Bioventix plc

("Bioventix" or "the Company")

Results for the year ended 30 June 2020

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 2020.

Highlights:

- Revenue up 11% to £10.31 million (2019: £9.29 million)
- Profit before tax up 18% to £8.23 million (2019: £6.97 million)
- Cash at year end up 27% to £8.1 million (30 June 2019: £6.5 million)
- Second interim dividend of 52p per share (2019: 43p)
- Special dividend of 53p per share (2019: 47p)

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 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 15 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 10-20 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 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 has own-risk antibody creation projects which gives Bioventix the complete freedom to commercialise the antibodies produced. We have also engaged in contract antibody creation projects where customers supply materials, know-how and funding which 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 sales 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.

2019/2020 Financial Results

We are pleased to report our results for the financial year ended 30 June 2020 which were ahead of expectations. Revenues for the year increased by 11% to £10.31 million (2018/19: £9.29 million). This revenue increase, when coupled to a modest increase in costs has generated an increase in profit before tax of £8.23 million, an improvement of 18% (2018/19, £6.97 million). Following increased dividend distribution during the year, cash balances at the year-end stood at £8.1 million (30 June 2019 £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 10% to £4.8 million during the year. However, as we have commented previously, there is increasing evidence that the downstream market for vitamin D testing is flattening in US Dollar terms, regardless of any pandemic effects.

Sales of other lead antibodies are featured below with the respective percentage increase/decrease from 2018/19:

- NT-proBNP: £1.2 million (-4%) [this revenue stream will expire in July 2021]
- drug-testing antibodies: £0.76 million (+56%);
- T3 (tri-iodothyronine): £0.72 million (+13%);
- testosterone: £0.48 million (-41%);
- progesterone: £0.47 million (no change);
- estradiol: £0.32 million (-5%);

Total troponin sales from Siemens Healthineers and another separate technology sub-license were £0.33 million (2018/19: £0.12 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 additional royalty payments flow in modest terms.

Our underlying revenues continue to be dominated by US Dollars and Euros. When converting revenues to Sterling, in the absence of any 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 benefit of £0.20 million which has been crystalised and recognised in our results for this year. Conversely, the weakening of the US Dollar from 30th June 2020 to August 2020 (1.23

to ~1.32) will have a negative effect, currently estimated to be approximately £0.15 million on our 2020/21 results. We have no current plans to institute any hedging mechanisms and therefore any future changes in exchange rates, up or down will impact our reported Sterling revenues accordingly.

Included in the cost of sales are significant expenditures on external contract services linked to the pollution exposure project described below. This level of expenditure will be maintained in 2020/21 reflecting continued activity with this research project. All such research costs are charged in full in the profit and loss account when they are incurred as there is no capitalisation of these costs.

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 has been adversely affected by the COVID-19 pandemic as hospital resources have been diverted to cope with the additional patient burden created by the pandemic. Even where diagnostic capability exists, there is evidence that concerned patients have chosen not to enter diagnostic pathways and have not presented to healthcare professionals as would normally be expected.

There have been reports in the market that the routine global IVD market suffered a 15-20% reduction in activity during the period April to June 2020 (eg Siemens Healthineers Q2.2020 revenues as reported on 2 August). The six-monthly nature of our customer royalty reporting limits our visibility but we can see clear evidence from our physical product sales during this Q2.2020 period that corroborate such a pandemic effect.

The timing of a return to normality remains uncertain. Nevertheless, we are confident of the robustness of our business and as circumstances change and as healthcare pathways are re-established and normalised, Bioventix sales will revert to an established trajectory.

Cash Flows and Dividends

The strong performance of the business during the year has generated cash balances at the year-end of £8.1 million. 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 52 pence per share which, when added to the first interim dividend of 36 pence per share makes a total of 88 pence per share for the current year.

Our current view is 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 53 pence per share.

Accordingly, dividends totalling 105 pence per share will be paid in November 2020. The shares will be marked ex-dividend on 29 October 2020 and the dividend will be paid on 13 November 2020 to shareholders on the register at close of business on 30 October 2020.

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 no antibodies in the future pipeline that are comparable to our troponin product in clear potential value and that have 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 attempted to illustrate our current view of their potential value and probability of success;

↑ Increasing potential value				
	high	**Secretoneurin (CardiNor)** **Amyloid (Pre-Diagnostics)** ***MyC (Kings) [1]***		
	medium		**THC (sandwich)** ***Virus (contract) [2]***	**Pollution monitoring** **T4 (thyroxine)** **Biotin blockers**
	Low		**Thyroglobulin (contract)** ***Vitamin (contract) [3]***	**Cancer (contract)**
		Low	***Medium***	***high***
Increasing probability of success →				

Our partners at CardiNor (Oslo) have continued in 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). This work is continuing and we hope to have more definitive news in the months to come.

Research work on amyloid beta has been on-going for four years and will continue at Bioventix into 2021 as we work with our partners at Pre-Diagnostics (also in Oslo) and their clinical collaborators. The goal of the project is to identify fragments of amyloid beta in patient samples that would be helpful in dementia diagnostics. Pre- Diagnostics have completed development on their first amyloid fragment assay and plan to seek clinical research projects where the assay could provide pharmaceutical companies with additional data on amyloid biology during their clinical trials. We made a further investment in Pre-Diagnostics of £0.19 million during the year.

We have now made a number of 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. Early evaluation samples have had mixed results at different customers. We will pursue this further during the coming year both with existing antibodies and some new candidates.

We are particularly pleased with the progress of the pollution exposure project. We now have a prototype ELISA kit that is entering manufacturing development at a third party contractor. During 2021, we plan to distribute this kit to academic researchers working in the field of pollution research. We have also had success with a lateral flow prototype format that would be suited to field use, perhaps linked to an optical reader or even a mobile phone app that uses the phone camera to quantify the pollution exposure result line. This field use format could have utility in worker biomonitoring within a health and safety setting and we will explore this further in 2021. The creation, manufacture and supply of final assay products is outside our normal focus of bulk antibody sales. However, 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 MyC project with King’s [1] has produced interesting assays for experimental use but these come at a time in which troponin assays are becoming increasingly dominant in cardiac diagnostics and so MyC will not feature in the 2021 table. The contracts in the table that feature antibodies and diagnostics for a certain virus [2] and a vitamin [3] have been technically successful. However, these projects have been deprioritised at the customers and will also not feature in the 2021 table.

Regarding our core SMA antibody technology, we have successfully generated superior antibodies over the last

15 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 have used this library technology by contracting work at a third party to make a "sandwich" assay format for THC/cannabis using parental SMAs that we created many years ago. This has yielded antibody "pair" candidates that we plan to offer to customers during 2021 who are interested in more sensitive tests for THC/cannabis in saliva.

The Bioventix Team

We were delighted to welcome Bruce Hiscock to Bioventix in July 2020 as our part-time Executive Finance Director. Bruce has over 30 years experience in board roles at fast-growing listed and private companies, including as CFO and then CEO at Protec plc, an AIM listed security and technology services business. Most recently Bruce was CFO and CEO for everyLIFE Technologies Limited a software developer delivering digital care planning for social care providers. Bruce will not only add breadth and specific expertise to Bioventix but will also bring a fresh perspective on our business and strategy.

More recently Treena Turner, non-executive finance director, has stepped down from the Board. Treena has been a key constituent of our team for many years and we would like to thank Treena for all that she has done for our business and wish her well in the future.

The composition of the remainder of the Bioventix team of 12 full-time equivalents has remained relatively stable over the year facilitating excellent performance and know how retention.

During March, we implemented COVID-19 secure working practices and have developed these over the year as Government guidance has evolved. The staff have responded with dedication and flexibility such that manufacturing, research and support/admin functions were not materially affected.

Development of the lab facilities continued during the year with the refurbishment of the antibody technology lab. New lab furniture and lab equipment were acquired which will assist our technology development activities, including a significant expansion of our e.coli (bacterial) fermentation capability. This capability is particularly well suited to the library antibodies such as the THC sandwich candidates mentioned above. This further underlines our long-term commitment to the Farnham facility.

Conclusion and Outlook

We are delighted to be able to report such excellent financial results for the year despite the negative impact of the global pandemic during April-June 2020. 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 will cease 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. Remarkable technical progress has been made with the pollution exposure project and we anticipate that this project and others in our pipeline will create additional shareholder value in the period 2025 to 2035.

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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.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	*2019* *£*
Turnover	**10,313,576**	*9,290,029*
Cost of sales	**(821,823)**	*(875,089)*
Gross profit	**9,491,753**	*8,414,940*
Administrative expenses	**(1,416,766)**	*(1,268,937)*
Difference on foreign exchange	**202,668**	*(99,559)*
Research and development tax credit	**21,817**	*17,906*
Share option charge	**(115,481)**	*(133,490)*
Operating profit	**8,183,991**	*6,930,860*
Interest receivable and similar income	**41,068**	*34,628*
Profit before tax	**8,225,059**	*6,965,488*
Tax on profit	**(1,022,362)**	*(1,103,825)*
Profit for the financial year	**7,202,697**	*5,861,663*
Total comprehensive income for the year	**7,202,697**	*5,861,663*

Earnings per share:

	2020 pence	*2019* *pence*
Basic	**139.41**	*114.04*
Diluted	**137.93**	*112.12*

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		2020 £		*2019* *£*
Fixed assets				
Tangible assets		**718,496**		*514,821*
Investments		**610,039**		*388,377*
		1,328,535		*903,198*
Current assets				
Stocks	**245,423**		*239,295*	
Debtors: amounts falling due within one year	**3,649,369**		*3,933,915*	
Cash at bank and in hand	**8,076,468**		*6,537,322*	
	11,971,260		*10,710,532*	
Creditors: amounts falling due within one year	**(728,630)**		*(756,573)*	
Net current assets		**11,242,630**		*9,953,959*
Total assets less current liabilities		**12,571,165**		*10,857,157*
Provisions for liabilities				
Deferred tax	**(50,238)**		*(30,854)*	
		(50,238)		*(30,854)*
Net assets		**12,520,927**		*10,826,303*
Capital and reserves				
Called up share capital		**260,392**		*257,134*
Share premium account		**1,312,323**		*435,908*
Capital redemption reserve		**1,231**		*1,231*
Profit and loss account		**10,946,981**		*10,132,030*
		12,520,927		*10,826,303*

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 CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2018	**256,934**	**395,108**	**1,231**	**10,357,693**	**11,010,966**
Comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**5,861,663**	**5,861,663**
Dividends: Equity capital	**-**	**-**	**-**	**(6,220,816)**	**(6,220,816)**
Shares issued during the year	**200**	**40,800**	**-**	**-**	**41,000**
Share option charge	**-**	**-**	**-**	**133,490**	**133,490**
Total transactions with owners	**200**	**40,800**	**-**	**(6,087,326)**	**(6,046,326)**
At 30 June 2019	**257,134**	**435,908**	**1,231**	**10,132,030**	**10,826,303**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	2020 £	*2019* *£*
Cash flows from operating activities		
Profit for the financial year	**7,202,697**	*5,861,663*
Adjustments for:		
Depreciation of tangible assets	**133,569**	*67,499*
Loss on disposal of tangible assets	**2,376**	*-*
Interest received	**(41,068)**	*(34,628)*
Taxation charge	**1,022,362**	*1,103,825*
(Increase)/decrease in stocks	**(6,128)**	*43,797*
Decrease/(increase) in debtors	**284,546**	*(117,124)*
Increase in creditors	**133,976**	*26,047*
Corporation tax (paid)	**(1,164,897)**	*(1,207,102)*
Share option charge	**115,481**	*133,490*
Net cash generated from operating activities	**7,682,914**	*5,877,467*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(339,620)**	*(84,518)*
Purchase of unlisted and other investments	**(221,662)**	*(96,953)*
Interest received	**41,068**	*34,628*
Net cash from investing activities	**(520,214)**	*(146,843)*
Cash flows from financing activities		
Issue of ordinary shares	**879,673**	*41,000*
Dividends paid	**(6,503,227)**	*(6,220,816)*
Net cash used in financing activities	**(5,623,554)**	*(6,179,816)*
Net increase/(decrease) in cash and cash equivalents	**1,539,146**	*(449,192)*
Cash and cash equivalents at beginning of year	**6,537,322**	*6,986,514*
Cash and cash equivalents at the end of year	**8,076,468**	*6,537,322*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**8,076,468**	*6,537,322*
	8,076,468	*6,537,322*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 the invoice, and royalties are accrued over the period to which they relate. Revenue is recognised based on the returns and notifications received from customers and in the event that subsequent adjustments 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 the Statement of comprehensive income 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 the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.6 Current and deferred taxation

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

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

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

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

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

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 three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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 (as described in note 1), management is required to make judgments, estimates and assumptions. These estimates and underlying assumptions and are reviewed on an ongoing basis.

There were no areas requiring significant management judgment during the year ended 30 June 2020.

3. Turnover

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

	2020	*2019*
	£	*£*
Product revenue and R&D income	**4,048,847**	*3,010,496*
Royalty and licence fee income	**6,264,729**	*6,279,533*
	10,313,576	*9,290,029*

	2020	*2019*
	£	*£*
United Kingdom	**832,895**	*468,692*
Other EU	**1,206,854**	*1,759,224*
Rest of the world	**8,273,827**	*7,062,113*

	10,313,576	*9,290,029*

4. Operating profit

The operating profit is stated after charging:

	2020 £	*2019* *£*
Depreciation of tangible fixed assets	**133,569**	*67,499*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**10,650**	*10,350*
Exchange differences	**(202,668)**	*99,559*
Research and development costs	**1,175,602**	*1,116,210*

5. Taxation

	2020 £	*2019* *£*
Corporation tax		
Current tax on profits for the year	**1,002,978**	*1,099,196*
	1,002,978	*1,099,196*
Total current tax	**1,002,978**	*1,099,196*
Deferred tax		
Origination and reversal of timing differences	**19,384**	*4,629*
Total deferred tax	**19,384**	*4,629*
Taxation on profit on ordinary activities	**1,022,362**	*1,103,825*

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	*2019* *£*
Profit on ordinary activities before tax	**8,225,059**	*6,965,488*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**1,562,761**	*1,323,443*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**559**	*403*
Capital allowances for year in excess of depreciation	**(21,325)**	*(3,390)*
Research and development tax credit	**(246,383)**	*(238,848)*
Share based payments	**(292,634)**	*17,588*
Other differences leading to an increase in the tax charge	**19,384**	*4,629*
Total tax charge for the year	**1,022,362**	*1,103,825*

Factors that may affect future tax charges

There were no material factors that may affect future tax charges.

6. Dividends

	2020 £	*2019* *£*
Dividends paid	**6,503,227**	*6,220,816*
	6,503,227	*6,220,816*

7. Share capital

	2020 £	*2019* *£*
Allotted, called up and fully paid		
5,207,835 (2019 - 5,142,674) Ordinary shares of £0.05 each	**260,392**	*257,134*

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) 2020	**Number 2020**	*Weighted average exercise price (pence) 2019*	*Number 2019*
Outstanding at the beginning of the year	**1350**	**85,938**	*1340*	*89,938*
Granted during the year	**3153**	**50,401**		-
Forfeited during the year	**1350**	**(14,075)**		-
Exercised during the year	**1350**	**(66,659)**	*1025*	*(4,000)*
Outstanding and exercisable at the end of the year	**2985**	**55,605**	*1350*	*85,938*

	2020	*2019*
Option pricing model used	**Black Scholes**	*Black Scholes*
Issue price	**£13.50 - £38.55**	*£3.12-£13.50*
Exercise price (pence)	**£13.50**	*£3.12-£13.50*
Option life	**10 years**	*10 years*
Expected volatility	**25.15%**	*25.15%*
Fair value at measurement date	**£4.66 - £26.91**	*£1.72-£4.66*
Risk-free interest rate	**0.18%**	*1.02%*

Expected volatility was based on past volatility since the shares have been listed on AIM.

The expense recognised for share-based payments during the year ended 30 June 2020 was £115,481 (2019: £133,490).

The number of staff and officers holding share options at 30 June 2020 was 17 (2019: 15). 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 2020. The financial statements for the year ended 30 June 2019 have been delivered to the Registrar of Companies. The financial statements for the year ended 30 June 2020 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 2020 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.