elsewhere constitutes a longer-term threat. In addition, relative global geopolitical stability will be important for the continued trade in technology products such as our antibodies.

We estimate that between 50% and 60% of our total revenue is either directly linked to US Dollars via physical product pricing in Dollars or indirectly linked to US Dollars via royalties based on downstream Dollar sales. The remainder of the currency split is dominated by Euros and important Asian currencies. In past year, exchange rates have been relatively stable compared to the previous 12 months. Our view continues to be that hedging mechanisms would not, in the longer term, add value and may have the potential to add risk to our business. Consequently, future movements in exchange rates may therefore affect our Sterling revenues.

Cash Flows and Dividends

As reported above, the performance of the business during the year generated cash balances at the year-end of £5.7 million and royalties received during quarter 3 of 2023 have added to this balance.

The Board has determined that it 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 90 pence per share which, when added to the first interim dividend of 62 pence per share makes a total of 152 pence per share for the current year.

Our 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 in our second interim dividend thereby maintaining our total distribution to shareholders at 152 pence per share, the same value as that paid for the previous financial year

Accordingly, a dividend of 90 pence per share will be paid in November 2023. The shares will be marked ex-dividend on 9 November 2023 and the dividend will be paid on 24 November 2023 to shareholders on the register at close of business on 10 November 2023.

Changes in the rate of Corporation Tax came into effect from 1 April 2023 increasing the rate of tax from 19% to 25%. This affected the business for the last quarter of 2022/23 and will reduce full year cashflows in 2023/24.

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			
	Low		**Industrial biomonitoring (benzene, isocyanates)**	**Pyrene biomonitoring**
		Low	***Medium***	***high***
Increasing probability of success →				

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

Over the last few years, a considerable amount of lab resource has been allocated to the tau project and Alzheimer's disease (AD) diagnostics. AD is a complex disease that manifests itself differently across the patient population. At a cellular level, nerve cells (neurons) become associated with amyloid (A) plaques that build up outside the neurons. This is followed by the build-up of tau (T) tangles inside the neurons. These pathological processes then result in neuronal cell death and the symptoms of neurodegeneration (N) that accompany this. This "ATN" framework is used by neurologists to define the disease pathway that progresses many years before patient symptoms become more obvious.

Recent clinical trials of AD therapeutics have produced remarkable results and there are now two therapeutic agents (Lecanemab from EISAI Pharma and Donenamab from Eli Lilly) that whilst not a cure, have been demonstrated to slow the disease process. Patients presenting early in the ATN pathway appear to benefit most from therapy and ATN assessments can therefore be used to screen for patients suitable for therapy and also for monitoring patients whilst on therapy.

The ATN status of patients can be defined with the use of PET scans using appropriate amyloid and/or tau contrast agents together with other assays for biomarkers in cerebral spinal fluid. It would be desirable if such diagnostic procedures could be replaced or augmented with cheaper convenient blood tests.

Bioventix has been working with the University of Gothenburg since early 2020 to create new antibodies to tau and to develop prototype assays for use in AD.

A leading blood biomarker for "A" is a phosphorylated form of tau called pTau217. A prototype assay from Gothenburg using an SMA has now been established which has performed well with frozen patient samples from a number of different cohorts. The "effect size" (AD patients relative to controls) has been x2-4 which is similar to other leading groups and likely to be clinically useful. The percentage of false positives and false negatives is also relatively modest confirming potential clinical utility.

For more scientific detail, see: *"A novel ultrasensitive assay for plasma p-tau217: performance in individuals with subjective cognitive decline and early Alzheimer's disease", Fernando Gonzalez-Ortiz, Journal of the Alzheimer's Association, accepted for publication October 2023.*

A novel blood-based prototype assay for neurodegeneration (N) using another Tau SMA has also been developed in Gothenburg. This work clearly supports the potential utility of this blood test and further work is on-going in Gothenburg with further publications planned.

For more detailed scientific information, see:

"Brain-derived tau: a novel blood-based biomarker for Alzheimer's disease-type neurodegeneration", Fernando Gonzalez-Ortiz, BRAIN 2022: 00, and:

"Levels of plasma brain-derived tau and p-tau181 in Alzheimer's disease and rapidly progressive dementias", Fernando Gonzalez-Ortiz, Journal of the Alzheimer's Association, accepted for publication October 2023".

Precisely how Alzheimer's therapies will be adopted in the future and how blood tests will be used to support these therapies will become clearer over the coming years. It is quite likely that large IVD companies will be part of this development and we have already sent sample SMAs to some interested parties, accepting that other tau antibodies and assays already exist. Expert neurology centres are likely to adopt "research use only" tests in advance of the availability of other tests through hospital-orientated IVD companies. The prototype Gothenburg tests are run on Quanterix (Billerica, MA) machines and so a partnership with Quanterix would be desirable in this research use field.

Pre-Diagnostics, in Oslo, and their clinical collaborators have two amyloid beta assays based on Bioventix antibodies available for research use. A current focus for Pre-Diagnostics is ARIA (amyloid related imaging abnormality) which is an important side-effect of new anti-amyloid drugs for Alzheimer's. Pre-Diagnostics assays relate to amyloid metabolism and could help screen for ARIA vulnerable patients, before or during treatment.

Our partners at CardiNor, also in 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).

Our pyrene lateral flow system for industrial pollution biomonitoring completed a second field trial at a UK industrial site during quarter 2 of 2023. This went well and we plan to conduct additional site studies during 2024. The progress of the pyrene project has encouraged us to develop 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 2024 and 2025.

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. The tau project and our collaboration with the University of Gothenburg is an excellent example of this strategy and we will seek additional such opportunities in the future.

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.

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 few years have been a challenging period for everyone

and we are very grateful to the team at Bioventix for their dedication over this period. This has allowed us to adapt and modify our business to cope with changing circumstances and to maintain the progress of our business.

Supply chain issues relating to plastics and chemical reagents have eased considerably since the pandemic but price increases have been imposed by most suppliers. This has added further incentive to increase the productivity of our manufacturing processes.

Change of Name of Nominated Adviser and Broker

The Company also announces that its Nominated Adviser (NOMAD) and Broker has changed its name to Cavendish Capital Markets Limited following completion of its own corporate merger.

Conclusion and Outlook

We are pleased with our financial results for the year which we believe reflect steady growth in the use of our established products and the continued roll-out of the high sensitivity troponin assays.

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 later 2020s and 2030s and we look forward to further progress in the years ahead.

For further information please contact:

Bioventix plc		**Tel: 01252 728 001**
Peter Harrison	Chief Executive Officer	
Cavendish (NOMAD and broker)		
Geoff Nash/Simon Hicks	Corporate Finance	**Tel: 020 7220 0500**
Nigel Birks/Harriet Ward	ECM	

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 YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Turnover	4	**12,816,225**	*11,719,271*
Cost of sales		**(828,410)**	*(710,446)*
Gross profit		**11,987,815**	*11,008,825*
Administrative expenses		**(1,768,950)**	*(1,605,446)*
Difference on foreign exchange		**(36,679)**	*92,856*
Research and development tax credit		**25,243**	*22,160*
Share option charge		**(174,080)**	*(244,871)*
Operating profit	5	**10,033,349**	*9,273,524*
Interest receivable and similar income	8	**101,094**	*4,804*
Interest payable and expenses	9	**-**	*(303)*
Profit before tax		**10,134,443**	*9,278,025*
Tax on profit	10	**(1,762,202)**	*(1,603,874)*
Profit for the financial year		**8,372,241**	*7,674,151*
Other comprehensive income for the year			
Total comprehensive income for the year		**8,372,241**	*7,674,151*

Earnings per share:

	2023	2022
Basic (pence per share)	**160.63**	*147.32*
Diluted (pence per share)	**158.28**	*145.90*

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note		2023 £		*2022* *£*
Fixed assets					
Tangible assets	12		**575,726**		*694,370*
Investments	13		**610,039**		*610,039*
			1,185,765		*1,304,409*
Current assets					
Stocks	14	**565,366**		*461,815*	
Debtors: amounts falling due within one year	15	**5,814,761**		*5,224,717*	
Cash at bank and in hand	16	**5,715,819**		*6,126,650*	
		12,095,946		*11,813,182*	
Creditors: amounts falling due within one year	17	**(1,199,714)**		*(1,252,165)*	
Net current assets			**10,896,232**		*10,561,017*
Total assets less current liabilities			**12,081,997**		*11,865,426*
Provisions for liabilities					
Deferred tax	18	**(18,224)**		*(44,276)*	
			(18,224)		*(44,276)*
Net assets			**12,063,773**		*11,821,150*
Capital and reserves					
Called up share capital	19		**260,983**		*260,467*
Share premium account	20		**1,471,315**		*1,332,471*
Capital redemption reserve	20		**1,231**		*1,231*
Profit and loss account	20		**10,330,244**		*10,226,981*
			12,063,773		*11,821,150*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2022	**260,467**	**1,332,471**	**1,231**	**10,226,981**	**11,821,150**
Comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**8,372,241**	**8,372,241**
Dividends: Equity capital	**-**	**-**	**-**	**(8,443,058)**	**(8,443,058)**
Shares issued during the year	**516**	**138,844**	**-**	**-**	**139,360**
Share option charge	**-**	**-**	**-**	**174,080**	**174,080**
Total transactions with owners	**516**	**138,844**	**-**	**(8,268,978)**	**(8,129,618)**
At 30 June 2023	**260,983**	**1,471,315**	**1,231**	**10,330,244**	**12,063,773**

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 CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	*2022* *£*
Cash flows from operating activities		
Profit for the financial year	**8,372,241**	*7,674,151*
Adjustments for:		
Depreciation of tangible assets	**129,227**	*143,392*
Loss on disposal of tangible assets	**-**	*17,714*
Interest paid	**-**	*303*
Interest received	**(101,094)**	*(4,804)*
Taxation charge	**1,762,202**	*1,603,874*
(Increase) in stocks	**(103,551)**	*(129,356)*
(Increase) in debtors	**(626,550)**	*(598,752)*
(Decrease)/increase in creditors	**(52,612)**	*76,347*
Corporation tax (paid)	**(1,751,587)**	*(1,470,634)*
Share option charge	**174,080**	*244,871*
Net cash generated from operating activities	**7,802,356**	*7,557,106*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(10,583)**	*(11,756)*
Interest received	**101,094**	*4,804*
Net cash from investing activities	**90,511**	*(6,952)*
Cash flows from financing activities		
Issue of ordinary shares	**139,360**	-
Dividends paid	**(8,443,058)**	*(7,918,186)*
Interest paid	**-**	*(303)*
Net cash used in financing activities	**(8,303,698)**	*(7,918,489)*
Net (decrease) in cash and cash equivalents	**(410,831)**	*(368,335)*
Cash and cash equivalents at beginning of year	**6,126,650**	*6,494,985*
Cash and cash equivalents at the end of year	**5,715,819**	*6,126,650*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**5,715,819**	*6,126,650*
	5,715,819	*6,126,650*

1. General information

Bioventix Plc (04923945), a company creating and manufacturing sheep monoclonal antibodies, is a public limited company registered in England and Wales. The Registered Office is 27-28 Eastcastle Street, London, W1W 8DH and its principal place of business is 7 Romans Business Park, East Street, Farnham GU9 7SX.

2. Accounting policies

2.1 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:

2.2 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.

2. Accounting policies (continued)

2.3 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.

2.4 Interest income

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

2.5 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.

2.6 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.

2. Accounting policies (continued)

2.7 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.

2.8 Research and development

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

2.9 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
Office equipment	-	25%	straight line

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 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.

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

In the application of the company's accounting policies (as described in note 2), management is required to make judgments, estimates and assumptions. These estimates and underlying assumptions 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.

Valuation of Share based payments

The Company operates two share option schemes: an Approved EMI Share Option Scheme and an Unapproved Share Option Scheme. In calculating the charge to profit or loss in respect of options granted to employees under these schemes the Company has applied the requirements of FRS 102 which includes making estimates for both the expected volatility of the Company’s shares and the risk free interest rate the details of which are shown in Note 21 to the accounts.

4. Turnover

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

	2023 £	*2022* *£*
Product revenue and R&D income	**4,232,829**	*3,592,556*
Royalty and licence fee income	**8,583,396**	*8,126,715*
	12,816,225	*11,719,271*

	2023 £	*2022* *£*
United Kingdom	**961,904**	*787,046*
European Union	**1,604,187**	*1,327,360*
Rest of the world	**10,250,134**	*9,604,865*
	12,816,225	*11,719,271*

5. Operating profit

The operating profit is stated after charging:

	2023 £	*2022* *£*
Depreciation of tangible fixed assets	**129,227**	*143,392*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**25,000**	*22,000*
Exchange differences	**36,679**	*(92,856)*
Research and development costs	**1,201,398**	*975,317*

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	**1,001,959**	*876,375*
Social security costs	**119,075**	*105,337*
Share option charge	**174,080**	*244,871*
Cost of defined contribution scheme	**71,513**	*34,563*
	1,366,627	*1,261,146*

The average monthly number of employees, including the directors, during the year was as follows:

	2023	2022
	No.	No.
Management and administration	**5**	*5*
Scientific	**11**	*11*
	16	*16*

7. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	**412,059**	*368,996*
Company contributions to defined contribution pension schemes	**36,890**	*12,578*
	448,949	*381,574*

During the year retirement benefits were accruing to 1 director *(2022 - 1)* in respect of defined contribution pension schemes.

8. Interest receivable

	2023	2022
	£	£
Other interest receivable	**101,094**	*4,804*
	101,094	*4,804*

9. Interest payable and similar expenses

	2023	2022
	£	£
Other interest payable	**-**	*303*
	-	*303*

10. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	**1,788,254**	*1,637,682*
Total current tax	**1,788,254**	*1,637,682*
Deferred tax		
Origination and reversal of timing differences	**(26,052)**	*(33,808)*
Total deferred tax	**(26,052)**	*(33,808)*
Taxation on profit on ordinary activities	**1,762,202**	*1,603,874*

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2022 - lower than)* the standard rate of corporation tax in the UK of 25% *(2022 - 19%)*. The differences are explained below:

	2023 £	*2022 £*
Profit on ordinary activities before tax	**10,134,443**	*9,278,025*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	**2,533,611**	*1,762,825*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**341**	*83*
Capital allowances for year in excess of depreciation	**27,289**	*27,048*
Research and development tax credit	**(356,784)**	*(198,799)*
Share based payments	**(23,222)**	*46,525*
Deferred tax movement	**(26,052)**	*(33,808)*
Change in tax rate during the year	**(392,981)**	*-*
Total tax charge for the year	**1,762,202**	*1,603,874*

Factors that may affect future tax charges

The rate of corporation tax increased from 19% to 25% on 1 April 2023. This change will increase the tax charge in future years such that, had the change been effective for in place throughout the current year, it would have increased by £392,980, from £1,762,202 to £2,155,182.

11. Dividends

	2023 £	*2022 £*
Dividends paid		
162 pence per share (2022: 142 pence per share)	**8,443,058**	*7,918,186*
	8,443,058	*7,918,186*

12. Tangible fixed assets

	Freehold property	Plant & Machinery	Motor Vehicles	Fixtures & Fittings	Office Equipment
	£	£	£	£	£
Cost					
At 1 July 2022	**475,000**	**472,107**	**13,090**	**407,115**	**36,610**
Additions	**-**	**7,420**	**-**	**-**	**3,163**
Disposals	**-**	**-**	**-**	**-**	**(248)**
At 30 June 2023	**475,000**	**479,527**	**13,090**	**407,115**	**39,525**
Depreciation					
At 1 July 2022	**149,625**	**326,064**	**4,909**	**205,457**	**23,497**
Charge for the year on owned assets	**7,125**	**55,962**	**3,273**	**58,137**	**4,730**
Disposals	**-**	**-**	**-**	**-**	**(248)**
At 30 June 2023	**156,750**	**382,026**	**8,182**	**263,594**	**27,979**
Net book value					
At 30 June 2023	**318,250**	**97,501**	**4,908**	**143,521**	**11,546**
At 30 June 2022	*325,375*	*146,043*	*8,181*	*201,658*	*13,113*

12. Tangible fixed assets (continued)

	Total £
Cost	
At 1 July 2022	**1,403,922**
Additions	**10,583**
Disposals	**(248)**
At 30 June 2023	**1,414,257**
Depreciation	
At 1 July 2022	**709,552**
Charge for the year on owned assets	**129,227**
Disposals	**(248)**
At 30 June 2023	**838,531**
Net book value	
At 30 June 2023	**575,726**
At 30 June 2022	*694,370*

Included within land and buildings is freehold land at cost of £118,750 which is not depreciated. (2022 - £118,750).

13. Fixed asset investments

	Unlisted Investments £
Cost	
At 1 July 2022	**610,039**
At 30 June 2023	**610,039**

14. Stocks

	2023 £	*2022 £*
Finished goods and goods for resale	**565,366**	*461,815*
	565,366	*461,815*

15. Debtors

	2023 £	*2022 £*
Trade debtors	**1,170,512**	*754,039*
Other debtors	**501**	*10,402*
Prepayments and accrued income	**4,643,748**	*4,460,276*
	5,814,761	*5,224,717*

16. Cash and cash equivalents

	2023 £	*2022 £*
Cash at bank and in hand	**5,715,819**	*6,126,650*
	5,715,819	*6,126,650*

Analysis of Net Debt:	At 1 July 2022 £	Cash Flows £	At 30 June 2023 £
Cash at bank and in hand	6,126,650	(410,831)	5,715,819

17. Creditors: Amounts falling due within one year

	2023 £	*2022* *£*
Trade creditors	**77,725**	*157,280*
Corporation tax	**709,259**	*709,098*
Other taxation and social security	**76,298**	*22,666*
Accruals and deferred income	**336,432**	*363,121*
	1,199,714	*1,252,165*

18. Deferred taxation

	2023 £	*2022* *£*
At beginning of year	**(44,276)**	*(78,084)*
Charged to profit or loss	**26,052**	*33,808*
At end of year	**(18,224)**	*(44,276)*

The provision for deferred taxation is made up as follows:

	2023 £	*2022* *£*
Accelerated capital allowances	**(18,224)**	*(44,276)*
	(18,224)	*(44,276)*

19. Share capital

	2023 £	*2022* *£*
Allotted, called up and fully paid		
5,219,656 *(2022 - 5,209,333)* Ordinary shares of £0.05 each	**260,983**	*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.

10,323 ordinary shares were issued during the year at £13.50 per share.

20. Reserves

Share premium account

The share premium reserve contains the premium arising on issues of equity shares, net of issue expenses.

Capital redemption reserve
The capital redemption arose on the buy-back of shares by the company.

Profit & loss account
The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

21. 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) 2023	**Number 2023**	*Weighted average exercise price (pence) 2022*	*Number 2022*
Outstanding at the beginning of the year	**2896**	**51,996**	*2942*	*53,702*
Granted during the year	**3855**	**39,708**		-
Forfeited during the year	**3855**	**(4,101)**	*3855*	*(1,706)*
Exercised during the year	**1350**	**(10,323)**		-
Outstanding at the end of the year		**77,280**		*51,996*

	2023	*2022*
Option pricing model used	**Black Scholes**	*Black Scholes*
Issue price	**£13.50-**	*£13.50-*
Exercise price (pence)	**£38.50**	*£38.55*
	£13.50-	*£13.50-*
	£38.50	*£38.55*
Option life	**10 years**	*10 years*
Expected volatility	**7.459%**	*25.15%*
	£4.66 -	*£4.66 -*
Fair value at measurement date	**£26.91**	*£26.91*
Risk-free interest rate	**1.5%**	*1.8%*

The expected volatility for the options issued in the year is based upon the volatility over the past 12 months. For previous years it was 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 2023 was £174,080 (2022 : £244,871).

The number of staff and officers holding share options at 30 June 2023 was 16 (2022: 13). The share options have been issued to underpin staff service conditions.

21. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculation is 5,212,220 (2022: 5,209,333) and for the diluted earnings per share, assuming the exercise of all share options is 5,289,501 (2022: 5,259,831).

The calculation of the basic earnings per shares is based on the profit for the period of £8,372,241 (2022: £7,674,151) divided by the weighted average number of shares in issue of 5,212,220 (2022: 5,209,333), the basic earnings per share is 160.63p (2022: 147.32p). The diluted earnings per share, assuming the exercise of all of the share options is based on 5,289,501 (2022: 5,259,831) shares and is 158.28p (2022: 145.90).

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently adminstered fund. The pension charge represents contributions payable by the company to the fund and amounted to £71,512 (2022: £34,563). No contributions were owing at the year end (2022: £nil).

23. Related party transactions

During the year a dividend of £775,764 (2022: £633,348) was paid to a director and his wife.

24. Controlling party

During the year there has not been an individual controlling party.

25. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculation is 5,212,220 (2022: 5,209,333) and for the diluted earnings per share, assuming the exercise of all share options is 5,289,501 (2022: 5,259,831).

The calculation of the basic earnings per shares is based on the profit for the period of £8,372,241 (2022: £7,674,151) divided by the weighted average number of shares in issue of 5,212,220 (2022: 5,209,333), the basic earnings per share is 160.63p (2022: 147.32p). The diluted earnings per share, assuming the exercise of all of the share options is based on 5,289,501 (2022: 5,259,831) shares and is 158.28p (2022: 145.90).

26. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently adminstered fund. The pension charge represents contributions payable by the company to the fund and amounted to £71,512 (2022: £34,563). No contributions were owing at the year end (2022: £nil).

27. Related party transactions

During the year a dividend of £775,764 (2022: £633,348) was paid to a director and his wife.

28. Controlling party

During the year there has not been an individual controlling party.