

RNS Half-year/Interim Report

Half-year Report

ADAMS PLC

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Adams plc

("Adams" or the "Company")

Interim Results for the Six Months ended 30 September 2021

Results

Adams Plc ("Adams" or the "Company") reported a loss after tax of £0.648 million for the six months to 30 September 2021 compared to a profit of £1.091 million in the six months ended 30 September 2020. The reduction in profitability is principally due to investment return losses of £0.567 million compared to investment return gains of £1.162 million in the previous September 2020 half year.

In April 2021, Adams raised net cash proceeds of £4.057 million under a placing and open offer which significantly increased the Company's net asset base and cash balances.

During the six months ended 30 September 2021, the Company spent £2.948 million on equity investments, of which four were new investments and one was a follow-on investment. There were no investment realisations for cash during the period but its newly acquired listed investment in Telit Communications Plc ("Telit") was acquired by Trieste Acquisitions Holding Limited ("Trieste") in August 2021. The 380,000 shares in Telit acquired by the Company on 8 July 2021 were rolled over into the unlisted holding company of Trieste, Notano Midco Limited ("Notano"), under the terms of a recommended share offer alternative announced by Trieste on 21 May 2021.

Adams held eleven investments as at 30 September 2021, of which nine were listed and two were un-listed, and for which the total investment carrying value was £7.49 million (31 March 2021: £5.11 million, represented by six listed and one un-listed investment holdings).

The Company held cash balances of £1.09 million as at 30 September 2021, compared to cash balances of £0.05 million at the previous 31 March 2021 year end.

Net assets increased to £8.56 million (equivalent to 5.87p per share) at the 30 September 2021 balance sheet date, compared with £5.15 million (equivalent to 6.24p per share) at 31 March 2021. The £3.41 million increase in net assets reflects the £4.06 million share issue fund raise in April 2021 less the £0.65 million loss reported for the period.

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 30 September 2021 comprised C4X Discovery Holdings Plc ("C4XD"), Circassia Pharmaceuticals plc ("Circassia"), Access Intelligence Plc ("Access Intelligence"), Seeing Machines Limited ("Seeing Machines") and Griffin Mining Limited ("Griffin") and Adams also holds Oxehealth Limited ("Oxehealth") and Notano Midco Limited ("Notano") as principal unquoted investments.

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 received a €7 million upfront payment in relation to an exclusive worldwide licensing agreement signed with Sanofi in April 2021 for C4XD's IL-17A oral inhibitor programme worth up to €414 million including the €7 million upfront payment and €407 million in potential

development, regulatory and commercialisation milestones. There is also potential for single-digit Sanofi royalties. The shareholding of Adams in C4XD at 30 September 2021 was, and continues to be, 2.19 per cent of the C4XD shares in issue.

Circassia is an AIM listed global medical device company focused on respiratory diagnostics and monitoring. Following a major restructuring and the transfer of the Tudorza and Duaklir products back to AstraZeneca in March 2021, Circassia has now been transformed into a debt-free business with a strong NIOX[®] asthma management products based continuing operations business. For the six months ended 30 June 2021, NIOX sales increased 28% to £14.6 million, due in part to a post Covid-19 peak recovery. The NIOX business generated an EBITDA profit for the first time of £0.6 million (excluding corporate overheads of £0.7 million) in this half year period and which reflected a substantial reduction in the cost base. Net cash as of 30 June 2021 amounted to £11.3 million inclusive of gross cash proceeds of £5.0 million raised through a share subscription in March 2021. The shareholding of Adams at 30 September 2021 was, and continues to be, 0.74 per cent of the Circassia shares in issue.

Access Intelligence is an AIM listed London based technology innovator delivering Artificial Intelligence/ AI software and service solutions that address the fundamental business needs of customers in the PR, marketing and communications industries. The company combines AI technologies with human expertise to analyse data and provide strategic insights as a single, real time view of what is important. On 1 September 2021, Access Intelligence completed the acquisition of Isentia Group Limited, a market leading Asia Pacific focused media intelligence and award winning insights company for the corporate communications market, headquartered in Sydney, Australia. For the six months ended 31 May 2021, Access Intelligence's first half revenue increased by approximately 17 per cent. to £11.0 million and delivered an EBITDA loss in the period of £0.13 million reflecting additional investment in sales and marketing to drive global expansion. Isentia reported revenues of A\$42.9 million for the six months ended 31 December 2020 and delivered an EBITDA profit in the period of A\$5.5 million. The enlarged group intends to invest in and drive further innovation to deliver its strategic vision of building the leading intelligence provider for the global marketing and communications industry. Adams acquired 667,000 ordinary shares in Access Intelligence at £1.20 per share on 19 August 2021 for a total consideration of approximately £0.80 million. The shareholding of Adams in Access Intelligence as at 30 September 2021 was, and continues to be, 0.52 per cent of the Access Intelligence shares in issue.

Seeing Machines is headquartered in Australia and is an AIM listed industry leader in advanced computer vision technologies. The company designs Artificial Intelligence/ AI powered operator monitoring systems to improve transport safety in automotive, commercial fleet, aviation, rail and off-road markets. The company has pioneered such technology through algorithm development, extensive behavioural research and data, expertise in camera-based optics and embedded processing to deliver true AI driven human machine interaction. The technology incorporates warnings when human state attention impairment, distraction and other measures are identified, in order to re-engage the operator or driver. Seeing Machines continues to grow as an automotive leader in such technology, having now won contracts with a total of seven automotive Tier 1 global customers. In the year to 30 June 2021, Seeing Machines reported underlying revenue growth of 30 per cent when using constant currency to give total revenues of A\$47.2 million and a loss for the period of A\$17.4 million. Seeing Machines's cash and cash equivalent balances at 30 June 2021 amounted to A\$47.4 million and have subsequently been strengthened by a successful fundraise completed on 23 November 2021 of US\$41m to finance accelerated growth in the rapidly expanding driver monitoring system technology market, across all transport sectors globally. The shareholding of Adams in Seeing Machines as at 30 September 2021 was 0.21 per cent of the Seeing Machines shares in issue but has subsequently been diluted to 0.20 per cent following the fundraise referred to above.

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. 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 elevates Griffin to being one of the largest zinc producers in China. Revenues increased by 154% to US\$54.1 million for the six months to 30 June 2021 and generated a profit after tax of US\$10.3 million. The results benefitted from the new mining license as well as a significant improvement in the market price for zinc and lower smelter treatment charges and in addition the 2020 first half year results were adversely affected by the suspension in operations to contain the Covid-19 pandemic. The shareholding of Adams in Griffin as at 30 September 2021 was, and continues to be, 0.27 per cent of the Griffin shares in issue.

Oxehealth is a private company which 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 its Oxevision platform which enables clinicians to take non-contact cardiorespiratory measurements of a patient's pulse and breathing rate, generates alerts to potentially risky activity and reports on a patient's vital signs and behaviour, all without the clinician entering the patient's room. At 30 September 2021, the investment holding by Adams in Oxehealth represents 2.98 per cent of Oxehealth's issued share capital at that date.

Notano is a private company which has Telit Communications as its principal operating subsidiary and which is a global leader in Internet of Things (IoT) enablement. Telit has over twenty years of experience designing, building, and executing the most complex solutions that are redefining the rules of digital business. Telit has an extensive portfolio of wireless connectivity modules, software platforms and global IoT connectivity services, empowering hundreds of millions of connected 'things' to date, and trusted by thousands of direct and indirect customers, globally. The company offers the largest portfolio of specialty IoT communications modules as well as a comprehensive platform for collecting, managing and analysing critical device data and is available as a subscription-based cloud service or as an on premise installation. Telit also offers its own IoT SIM cards and global data plans to meet a variety of applications and bandwidth requirements. In the year ended 31 December 2020, Telit generated an operating profit of US\$13.2 million on revenues of US\$343.6 million. Adams acquired 380,000 shares in Telit at £2.256 per share on 8 July 2021 for a total consideration of approximately £0.85 million. On 31 August 2021, the acquisition of Telit by Trieste was completed, and Adams received 380,000 ordinary shares in Notano in consideration for its 380,000 Telit shares. At 30 September 2021, the investment holding by Adams in Notano represents 0.48 per cent of Notano's issued share capital at that date.

In addition to the above investments, at 30 September 2021 Adams held quoted holdings in four other 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; Euromax Resources Ltd, which is a Canadian development company, focused on building and operating the Ilovica-Shtuka copper and gold project in Macedonia; and Afentra Plc, which has a strategic imperative of capitalising on opportunities resulting from the accelerating energy transition on the African continent.

Outlook

Whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of the global vaccination programmes has now provided a pathway for easing of the social and economic restrictions previously in force, the full economic fallout from this pandemic remains uncertain. In addition, economic threats remain including from the unprecedented levels of worldwide public debt and continued volatility in financial markets can, therefore, be expected.

In view of these uncertainties and economic threats, 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, many of which are in sectors that are regarded as defensive stocks in the current environment.

Michael Bretherton
Chairman
26 November 2021

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. The Directors of the Company take responsibility for this announcement.

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Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2021

		6 months ended 30 Sep 2021 (Unaudited) £'000	Year ended 31 Mar 2021 (Audited) £'000	6 months ended 30 Sep 2020 (Unaudited) £'000
	Note			
(Loss)/gain on investments	5	(567)	3,234	1,159
Dividend income		-	3	3
Investment return		(567)	3,237	1,162
Expenses and other income				
Administrative expenses		(81)	(153)	(77)
Operating (loss)/profit		(81)	3,084	1,085
Interest income		-	6	6
(Loss)/profit before income tax		(648)	3,090	1,091
Income tax expense		-	-	-
(Loss)/profit and total comprehensive (loss)/income for the period		(648)	3,090	1,091
Basic and diluted (loss)/earnings per share	10	(0.46)p	3.74p	1.32p

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	As at 30 Sep 2021 (Unaudited) £'000	As at 31 Mar 2021 (Audited) £'000	As at 30 Sep 2020 (Unaudited) £'000
Assets				
Non-current assets				
Investments	6	7,486	5,105	2,187
Current assets				
Trade and other receivables	7	3	22	3
Cash and cash equivalents		1,089	49	972
Total current assets		1,092	71	975
Total assets		8,578	5,176	3,162
Liabilities				
Current liabilities				
Trade and other payables	8	(16)	(23)	(8)
Total liabilities		(16)	(23)	(8)
Net current assets		1,076	48	967
Net assets		8,562	5,153	3,154
Equity				
Called up share capital	9	1,459	826	826
Share premium	9	3,424	-	-
Accumulated gains		3,679	4,327	2,328
Total shareholder equity		8,562	5,153	3,154

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2021

	Share Capital £'000	Share Premium	Accumulated Gains £'000	Total £'000
At 31 March 2020 (audited)	826	-	1,237	2,063
Total comprehensive gain for period	-	-	1,091	1,091
At 30 September 2020 (unaudited)	826	-	2,328	3,154
Total comprehensive gain for period	-	-	1,999	1,999
At 31 March 2021 (audited)	826	-	4,327	5,153
Issue of shares	633	3,482	-	4,115
Share issue costs	-	(58)	-	(58)
Total comprehensive loss for period	-	-	(648)	(648)
At 30 September 2021 (unaudited)	1,459	3,424	3,679	8,562

STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2021

	6 months ended 30 Sep 2021 (Unaudited) £'000	Year ended 31 Mar 2021 (Audited) £'000	6 months ended 30 Sep 2020 (Unaudited) £'000
(Loss)/profit for the period	(648)	3,090	1,091
Unrealised loss/(gain) on revaluation of investments	567	(2,644)	(736)
Realised gain on disposal of investments	-	(590)	(423)
Decrease/(Increase) in trade and other receivables	19	(13)	6
Decrease in trade and other payables	(7)	(5)	(20)
Net cash outflows from operating activities	(69)	(162)	(82)
Cash flows from investing activities			
Proceeds from sales of investments	-	1,207	602
Purchase of investments	(2,948)	(1,900)	(451)
Net cash (outflows)/inflows from investing activities	(2,948)	(693)	151
Cash flows from financing activities			
Issue of share capital net of costs	4,057	-	-
Net cash inflows from financing activities	4,057	-	-
Net increase/(decrease) in cash and cash equivalents	1,040	(855)	69
Cash and cash equivalents at beginning of period	49	904	903
Cash and cash equivalents at end of period	1,089	49	972

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2021

1 General information

Adams Plc ("the Company") is a company incorporated in the Isle of Man and is listed on the AIM market of the London Stock Exchange.

2 Basis of preparation

The interim financial statements of Adams Plc are unaudited condensed financial statements for the six months ended 30 September 2021. These include unaudited comparatives for the six months ended 30 September 2020 together with audited comparatives for the year ended 31 March 2021.

These interim condensed financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 March 2022 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention. The Company's presentation and functional currency is GBP Pounds Sterling.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Company's annual financial statements to 31 March 2021. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

3 Going concern

Information on the business environment, financial position and the factors underpinning the Company's future prospects and portfolio are included in the Chairman's Statement. The Directors have considered their obligation in relation to the assessment of the going concern of the Company and have reviewed the current cash forecasts and assumptions as well as the main risk factors facing the Company. The Directors acknowledge the ongoing Coronavirus pandemic ("Covid-19") and the adverse impact it, and the measures taken to tackle it, continue to have on the global economy. The Directors will continue to closely monitor the ongoing impact of Covid-19 on the Company's operations. The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in the preparation of the financial statements.

4 Significant accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Adams Plc for the year ended 31 March 2021 which received an unqualified audit opinion. A copy of these financial statements is available on the Company website at www.adamsplc.co.uk.

5 Segment reporting

Operating segments for Adams Plc are reported based on the financial information provided to the Board, which is used to make strategic decisions. The Directors are of the opinion that under IFRS 8 'Operating segments' the Company has only one reportable segment, being Investment Return. The Board assesses the performance of the operating segment based on financial information which is measured and presented in a manner consistent with that in the financial statements.

The principal sources of revenue for the Company in the period to 30 September 2021 were as follows:

	6 months ended 30 Sep 2021	Year ended 31 Mar 2021	6 months ended 30 Sep 2020
	£'000	£'000	£'000
Unrealised (loss)/gain on investments	(567)	2,644	736
Realised gains on investments	-	590	423
Total (loss)/gain on investments	(567)	3,234	1,159

6 Investments

An analysis of movements in the value of the Company's investments is as follows:

	Quoted Equity Shares £'000	Unquoted Equity Shares £'000	Derivative Trading Asset £'000	Unquoted Loan Notes £'000	Total £'000
Fair value at 31 March 2020	1,049	5	-	124	1,178
Additions at cost	445	-	-	6	451
Disposals	(178)	-	-	-	(178)
Unrealised revaluation gains	736	-	-	-	736
Fair value at 30 September 2020	2,052	5	-	130	2,187
Additions at cost	883	566	-	-	1,449
Disposals	(304)	(5)	-	(130)	(439)
Unrealised revaluation losses	1,351	-	557	-	1,908
Fair value at 31 March 2021	3,982	566	557	-	5,105
Additions at cost*	2,624	1,196	-	-	3,820
Disposals*	(872)	-	-	-	(872)
Unrealised revaluation gains	(198)	18	(387)	-	(567)
Fair value at 30 September 2021	5,536	1,780	170	-	7,486

* The additions at cost comprise cash outflows of £2,948,000 on investment additions, including for shares purchased in Telit Communications Plc ("Telit") in July 2021, together with a non-cash addition of £872,000 in relation to the investment, by way of rollover of Adams' listed shareholding in Telit, into the unlisted holding company, Notano Midco Limited, of Trieste Acquisitions Holdings Limited, under a recommended share offer alternative completed in August 2021. The corresponding £872,000 disposal of the listed Telit investment also represents a non-cash disposal transaction.

7 Trade and other receivables

	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2020
	£'000	£'000	£'000
Prepayments	3	22	3
	3	22	3

The carrying amount of prepayments is approximate to their fair value.

8 Trade and other payables

	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2020
	£'000	£'000	£'000
Trade payables	8	8	1
Accruals and other creditors	8	15	7
	16	23	8

The carrying amount of trade and other payables approximates to their fair value.

9 Share capital

	Number of shares issued and fully paid up	Share capital £'000	Share premium £000
Ordinary shares			
At 30 September 2020	82,553,232	826	-
Issue of shares	-	-	-
At 31 March 2021	82,553,232	826	-
Issue of shares	63,305,999	633	3,424
At 30 September 2021	145,859,231	1,459	3,424

On 1 April 2021, the Company placed 8,650,000 new £0.01 ordinary shares at a price of 6.5p per share. In addition, on 15 April 2021 a further 54,655,999 £0.01 new ordinary shares were issued by way of an open offer at a price of 6.5p per share.

The authorised Ordinary share capital of the Company at 30 September 2021, 31 March 2021 and 30 September 2020 was 350,000,000 Ordinary Shares with a nominal value of £0.01 per share.

10 Earnings/(loss) per share

The basic earnings or loss per share is calculated by dividing the profit or loss after tax attributable to equity shareholders by the weighted average number of Ordinary Shares in issue during the period:

	6 months ended 30 Sep 2021	Year ended 31 Mar 2021	6 months ended 30 Sep 2020
(Loss)/profit after tax attributable to equity holders of the Company (£'000)	(648)	3,090	1,091
Weighted average number of Ordinary Shares	141,379,226	82,553,232	82,553,232
Basic and diluted (loss)/earnings per share	(0.46)	3.74	1.32

There were no potentially dilutive shares in issue as at 30 September 2021, 31 March 2021 or 30 September 2020.

11 Half year interim report

A copy of this half year interim report, as well as the annual statutory accounts to 31 March 2021, are available on the Company's website at www.adamsplc.co.uk.

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