

RNS Final Results

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ADAMS PLC

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Adams Plc
("Adams" or the "Company")

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Adams Plc presents its annual report and audited financial results for the year ended 31 March 2021.

Highlights:

- Net assets at 31 March 2021 of £5.15 million (2020: £2.06 million).
- Net assets per share 6.24 pence at 31 March 2021 (2020: 2.50 pence).
- Profit after tax of £3.09 million (2020: loss £0.30 million).
- Investments at 31 March 2021 valued at £5.11 million (2020: £1.18 million).
- Spend on new investments of £1.90 million (2020: £1.38 million).
- Investment realisation proceeds of £1.21 million (2020: £2.03 million).
- Cash at 31 March 2021 of £0.05 million (2020: £0.90 million).
- Post year end raised gross cash proceeds of £4.11 million under a placing and open offer in April 2021.
- No part of the £3.00 million shareholder loan facility drawn down to date.

Michael Bretherton, Chairman, said:

"Whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of the global vaccination programs should now provide a pathway for the gradual easing of the social and economic restrictions currently in force, the full economic fallout from this pandemic remains uncertain. Against this economic backdrop, your Board will continue to maintain a rigorous and highly selective investment approach which is committed to delivering additional value for shareholders going forward. We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio."

The Company's 2021 Annual Report will shortly be posted to shareholders together with a Notice of Annual General Meeting, copies of which will be made available on the Company's website at www.adamsplc.co.uk under the *Investor Relations / Company & Shareholder Documents* section. The Annual General Meeting is to be held at 11.00 a.m. on Wednesday 25 August 2021 at the Company's registered office at 55 Athol Street, Douglas, Isle of Man, IM1 1LA. In accordance with current guidance regarding Covid-19 and the travel restrictions into the Isle of Man, the Company **recommends that shareholders should not physically attend the AGM** and should instead vote by form of proxy.

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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Chairman's Statement

Results

Adams Plc ("Adams" or the "Company") achieved a good performance during the year ended 31 March 2021 recording a gross investment return of £3.24 million, which, after overhead costs of £0.15 million, resulted in a net profit after tax of £3.09 million. This compares to a loss after tax of £0.30 million for the prior year ended 31 March 2020. The improvement in profitability is principally due to higher investment returns in the year.

During the year, the Company spent £1.90 million on the purchase of additional investments and generated cash proceeds of £1.21 million from the sale of two of its investments and the partial realisation of another. The carrying value of investments at 31 March 2021 was £5.11 million, represented by six listed and one un-listed investment holdings, versus £1.18 million at 31 March 2020, represented by five listed and one un-listed investment holdings.

Net assets increased to £5.15 million (equivalent to 6.24p per share) at the 31 March 2021 balance sheet date, compared with £2.06 million (equivalent to 2.50p per share) at the previous year end. The £3.09 million increase in net assets reflects the profit reported for the year.

Cash and cash equivalent balances were £0.05 million at 31 March 2021 compared to cash balances of £0.90 million at 31 March 2020.

Subsequent to the 31 March 2021 year end, Adams raised gross cash proceeds of £4.11 million under a placing and open offer in April 2021 which has significantly further increased the Company's net asset base. The Strategic Report includes a pro-forma balance sheet for Adams which discloses net assets of £9.21 million following the placing and open offer.

Business model and investing policy

Adams is an investing company with an investing policy under which the Board is seeking to acquire interests in special situation investment opportunities that have an element of distress, dislocation, dysfunction or other special situation attributes and that the Board perceives to be undervalued. The principal focus is in the small to middle-market capitalisation sectors in the UK or Europe, but the Directors will also consider possible special situation opportunities anywhere in the world if they believe there is an opportunity to generate added value for shareholders.

Investment Portfolio

The principal listed investments held by the Company at 31 March 2021 comprised C4X Discovery Holdings Plc ("C4XD"), Circassia Pharmaceuticals plc ("Circassia") and Griffin Mining Limited ("Griffin") and Adams also holds Oxehealth Limited ("Oxehealth") as a principal unquoted investment.

C4XD is a pioneering drug discovery company combining scientific expertise with cutting-edge drug discovery technologies to efficiently deliver world-leading medicines which are developed by licensing partners. The company applies its enhanced DNA-based target identification and candidate molecule design capabilities to generate small molecule drug candidates across multiple disease areas including inflammation, oncology, neurodegeneration and addictive disorders. To date C4XD has successfully out-licensed two programmes with one candidate in clinical development. C4XD reported a loss after tax of £3.6 million in the six months ending 31 January 2021 inclusive of R&D investment of £3.3 million and with no revenues. Cash balances at 31 January 2021 amounted to £15.4 million. Post that period end, the company is due an imminent EUR€7 million upfront payment in relation to an exclusive worldwide licensing agreement signed with Sanofi in April 2021. The shareholding of Adams in C4XD at 31 March 2021 was, and continues to be, 2.21 per cent of the C4XD shares in issue.

Circassia is an AIM listed global medical device company focused on respiratory diagnostics and monitoring. In April 2020, the company announced a transaction to terminate the development and commercialisation agreement between the company and AstraZeneca for the U.S. commercial rights to Tudorza® and Duaklir® and the transfer of these products back to AstraZeneca in order to transform Circassia into a debt-free business with a strong Niox based continuing operations business. The company's management has subsequently undertaken a major restructuring of the business to focus on Niox which has delivered significant cost savings. On current gross margins, this means that the EBITDA breakeven point for the Niox business will be at around £30 million of annualised revenue. Revenues for the continuing Niox business for the year ended 31 December 2020 were £23.9 million (2019: £34.6 million) having been impacted by the Covid-19 pandemic. Cash balances at 31 December 2020 amounted to £7.4 million but Circassia subsequently raised gross cash proceeds of £5.0 million through a share subscription in March 2021. The shareholding of Adams at 31 March 2021 was, and continues to be, 0.74 per cent of the Circassia shares in issue.

Griffin is an AIM listed mining and investment company that has been the leader in foreign investment in mining in China having been engaged in developing the Caijiaying zinc and gold project since 1997. Despite Covid-19 related interruptions to operations in the first quarter of 2020, the Group recorded a 6.5 per cent. increase in operating profits in the year to 31 December 2020, primarily as a result of higher zinc metal prices received and reduced costs. Griffin reported a profit of US\$8.9 million after tax for that year on reduced revenues of US\$74.4 million. Subsequently in January 2021, Griffin announced a major achievement in finally securing a significant new mining license from the Chinese Ministry of Land and Natural Resources which catapults Griffin into the ranks of one of the largest zinc producers in China. The shareholding of Adams in Griffin as at 31 March 2021 was, and continues to be, 0.27 per cent of the Griffin shares in issue.

Oxehealth is a private company that is involved in vision-based patient monitoring and management, using proprietary signal processing and computer vision to process normal digital video camera data to measure the vital signs and activity of patients in a number of different markets, primarily in Mental Health, Acute Hospital settings, Primary Care settings, Care Home, and Custodial facilities in both the UK and also in Sweden. This is achieved through the deployment of their Digital Care Assistant platform which enables clinicians to take non-contact cardiorespiratory measurements of patients' pulse and breathing rate, generates alerts to potentially risky activity and reports on patients' vital signs and behaviour, all without the clinician entering the patient's room. At 31 March 2021, the investment holding by Adams in Oxehealth's represents 2.4 per cent of Oxehealth's issued share capital at that date.

In addition to the above investments, at 31 March 2021 Adams held quoted holdings in three other AIM listed companies comprising 4D Pharma Plc, which is a pioneer in harnessing bacteria of the gut microbiome as a novel and revolutionary class of medicines, known as live biotherapeutics; Source Bioscience International Plc, which is an international provider of state-of-the art laboratory services, clinical diagnostics and analytical testing services; and Afentra Plc, which has a strategic imperative of capitalising on opportunities resulting from the accelerating energy transition on the African continent.

Post year end investment transaction. Subsequent to the Company's 31 March 2021 year end, Adams announced that on 6 May 2021 it had purchased 8 million shares in AIM listed Seeing Machines Limited for a total cash consideration of £0.91 million. The investment holding represents 0.21 per cent. of the currently issued ordinary share capital of Seeing Machines. This company is an industry leader in advanced computer vision technologies and designs AI-powered operator monitoring systems to improve transport safety in automotive, commercial fleet, aviation, rail and off-road markets.

Adams subsequently also announced on 27 May 2021 that it had committed to subscribe for 2.5 million shares in Motif Bio Plc for a total cash consideration of £0.5 million under a conditional placing agreement. The conditions of the placing were, however, not met and the related £0.5 million commitment by Adams fell away on 14 June 2021.

Adams had remaining cash balances of approximately £3.18 million following the post year end investment transaction in Seeing Machines noted above and receipt of the £4.11 million placing and open offer cash proceeds in April 2021.

Outlook

Whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of the global vaccination programs should now provide a pathway for the gradual easing of the social and economic restrictions currently in force, the full economic fallout from this pandemic remains uncertain.

The Adams Board will, therefore, remain vigilant in the face of this uncertain future and will continue to apply a disciplined investment approach to both preserve shareholder capital in the near term and deliver additional value for shareholders over the longer term. We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio.

Michael Bretherton
Chairman

29 June 2020

Investing Policy

The current Investing Policy is:

The Board will seek to acquire a direct and/or indirect interests in special situation investment opportunities that have an element of distress, dislocation, dysfunction or other special situation attributes and that they perceive to be undervalued. The principal focus will be in the small to middle-market capitalisation sectors in the UK or Europe but the Directors will also consider possible special situation opportunities anywhere in the world if they believe there is an opportunity to generate added value for Shareholders.

The Directors intend to identify investment opportunities offering the potential to deliver a favourable return to Shareholders over the medium to long term, primarily in the form of a capital gain. A particular consideration will be to identify businesses which, in the opinion of the Directors, are under-valued due to any of a number of special situations that adversely impact the business's short-term prospects and/or underlying value but which business interests the Directors believe have a solid fundamental core or sound development potential to present opportunities for value creation.

The Company's interest in a potential investment may range from a minority position to 100 per cent. ownership and the interest may be either quoted or unquoted. Investments may be made in shares, or by the acquisition of assets (including intellectual property) of a relevant business, or by entering into partnerships, joint ventures, equity derivatives, contracts for differences or other equity or debt related securities that the Board deem appropriate.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules.

While the Directors intend to take into account the level of existing funds available for investment when assessing the amount of any investment, it is not proposed that there be any maximum investment limit.

The Company may be both an active and a passive investor depending on the nature of the individual investments. Although the Company intends to be a medium to long term investor, there will be no minimum or maximum limit on the length of time that any investment may be held and short-term investments may be made.

The Company will not have a separate investment manager.

The Company may require additional funding as investments are made and new opportunities arise. The Directors may offer new Ordinary Shares by way of consideration, as well as cash, thereby helping to preserve the Company's cash resources. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment

Given the nature of the Company's Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of net asset value other than at the time of publication of its half year and annual results.

The Board's principal focus will be on achieving capital growth for Shareholders.

Statement of Comprehensive Income for the year ended 31 March 2021

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Dividend income	3	83
Gain/(loss) on investments	3,234	(245)
Investment return	3,237	(162)

Expenses and other income		
Administrative expenses	(153)	(152)
Other income	-	1
Operating profit / (loss)	3,084	(313)
Interest income	6	10
Profit / (loss) on ordinary activities before taxation	3,090	(303)
Tax on profit on ordinary activities	-	-
Profit / (loss) for the year	3,090	(303)
Basic and diluted profit / (loss) per share	3.74	(0.37)p

Statement of Financial Position at 31 March 2021

	31 March 2021 £'000	31 March 2020 £'000
Assets		
Non-current assets		
Investments	5,105	1,178
Current assets		
Trade and other receivables	22	9
Cash and cash equivalents	49	904
Current assets	71	913
Total assets	5,176	2,091
Liabilities		
Current liabilities		
Trade and other payables	(23)	(28)
Total liabilities	(23)	(28)
Net current assets	48	885
Net assets	5,153	2,063
Equity		
Share capital	826	826
Retained earnings reserve	4,327	1,237
Total shareholder equity	5,153	2,063

Statement of Changes in Equity as at 31 March 2021

	Share Capital £'000	Retained earnings reserve £'000	Total £'000
At 1 April 2019	826	1,540	2,366
Changes in equity			
Total comprehensive loss	-	(303)	(303)
At 31 March 2020	826	1,237	2,063
Changes in equity			
Total comprehensive gain	-	3,090	3,090
At 31 March 2021	826	4,327	5,153

Statement of Cash Flows for the year ended 31 March 2021

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 *Restated £'000
Profit/(loss) for the year	3,090	(303)
Unrealised (gain)/loss on revaluation of portfolio investments	(2,644)	319
Realised gain on disposal of portfolio investments	(590)	(74)

Increase in trade and other receivables	(13)	(7)
(Decrease)/increase in trade and other payables	(5)	2
Net cash outflow from operating activities	(162)	(63)
Cash flows from investing activities		
Purchase of portfolio investments	(1,900)	(1,378)
Proceeds from sales of investments	1,207	2,030
Net cash (used) / generated from investing activities	(693)	652
Net (decrease) / increase in cash and cash equivalents	(855)	589
Cash and cash equivalents at beginning of year	904	315
Cash and cash equivalents at end of year	49	904

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