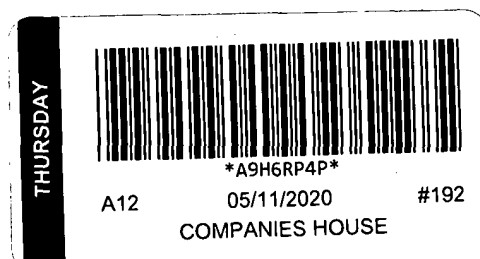


**BIOVENTIX PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**



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## BIOVENTIX PLC

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### COMPANY INFORMATION

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<b>Directors</b>	Peter Harrison Ian Nicholson Treena Turner Nick McCooke Bruce Hiscock (appointed 1 July 2020)
<b>Company secretary</b>	Cargil Management Services Limited
<b>Registered number</b>	04923945
<b>Registered office</b>	27-28 Eastcastle Street London W1W 8DH
<b>Independent auditors</b>	James Cowper Kreston Chartered Accountants & Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS

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## BIOVENTIX PLC

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## BIOVENTIX PLC

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### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

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#### 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).

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## BIOVENTIX PLC

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### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

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 crystallised 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.

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## BIOVENTIX PLC

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### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

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.

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## BIOVENTIX PLC

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### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

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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

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## BIOVENTIX PLC

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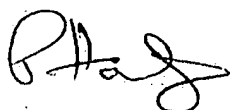
### CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

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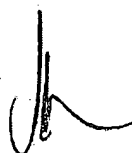
lab. New lab furniture and lab equipment were acquired which will assist our technology development activities, including a significant expansion of our e.coli (bacterial) fermentation capability. This capability is particularly well suited to the library antibodies such as the THC sandwich candidates 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.



Name Peter Harrison  
Chief Executive Officer



Ian Nicholson  
Non-Executive Chairman

Date 16 Oct 2020



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## **BIOVENTIX PLC**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020**

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#### **BUSINESS REVIEW**

Please refer to the full business review which is covered in the Chairman and Chief Executive's statement on pages 1 to 5 and forms an integral part of the Strategic Report.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Investment in AIM securities**

Investment in shares traded on AIM is perceived to involve a higher degree of risk than investment in a company whose shares are listed on the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

##### **Volatility of share price**

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Company or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company and news reports relating to trends in the Company's markets. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

##### **Dependence on key employees**

The Company's future success is substantially dependent on the continued services and performance of its senior management and other key personnel in the various areas of the Company's business. The loss of the services of certain key employees or the inability to recruit personnel of the appropriate calibre, could have a significant adverse effect on the business of the Company.

##### **Technology**

For SMAs that are in the research and development phase at Bioventix's customers, there is a risk of technical failure. This can occur as assays fail to perform with the desired precision. Failure can also arise when external "field trials" at hospitals using prototype assays identify patient samples that give erroneous results.

For projects at the early phase of Bioventix's pipeline and others that may feature in the medium to long term, there is a risk that new antibody technologies available to third party companies eclipse Bioventix's SMA technology and these new technologies produce superior antibodies. An example of such technologies includes monoclonal antibodies from rabbits.

The Company may come to face competition from other businesses that possess skills and technologies that are not known or available at present. Such competition could prevent the Company from achieving sales. Further, competitors may develop products or technologies that make Bioventix's technology obsolete.

The Company may also face claims that its use of its technology infringes the intellectual property rights of others and may become involved in legal proceedings in connection with such claims. The Company may also generally face legal proceedings in the course of its business. The Company cannot preclude the possibility that litigation may be brought against it from time to time. Any such claims, legal proceedings and litigation may have a material adverse effect on the financial performance and/or the business of the Company. The Company's insurance may not cover all or any part of any claims which customers or third parties may bring against the Company or may not be sufficient to protect the Company against any liability that may be imposed on it.

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## BIOVENTIX PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### **Regulatory environment**

The medical diagnostics field in which the Company operates is highly regulated. Whilst the Company's antibodies are not themselves regulated, the tests in which they are used by the Company's customers must be approved by regulatory bodies such as the US Food and Drug Administration before they can be commercialised. Achieving and maintaining such approval by Bioventix's customers is therefore necessary to the continued success of the Company.

#### **Distribution risk**

Bioventix's antibodies are derived from sheep and therefore might be regarded as a sheep-derived product. Any future restriction on the distribution, import/export and use of sheep products or sheep-derived products that might be imposed by government or other authorities for whatever reason could materially affect Bioventix's business.

#### **Market risk**

There has been a process of merger and acquisition within the blood testing machine companies who are Bioventix's customers. Such activity can result in the rationalisation of individual machines. Therefore, machines that feature Bioventix antibodies could be replaced by machines that do not. Even in the absence of such mergers and acquisitions, machines can be developed within a company such that assays featuring Bioventix antibodies are withdrawn or replaced.

#### **Competition**

Whilst the Company does not operate under granted patents, the Directors believe that the Company has a significant set of know-how and skills that are unique. The Company may face competition from companies in business at present or not yet established that are or will be better funded, staffed or equipped than the Company. There is also a risk that the Company's principal target customers (blood testing manufacturers) may choose to use alternative antibodies. Competition from any source could adversely affect the Company's ability to generate income.

### **FINANCIAL RISK MANAGEMENT**

#### **Foreign exchange risk**

The majority of the Company's revenues are denominated in either US Dollars or Euros whilst the majority of its operating costs are in Sterling. The Company is therefore exposed to significant foreign currency risk due to fluctuations in exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Company's operating results.

#### **Taxation**

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

#### **Credit risk**

The main credit risk of the company is attributable to its trade debtors. The amounts presented in the Balance Sheet are net of any bad debt provision.

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## BIOVENTIX PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### **Interest rate risk**

Due to the lack of borrowing within the company the interest rate risk is deemed to be low, and there are no specific policies in place to review this.

#### **Price risk**

The key income stream is that of royalties and these prices are set at the start of the royalty agreement, thus limiting the exposure to sales price risk. The key cost to the company is that of its staff and this is a manageable cost price risk.

#### **Liquidity risk**

The company maintains a strong cash balance, and always looks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and that cash is invested safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare rolling cashflow forecasts.

#### **Covid-19**

The global implications of the COVID-19 pandemic may affect the company's revenue and profitability. COVID-19 has adversely affected some routine diagnostic pathways and the willingness of patients with concerning symptoms to present to healthcare professionals. Any delays in diagnosis and treatment that arise may defer revenue from both the supply of antibodies and also the royalty revenue arising from their use in testing.

#### **Brexit**

There is still uncertainty surrounding the future trading relationship between the United Kingdom and member states within the European Union. In the event of new regulations being adopted these could add complexity and delays to the company's operations, however there is no indication that any form of Brexit will affect the regulations that are relevant to Bioventix plc.

#### **Ability to pay future dividends**

The company's ability to pay dividends in the future is dependent upon the extent to which it has distributable reserves and cash available for this purpose. The Company can give no assurance to Shareholders that it will, or will not be able to, pay dividends in the future.

### **FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is exposure to exchange rate fluctuations, but no other significant price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risks are managed conservatively by maintaining deposits of short to medium duration in High Street Banks, thereby reducing the risk of financial default.

Trade debtors are managed in respect of credit by maintaining a regular dialogue with customers, the majority of whom are multinational diagnostics companies.

Risks in relation to exchange rate fluctuations are discussed on page 7.

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## BIOVENTIX PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### FINANCIAL KEY PERFORMANCE INDICATORS

	2020	2019
	£	£
Turnover	10,313,576	9,290,029
Profit before tax	8,225,059	6,965,488
Cash balances	8,076,468	6,537,322

Revenues for the year of £10.31m (2019: £9.29m) were 11% up on the previous year. Profits before tax have increased by 18% year on year.

Cash balances at 30 June 2020 of £8.08m (2019: £6.54m) have increased despite an increase in dividends paid in the year.

The company monitors various financial key performance indicators as part of its accounting and management reporting process.

The directors do not anticipate any material change in the nature of the company's operations in the foreseeable future.

#### OTHER KEY PERFORMANCE INDICATORS

The future growth of the company relies on its research and development activities creating and being able to manufacture unique antibodies, that are required by our customers. The directors review and discuss the strategy and performance of our research and development, regularly throughout the year.

The company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of sustained real growth in future profitability.

In a company this size the directors consider there are collectively numerous non-financial performance indicators but none individually are key.

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## BIOVENTIX PLC

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### **Directors' statement of compliance with duty to promote the success of the Company**

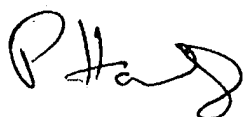
The Directors are clear on their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of Bioventix plc ("the Company") for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Directors are committed to effective and meaningful engagement with our key stakeholders. The directors seek to actively identify and positively engage with key stakeholders in open and constructive dialogues. We believe that such engagement is critical to the long term success of the Company and, by canvassing and understanding the perspectives of our stakeholders and building good relationships, the Board is able to take their views into account in discussions and decision-making.

The Board will continue to build its model for engagement with key stakeholders and will, in future reports, provide more detail of our progress, including how we engage and impact of such engagement on the Company's strategy and principal decisions.

This report was approved by the board and signed on its behalf.



**Peter Harrison**  
Director

Date: 16 Oct 2020

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## BIOVENTIX PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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The directors present their report and the financial statements for the year ended 30 June 2020.

#### DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of the development and supply of antibodies.

#### BUSINESS REVIEW

This company is required to produce a business review complying with the requirements of the Companies Act 2006. This can be found in the Chairman and Chief Executive's statement on pages 1 to 5. In addition to this, information on the principal risks and uncertainties and key performance indicators can be found in the strategic report within pages 6 to 10.

#### RESEARCH AND DEVELOPMENT

During the year research and development costs were incurred of £1,176k (2019 : £1,116k).

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## BIOVENTIX PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### CORPORATE GOVERNANCE - Chairman's Statement

As Chairman of Bioventix plc it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so. We believe that a sound and well understood governance structure is essential to maintain the integrity of the Company in all its actions, to enhance performance and to impact positively on our shareholders, staff, customers, suppliers and other stakeholders.

After due consideration, Bioventix plc has adopted the QCA Corporate Governance Code ("the Code") as the benchmark for measuring our adherence to good governance principles. These principles provide us with a clear framework for assessing our performance as a Board and as a company, and this statement shows how we apply the Code's ten guiding principles in practice.

The Board has undertaken an annual review of the corporate governance framework that Bioventix operates and considers it to be effective and proportional to the size, risks, complexity and operations of Bioventix and reflective of the Company's culture and values. A Board Evaluation process was held in the financial year where it was determined that the Board, its Committees and individual directors were felt to be working well with no issues being identified in the evaluation process. Progress against the improvement recommendations of the previous Board Evaluation exercise was reviewed and it was established that all of the recommendations had been implemented, with a number of codifications and an increased formality of corporate governance practices being adopted by the Board and the Company. Compliance with the Code and corporate governance requirements generally are reviewed on an on-going basis by the Board as well as part of the annual Board Evaluation process.

#### Statement of Compliance with the QCA Corporate Governance Code ("the Code")

	Principle	Disclosure
1.	<b>Establish a strategy and business model which promotes long-term value for shareholders</b>	The Company's strategy and business model is set out in the Company's annual report. The Company generates long-term value for shareholders and achieves sustainable shareholder returns by (i) its understanding of the globally competitive market for diagnostic antibodies; (ii) its research activities and development of suitable and commercially viable products; (iii) the employment of expert individuals and (iv) its relationships with multi-national clients. The annual report sets out a number of risks and uncertainties that may represent challenges to the execution of the Company's strategy and business model, and how such risks and uncertainties are managed by the Company.
2.	<b>Seek to understand and meet shareholder needs and expectations</b>	Bioventix has an established programme of engaging openly with shareholders. Communications with shareholders are via its website, the publication of the Annual Report and the Interim Statement, trading and other announcements made on RNS and at the Annual General Meeting where the Board encourages investors to participate.

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**BIOVENTIX PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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		<p>The Company's website contains information on the Bioventix business, corporate information and specific disclosures required under AIM rules and the QCA Code. Following the announcement of the Company's full year and half year results the Company makes presentations to institutional shareholders, private client brokers and investment analysts. Periodic meetings and site visits are held with existing and prospective institutional and other investors. Formal feedback from shareholder meetings is provided by the Company's broker and discussion of this feedback is a standard item on the Board's agenda.</p>
3	<b>Take into account wider stakeholder and social responsibilities and their implications for long term-success</b>	<p>The Company recognises its responsibility to promote its success for the benefit of its stakeholders and understands that the business has a responsibility towards its shareholders, employees, partners, customers, suppliers and to the local community. The Board is also conscious that the tone and culture that it sets will impact all aspects of the Company and the way employees behave and operate. The importance of sound ethical values and behaviors is crucial to the ability of the Company to successfully achieve its corporate objectives whilst, in particular, meeting the demands of a sophisticated client base. The Company has close on-going relationships with a broad range of its stakeholders; monitors feedback from them and uses this to develop future policy.</p>
4	<b>Embed effective risk management, considering both opportunities and threats, throughout the organisation</b>	<p>The Board is responsible for the Company's system of internal controls and for the reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the execution of the Company's strategic objectives and business model. The Board monitors financial controls through the setting and approval of an annual budget and the regular review of management accounts. Management accounts contain a number of indicators that are designed to reduce the possibility of misstatement in the financial statements.</p> <p>Each year on behalf of the Board, the Audit Committee reviews the effectiveness of these systems. This is achieved primarily by a comprehensive review of risks which cover both financial and non-financial issues potentially affecting the Group and from discussions with the external auditor. Details of these risks, and their management, are contained in the Company's Annual Report.</p>



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**BIOVENTIX PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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		<p>The Board is not aware, to the best of its knowledge, of any significant failings or weaknesses in the system of internal control. On the recommendation of the Audit Committee, the Board has determined that an internal audit function is not required due to the small size of the administrative function and the high level of director review and authorisation of transactions.</p> <p>Where the management of operational risk requires outside advice, this is sought from expert parties, and the Company has put measures in place to protect itself against supplier failure including insurance and contingent stock.</p>
5	<b>Maintain the board as a well-functioning, balanced team led by the chair</b>	<p>The purpose of the Board is to ensure that the business is managed for the long-term benefit of all shareholders, whilst at the same time having regard for employees, customers, suppliers and our impact on the environment and the communities in which Bioventix operates. The full Board is responsible and accountable to the shareholders for the management and success of Bioventix and to provide effective controls to assess and manage risks in the Company.</p> <p>There is a formal schedule of matters specifically reserved for the Board that includes matters relating to strategy &amp; management; structure &amp; capital; financial reporting &amp; controls; internal controls; contracts; communications; board membership and other appointments; delegation of authorities and corporate governance.</p> <p>The Company has three non-executive Directors, each considered to be independent by the Board. Ian Nicholson became Non-Executive Chairman of the Company in 2007 and is considered by the Board to remain independent of the management and free to exercise independence of judgement. The Board meets on a minimum of 4 occasions with board meetings spread across each year which tie in as far as possible with the Group's financial reporting and trading calendars. This frequency is considered appropriate to the size and complexity of the Company and additional meetings are held as required.</p> <p>The Board has an audit committee, a remuneration committee and a nominations committee each with delegated duties and responsibilities.</p> <p>The Audit Committee, which comprises Treena Turner and Nick McCooke, with Treena Turner as Chairman, determines and examines any matters relating to the financial affairs of the Company including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. In addition, it considers the financial performance,</p>

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## BIOVENTIX PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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	<p>position and prospects of the Company and ensures they are properly monitored and reported on. The audit committee can request attendance at committee meetings by, amongst others, the Chief Executive and the Chief Financial Officer. The formal terms of reference for the Audit Committee are published on the Company's website.</p> <p>The Remuneration Committee, which comprises Ian Nicholson and Nick McCooke, with Nick McCooke as Chairman, reviews the performance of the executive Directors and sets their remuneration, determines the payment of bonuses to the executive Directors and considers the Company's bonus and option schemes. The remuneration committee can request attendance at committee meetings by, amongst others, the Chief Executive and the Chief Financial Officer. The formal terms of reference for the Remuneration Committee are published on the Company's website.</p> <p>The Nomination Committee, which comprises Ian Nicholson and Nick McCooke, with Nick McCooke as Chairman, reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and makes recommendations to the Board with regard to any changes; gives consideration to succession planning for directors and other senior executives and evaluates the balance of skills, knowledge, experience and diversity on the Board. The formal terms of reference for the Nomination Committee are published on the Company's website.</p> <p>The Board and its Committees receive appropriate and timely information prior to each meeting. A formal agenda is produced for each meeting and Board Committee papers are distributed several days before meetings take place. Any director can challenge proposals with decisions being taken after discussion. Any director can ask for a concern to be noted in the minutes of the meeting which are circulated to all directors. Specific actions arising from meetings are agreed by the Board or relevant committee and then followed up by management.</p> <p>All relevant directors attended all Board and Board Committee meetings during the year with no absences. All directors spend such time as is necessary to effectively carry out their roles and directors have access to advice or services needed to enable them to carry out their roles and duties.</p>
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**BIOVENTIX PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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6	<b>Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</b>	<p>The directors of the Company are:</p> <ul style="list-style-type: none"><li>• Ian James Nicholson, Non-Executive Chairman</li><li>• Peter John Harrison, Chief Executive Officer</li><li>• Bruce Hiscock, Chief Financial Officer</li><li>• Treena Joan Turner, Non-Executive Director</li><li>• Nicholas John McCooke, Non-Executive Director</li></ul> <p>The skills and experience of the Board are set out in their biographical details included within the investors section of the Company's website and are considered by the Board as representing an appropriate range of capabilities needed to deliver the strategy of the Company for the benefit of its shareholders over the medium to long term. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.. The Board is assisted by Ian Farrelly, the Company Secretary, whose services are retained through a contract with Cargil Management Services Limited, a professional company secretarial services provider.</p> <p>At each Annual General Meeting ("AGM") one third of the Directors are subject to re-appointment by rotation under the Company's Articles of Association, as are Directors who have been appointed during the year. However, in line with best practice, all Directors, being eligible, will be seeking re-appointment by shareholders at the Company's forthcoming AGM.</p>
7	<b>Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b>	<p>The collective performance of the Board is reflected in the success of the business. Evaluation of the performance of the Board, its Committees and individual members is made annually utilising a formal board evaluation process led by the Chairman, assisted by the Company Secretary.</p> <p>Individual directors respond to a detailed questionnaire covering numerous aspects of the effectiveness of the Board's performance as a unit, as well as that of its Committees and the individual directors. The results of this questionnaire are compiled into a formal report that was reviewed and discussed by the Board.</p> <p>The results of the Board evaluation exercise undertaken in the financial year ended 30 June 2020 determined that the Board, its Committees and individual directors were felt to be working well with no issues being identified in the evaluation process. Progress against the improvement recommendations of the previous board evaluation exercise was reviewed and it was established that all of the recommendations had been implemented, with a number of codifications and an increased formality of corporate governance practices being adopted by the Board and the Company.</p>

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**BIOVENTIX PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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		Succession planning is recognised as a material topic for the Company and is the responsibility of the Nominations Committee that makes recommendations to the Board concerning Board appointments.
8	<b>Promote a corporate culture that is based on ethical values and behaviours.</b>	<p>The Board recognises that its decisions will impact the corporate culture of the Group as a whole and that this will affect the performance of the business. The Board is also very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way employees behave and operate. The importance of sound ethical values and behaviors is crucial to the ability of the Group to successfully achieve its corporate objectives whilst, in particular, meeting the exacting demands of a sophisticated customer base. The Company's ethical approach to business is reflected in the way the Company has been able to develop long term and fruitful relationships with its clients.</p> <p>The Company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of sustained real growth in future profitability.</p>
9	<b>Maintain Governance structures and processes that are fit for purpose and support good decision making by the board</b>	<p>The Company maintains appropriate governance structures and processes according to its size and complexity.</p> <p>There is a clear division of responsibility between the Non-Executive Chairman and the Chief Executive. The Chairman is responsible for running the business of the board and for ensuring appropriate strategic focus and direction. The Chief Executive is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Group.</p> <p>The role of the Independent Non-Executive Directors includes questioning and challenging the Executive Director and assisting where possible in developing strategic proposals, reviewing and commenting on the integrity of the Company's financial reporting systems and the information they provide; recommending appropriate standards of corporate governance; reviewing internal control systems; ensuring that risk management systems are robust and reviewing corporate performance and ensuring that performance is reported to shareholders. The roles of the Board and its Committees are described in section 5 above.</p>

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**BIOVENTIX PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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		Compliance with the Code and corporate governance requirements generally are reviewed on an on-going basis by the Board as well as part of the annual Board Evaluation process.
10	<b>Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</b>	<p>The Company recognises that meaningful engagement with its shareholders is integral to the continued success of the Group and the Company has actively engaged with shareholders through meetings, presentations and roadshows. The Board believes that the Annual Report and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Company's position and prospects. All RNS press releases are published on the Company's website. The Annual General Meeting is an opportunity for shareholders to meet and discuss the Company's business with the Directors.</p> <p>The Board is supported by the audit, remuneration and nominations committees, each of which has access to information, resources and advice that it deems necessary, at the Company's cost, to enable the committee to discharge its duties.</p>

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## BIOVENTIX PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### DIVIDENDS

The profit for the year, after taxation, amounted to £7,202,697 (2019 - £5,861,663).

A dividend of 90p per share was paid in November 2019. This equated to £4,628,407. (October 2018 - £4,678,013).

The board have declared and paid an interim dividend of 36p per share in April 2020. This equated to £1,874,821 (April 2019 - £1,542,502).

Following the end of the year, a dividend of 52p per share, together with a special dividend of 53p per share, has been declared.

#### DIRECTORS

The directors who served during the year were:

Peter Harrison  
Ian Nicholson  
Treena Turner  
Nick McCooke

Bruce Hiscock was appointed on 1 July 2020

#### SUBSTANTIAL SHAREHOLDERS

The Board was aware of the following interests of 3% and over of the issued share capital of the Company as at the date of this report.

Castlefield Fund Partners Ltd	19.2%
Liontrust	10.2%
Canaccord Genuity Group Inc.	9.9%
Peter Harrison	8.0%
Gresham House	6.9%
Jupiter Asset Management	3.9%
Wasatch Advisors Inc (Salt Lake City)	3.0%

#### DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

During the year the company had in place Directors and Officers Insurance.

#### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**BIOVENTIX PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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**AUDITORS**

The auditors, James Cowper Kreston, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on *16 October 2020* and signed on its behalf.



**Ian Nicholson**  
Director

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## BIOVENTIX PLC

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020**

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#### **DIRECTORS' REMUNERATION REPORT**

##### **Introduction**

This Remuneration Report has been prepared by the Remuneration Committee and approved by the Board. The Committee is committed to transparent and quality disclosure.

The Remuneration Committee, comprising Ian Nicholson and Nick McCooke, with Nick McCooke as Chairman, reviews the performance of the executive Director and sets their remuneration, determines the payment of bonuses to the executive Director and considers the Company's bonus and option schemes. The remuneration committee can request attendance at committee meetings by, amongst others, the Chief Executive. The formal terms of reference for the remuneration committee are published on the Company's website.

In assessing appropriate remuneration arrangements the Remuneration Committee takes into account relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit and links a key part of Executive remuneration to the Company's financial and operational performance.

##### **Remuneration policy**

The Committee aims to ensure that total remuneration is set at an appropriate level for the Company and its operations.

The objectives and core principles of the remuneration policy are to ensure:

- remuneration levels support the Company strategy;
- an appropriate link between performance and reward;
- linking of long-term incentives to shareholder returns; and
- good teamwork by enabling all employees to share in the success of the business.

There are four elements that can make up the remuneration packages for the Executive Director:

- basic annual salary or fees;
- benefits in kind;
- discretionary annual bonus; and
- a long-term incentive plan.

##### **Basic salary**

The basic salary of the Executive Director is normally determined by the Committee towards the end of each financial year with any changes taking effect from 1 July. Basic salary is reviewed and adjustments made taking into account individual performance, market factors and sector conditions.

##### **Benefits in kind and cash equivalents**

Benefits provided to the Executive Director during the year comprised pension contributions.

##### **Discretionary bonuses**

A cash bonus award for performance during FY2019/20 was made to the Executive Director and most staff at the end of the year. Bonus criteria for the Executive Director are based on performance criteria that are designed to align with shareholder interests and comprise factors relating to shareholder return, earnings per share and performance against agreed long term corporate and operational milestones.



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## BIOVENTIX PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### **Share Option Plan**

The company operated 2 share option schemes in the year; an Approved EMI Share Option Scheme and an Unapproved Share Option Scheme.

Under the terms of the Company's 2013 EMI Share Option Scheme, the Approved Scheme, Directors and employees are eligible for awards. Performance conditions do not apply to the awards and upon any change of control, all options vest in full. All options lapse upon the tenth anniversary of grant.

The terms of Unapproved Share Option Scheme mirror those of the EMI Share Option Scheme. It is however a non-tax advantaged scheme and facilitates the award of share options to those key staff who are ineligible for the award of share options under the EMI Share Option Scheme.

During the year there were grants of options over 50,401 shares, 18,485 shares under the Unapproved Scheme and 31,916 shares under the Approved Scheme.

#### **Non executive Directors' fees**

The Non executive Directors receive a fee for carrying out their duties and responsibilities. The level of such fees is set and reviewed annually by the Board, excluding the Non-executive Directors. The Non-executive Directors do not currently receive additional fees for acting as members of the Board's various committees.

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## BIOVENTIX PLC

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### Directors' remuneration

Director	Position	Salary £	Bonus £	Pension £	2020 £	2019 £
Peter Harrison	Chief Executive Officer	187,008	73,841	8,854	269,801	285,314
Nick McCooke	Non-Executive Director	28,000	-	-	28,000	19,134
Ian Nicholson	Non-Executive Director	33,000	-	-	33,000	22,510
Treena Turner	Non-Executive Director	-	-	-	-	-
Total		248,008	73,841	8,854	328,801	326,958

Treena Turner did not directly receive fees from the Company as partner at Wise & Co. Wise & Co receives payments from the Company for services provided to the Company. Treena Turner is not entitled to any benefits available to executive directors of the Company. Treena Turner retired as a Partner at Wise & Co on 31/03/2020 and since then has received fees of £760

The Chief Executive Bonus above was determined by the Remuneration Committee. The basis was designed to be consistent with companies of a similar profile and contains EPS and share price parameters, together with a smaller R&D element.

Of the share option charge for 2020 of £115,481 (2019 : £133,490), the following amounts related to the directors:

Peter Harrison - £14,955 (2019 : £36,820)

Nick McCooke - £13,142 (2019 : £4,275)

Ian Nicholson - £15,653 (2019 : £5,030)

Treena Turner - £13,142 (2019 : £4,275)

# BIOVENTIX PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### Share options

Director	Position	Date of Grant	Number of New Options Granted	Number of Options Exercised	Exercise Price Per Share	Exercise Period	Total Options Held Following This Grant
Peter Harrison	Chief Executive Officer	06/01/2017	23,704		£13.50	14/02/2023 - 14/02/2030	23,704
Peter Harrison	Chief Executive Officer	14/02/2020	9,071		£38.55	14/02/2023 - 14/02/2030	32,775
Peter Harrison	Chief Executive Officer	02/04/2020		18,500	£13.50	14/02/2023 - 14/02/2030	14,275
Ian Nicholson	Chairman	17/01/2020	3,238		£13.50	17/01/2023 - 17/01/2030	3,328
Ian Nicholson	Chairman	14/02/2020	1,712		£38.55	14/02/2023 - 14/02/2030	4,950
Nick McCooke	Non-Executive Director	17/01/2020	2,752		£13.50	17/01/2023 - 17/01/2030	2,752
Nick McCooke	Non-Executive Director	14/02/2020	1,349		£38.55	14/02/2023 - 14/02/2030	4,101
Treena Turner	Non-Executive Director	17/01/2020	2,752		£13.50	17/01/2023 - 17/01/2030	2,752
Treena Turner	Non-Executive Director	14/02/2020	1,349		£38.55	14/02/2023 - 14/02/2030	4,101

### Directors' Interests

30 June 2020

#### Directors

#### Ordinary Shares of 5p each

Peter Harrison	416,676
Ian Nicholson	15,500
Nick McCooke	-
Treena Turner	-

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## BIOVENTIX PLC

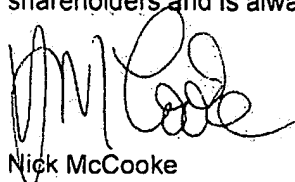
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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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#### Shareholder feedback

The objective of this report is to communicate the remuneration of the Directors and how this is linked to performance. In this regards the Board is committed to maintaining an open transparent dialogue with shareholders and is always interested to hear their views on remuneration matters.



Nick McCooke

Chairman of the Remuneration Committee

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## BIOVENTIX PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOVENTIX PLC

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#### Opinion

We have audited the financial statements of Bioventix PLC (the 'Company') for the year ended 30 June 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### An overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)'). We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOVENTIX PLC (CONTINUED)**

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financial statements as a whole, taking into account our understanding of the company and its environment, the accounting processes and controls, and the industry in which the company operates. The company operates via a standalone trading entity and thus a full scope audit was performed on this trading entity.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified in the Key audit matters section below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Revenue recognition**

*Risk description*

Revenue recognition is considered a significant risk on most audits. There is also an inherent risk around the completeness and cut-off of licence revenue given the reliance on customer self-declarations and the timing of receipt of these.

*How the scope of our audit responded to the risk*

To assess the appropriateness and completeness of revenue recognised in the year we performed the following procedures:

- reviewed the design implementation of managements controls surrounding the self-declaration of royalty income and the completeness of this income stream;
- examined on a simple basis the royalty self-declarations made by customers for the year and agreed these to revenue recognised by the company;
- examined a sample of revenue transactions by reference to underlying contractual terms;
- examined on a sample basis goods delivery notes, invoices and postings for items dispatched around the period end;
- reviewed manual journals posted to the revenue account in the period and subsequent to year-end gaining an understanding of the appropriateness of these;
- considered the appropriateness and application of the company's accounting policy for revenue recognition; and
- considered the disclosures in the financial statements regarding revenue.

*Key observations*

The results of our testing were satisfactory and we consider the disclosure surrounding revenue to be appropriate.

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## BIOVENTIX PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOVENTIX PLC (CONTINUED)

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#### **Management override**

##### *Risk description*

In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not available from other sources.

How the scope of our audit responded to the risk

During the course of our audit we performed the following procedures to address the risk of management override:

- assessed the appropriateness of accounting policy choices made by management and the basis of key judgements, estimates and assumptions;
- reviewed manual journal entries posted within the period for indicators of management bias, transactions outside the normal course of business or indicators of fraudulent activity;
- examined on a sample basis manual journals deemed to be higher risk gaining an appropriate understanding of the business rationale as well as confirming the accuracy of postings; and
- considered the value, nature and cause of misstatements identified during the course of the audit to identify indicators of bias.

##### *Key observations*

The results of our testing were satisfactory and we consider the disclosure surrounding accounting policy choices and key accounting judgements to be appropriate.

#### **Valuation of Investments**

##### *Risk description*

The company holds two unlisted investments, there is a risk that these investments are not being carried at fair value where appropriate.

How the scope of our audit responded to the risk

- To assess the accuracy and completeness of investment valuations we have performed the following procedures:
- Reviewed the company's accounting policy for the valuation of investments against the requirements of accounting standards, and considered whether this policy has been implemented;
- agreed investment additions to supporting documentation;
- considered the availability and reliability of evidence to support fair value estimates; and
- considered the disclosure in the financial statements regarding investments.

##### *Key observations*

The results of our testing were satisfactory.

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## BIOVENTIX PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOVENTIX PLC (CONTINUED)

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#### **Our application of materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement we determined materiality for the financial statements as a whole to be £411,000 (2019: £348,000), based on 5 percent of pre-tax profit of £8,226,000. Performance materiality of £329,000 (2019: £278,000) was applied for testing and it was agreed with the board that we would report on all audit differences in excess of £20,000 (2019: £17,400), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Materiality in the prior year was also based on 5 percent of pre-tax profit.

We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

#### **Other information included in the annual report**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



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## BIOVENTIX PLC

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOVENTIX PLC (CONTINUED)

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

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**BIOVENTIX PLC**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOVENTIX PLC (CONTINUED)**

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alan Poole BA (Hons) FCA (Senior statutory auditor)  
for and on behalf of

**James Cowper Kreston**

Statutory Auditors

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 16<sup>th</sup> October 2010

**BIOVENTIX PLC**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £	2019 £
Turnover	4	10,313,576	9,290,029
Cost of sales		(821,823)	(875,089)
<b>Gross profit</b>		<b>9,491,753</b>	<b>8,414,940</b>
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)
<b>Operating profit</b>	5	<b>8,183,991</b>	<b>6,930,860</b>
Interest receivable and similar income	8	41,068	34,628
<b>Profit before tax</b>		<b>8,225,059</b>	<b>6,965,488</b>
Tax on profit	9	(1,022,362)	(1,103,825)
<b>Profit for the financial year</b>		<b>7,202,697</b>	<b>5,861,663</b>
<b>Total comprehensive income for the year</b>		<b>7,202,697</b>	<b>5,861,663</b>

The notes on pages 38 to 52 form part of these financial statements.

**Earnings per share:**

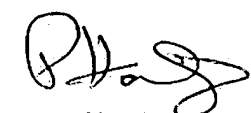
	2020 pence	2019 pence
Basic	139.41	114.04
Diluted	137.93	112.12

**BIOVENTIX PLC**  
**REGISTERED NUMBER:04923945**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	718,496	514,821
Investments	12	610,039	388,377
		<u>1,328,535</u>	<u>903,198</u>
<b>Current assets</b>			
Stocks	13	245,423	239,295
Debtors: amounts falling due within one year	14	3,649,369	3,933,915
Cash at bank and in hand	15	8,076,468	6,537,322
		<u>11,971,260</u>	<u>10,710,532</u>
Creditors: amounts falling due within one year	16	(728,630)	(756,573)
<b>Net current assets</b>		<u>11,242,630</u>	<u>9,953,959</u>
<b>Total assets less current liabilities</b>		<u>12,571,165</u>	<u>10,857,157</u>
<b>Provisions for liabilities</b>			
Deferred tax	17	(50,238)	(30,854)
		<u>(50,238)</u>	<u>(30,854)</u>
<b>Net assets</b>		<u><u>12,520,927</u></u>	<u><u>10,826,303</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	260,392	257,134
Share premium account	19	1,312,323	435,908
Capital redemption reserve	19	1,231	1,231
Profit and loss account	19	10,946,981	10,132,030
		<u>12,520,927</u>	<u>10,826,303</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**Peter Harrison**  
Director

Date: 16 Oct 2020

**BIOVENTIX PLC**

**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
<b>Comprehensive income for the year</b>					
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
<b>Total transactions with owners</b>	<b>3,258</b>	<b>876,415</b>	<b>-</b>	<b>(6,387,746)</b>	<b>(5,508,073)</b>
<b>At 30 June 2020</b>	<b>260,392</b>	<b>1,312,323</b>	<b>1,231</b>	<b>10,946,981</b>	<b>12,520,927</b>

The notes on pages 38 to 52 form part of these financial statements.

**BIOVENTIX PLC**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2018	256,934	395,108	1,231	10,357,693	11,010,966
<b>Comprehensive income for the year</b>					
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
<b>Total transactions with owners</b>	<b>200</b>	<b>40,800</b>	<b>-</b>	<b>(6,087,326)</b>	<b>(6,046,326)</b>
<b>At 30 June 2019</b>	<b>257,134</b>	<b>435,908</b>	<b>1,231</b>	<b>10,132,030</b>	<b>10,826,303</b>

The notes on pages 38 to 52 form part of these financial statements.

**BIOVENTIX PLC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	7,202,697	5,861,663
<b>Adjustments for:</b>		
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
<b>Net cash generated from operating activities</b>	<b>7,682,914</b>	<b>5,877,467</b>
<b>Cash flows from investing activities</b>		
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
<b>Net cash from investing activities</b>	<b>(520,214)</b>	<b>(146,843)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	879,673	41,000
Dividends paid	(6,503,227)	(6,220,816)
<b>Net cash used in financing activities</b>	<b>(5,623,554)</b>	<b>(6,179,816)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,539,146</b>	<b>(449,192)</b>
Cash and cash equivalents at beginning of year	6,537,322	6,986,514
<b>Cash and cash equivalents at the end of year</b>	<b>8,076,468</b>	<b>6,537,322</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	8,076,468	6,537,322
	<b>8,076,468</b>	<b>6,537,322</b>

The notes on pages 38 to 52 form part of these financial statements.

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**BIOVENTIX PLC**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 30 JUNE 2020**

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	At 1 July 2019 £	Cash flows £	At 30 June 2020 £
Cash at bank and in hand	6,537,322	1,539,146	8,076,468
	<u>6,537,322</u>	<u>1,539,146</u>	<u>8,076,468</u>

The notes on pages 38 to 52 form part of these financial statements.



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## BIOVENTIX PLC

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

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#### 1. General information

Bioventix Plc (04923945) is a public limited company registered in England and Wales. The Registered Office is 27-28 Eastcastle Street, London, W1W 8DH.

#### 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 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.

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

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**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 the Statement of comprehensive income using the effective interest method.

**2.5 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.

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

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**2. Accounting policies (continued)**

**2.6 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.

**2.7 Research and development**

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

**2.8 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 lives

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

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

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**2. Accounting policies (continued)**

**2.9 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.

**2.10 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.

**2.11 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.

**2.12 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.

**2.13 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.

**2.14 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.

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

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**2. Accounting policies (continued)**

**2.15 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.

**2.16 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.

**2.17 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.

**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.

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

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**BIOVENTIX PLC**

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

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**4. 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
	<u>10,313,576</u>	<u>9,290,029</u>

	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
	<u>10,313,576</u>	<u>9,290,029</u>

**5. 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	<u>1,175,602</u>	<u>1,116,210</u>

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**BIOVENTIX PLC**

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

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**6. Employees**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>870,794</b>	<b>794,219</b>
Social security costs	<b>92,271</b>	<b>88,089</b>
Share option charge	<b>115,481</b>	<b>133,490</b>
Cost of defined contribution scheme	<b>29,316</b>	<b>30,114</b>
	<b>1,107,862</b>	<b>1,045,912</b>

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Management and administration	<b>4</b>	<b>4</b>
Scientific	<b>12</b>	<b>12</b>
	<b>16</b>	<b>16</b>

**BIOVENTIX PLC**

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

**7. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	319,947	315,585
Company contributions to defined contribution pension schemes	8,854	11,373
	<u>328,801</u>	<u>326,958</u>

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

**8. Interest receivable**

	2020 £	2019 £
Other interest receivable	41,068	34,628
	<u>41,068</u>	<u>34,628</u>

**9. Taxation**

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



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**BIOVENTIX PLC**

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

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

**Factors that may affect future tax charges**

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

**10. Dividends**

	2020 £	2019 £
Dividends paid	<b>6,503,227</b>	<b>6,220,816</b>
	<b>6,503,227</b>	<b>6,220,816</b>

**BIOVENTIX PLC**

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

**11. Tangible fixed assets**

	Freehold property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2019	475,000	429,317	7,500	88,491	1,000,308
Additions	-	175,609	-	164,011	339,620
Disposals	-	(36,840)	-	-	(36,840)
Transfers between classes	-	(19,068)	-	19,068	-
At 30 June 2020	475,000	549,018	7,500	271,570	1,303,088
<b>Depreciation</b>					
At 1 July 2019	128,250	299,365	7,500	50,372	485,487
Charge for the year on owned assets	7,125	73,630	-	52,814	133,569
Disposals	-	(34,464)	-	-	(34,464)
Transfers between classes	-	(9,969)	-	9,969	-
At 30 June 2020	135,375	328,562	7,500	113,155	584,592
<b>Net book value</b>					
At 30 June 2020	339,625	220,456	-	158,415	718,496
At 30 June 2019	346,750	129,952	-	38,119	514,821

Included within land and buildings is freehold land at cost of £118,750 which is not depreciated. (2019 - £118,750).

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**BIOVENTIX PLC**

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

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**12. Fixed asset investments**

	Unlisted Investments £
<b>Cost or valuation</b>	
At 1 July 2019	388,377
Additions	221,662
At 30 June 2020	<u>610,039</u>

**13. Stocks**

	2020 £	2019 £
Finished goods and goods for resale	245,423	239,295
	<u>245,423</u>	<u>239,295</u>

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**BIOVENTIX PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Debtors**

	2020 £	2019 £
Trade debtors	639,045	696,675
Other debtors	5,340	32,492
Prepayments and accrued income	3,004,984	3,204,748
	<u>3,649,369</u>	<u>3,933,915</u>

**15. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	8,076,468	6,537,322
	<u>8,076,468</u>	<u>6,537,322</u>

**16. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	96,068	25,290
Corporation tax	321,424	483,343
Other taxation and social security	19,327	18,512
Accruals and deferred income	291,811	229,428
	<u>728,630</u>	<u>756,573</u>

**BIOVENTIX PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Deferred taxation**

	2020 £	2019 £
At beginning of year	(30,854)	(26,225)
Charged to profit or loss	(19,384)	(4,629)
<b>At end of year</b>	<b>(50,238)</b>	<b>(30,854)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(50,238)	(30,854)
	<b>(50,238)</b>	<b>(30,854)</b>

**18. Share capital**

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

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.

**19. 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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**20. 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.

	<b>Weighted average exercise price (pence) 2020</b>	<b>Number 2020</b>	<b>Weighted average exercise price (pence) 2019</b>	<b>Number 2019</b>
Outstanding at the beginning of the year	1350.00	85,938	1340.00	89,938
Granted during the year	3153.00	50,401		-
Forfeited during the year	1350.00	(14,075)		-
Exercised during the year	1350.00	(66,659)	1025.00	(4,000)
<b>Outstanding and exercisable at the end of the year</b>	<b>2985.00</b>	<b>55,605</b>	<b>1350.00</b>	<b>85,938</b>

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

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.

**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Earnings per share**

The weighted average number of shares in issue for the basic earnings per share calculation is 5,166,503 (2019: 5,140,203) and for the diluted earnings per share, assuming the exercise of all share options is 5,222,108 (2019: 5,228,138).

The calculation of the basic earnings per shares is based on the profit for the period of £7,202,697 (2019: £5,861,663) divided by the weighted average number of shares in issue of 5,166,503 (2019: 5,140,203), the basic earnings per share is 139.41p (2019: 114.04p). The diluted earnings per share, assuming the exercise of all of the share options is based on 5,222,108 (2019: 5,228,138) shares and is 137.93p (2019: 112.12p).

**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 administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £29,316 (2019: £30,114). No contributions were owing at the year end (2019: £nil).

**23. Related party transactions**

During the year a dividend of £535,362 (2019: £518,698) was paid to a director and his wife.

During the year, fees of £22,690 (2019 : £19,155) were paid to Wise & Co, for accountancy, taxation and related services. Treena Turner retired as a Partner of Wise & Co on 31 March 2020.

**24. Controlling party**

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