

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 2022

Adams Plc presents its annual report and audited financial results for the year ended 31 March 2022

Highlights:

- Net assets at 31 March 2022 of £7.48 million (2021: £5.15 million).
- Net assets per share 5.13 pence at 31 March 2022 based on 145.9 million shares in issue (2021: 6.24 pence based on 82.5 million shares in issue).
- Loss after tax of £1.73 million (2021: profit £3.09 million).
- Investments at 31 March 2022 valued at £6.62 million (2021: £5.11 million).
- Spend on new investments of £3.09 million (2021: £1.90 million).
- No investment realisation proceeds generated (2021: £1.21 million).
- Cash at 31 March 2022 of £0.87 million (2021: £0.05 million).
- Gross cash proceeds of £4.11 million raised 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:

"World economies are currently facing many uncertainties associated with the Russia-Ukraine conflict as well as soaring energy prices and rising inflation. In addition, whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of global vaccination programs has allowed for a full reopening of society in many countries during the first quarter of 2022, the full economic fallout from this two-year pandemic remains uncertain and the financial support measures taken during the period have left governments heavily indebted."

"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."

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 12.30 p.m. on Friday 26 August 2022 at the Company's registered office at 55 Athol Street, Douglas, Isle of Man, IM1 1LA.

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") reported a loss after tax of £1.73 million for the year to 31 March 2022 compared to a profit of £3.09 million in the previous year ended 31 March 2021. The reduction in profitability reflects difficult financial market conditions and is principally due to investment return losses of £1.57 million compared to investment return gains of £3.24 million in the previous year.

In April 2021, Adams raised net cash proceeds of £4.06 million under a placing and open offer which significantly increased the Company's net asset base and cash balances.

During the year ended 31 March 2022, the Company spent £3.09 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 listed shares newly acquired in Telit Communications Plc in July 2021 for £0.86 million were rolled over into the Notano Midco Limited unlisted holding company of Trieste Acquisitions Holding Limited under the terms of a recommended share offer alternative completed in August 2021. Notano Midco subsequently changed its name to Telit IOT Solutions Limited in the second quarter of 2022.

Adams held eleven investments as at 31 March 2022, of which nine were listed and two were un-listed, and for which the total investment carrying value was £6.62 million (31 March 2021: £5.11 million, represented by six listed and one un-listed investment holdings).

The Company held cash balances of £0.87 million as at 31 March 2022, compared to cash balances of £0.05 million at the previous 31 March 2021 year end.

Net assets increased to £7.48 million (equivalent to 5.13p per share) at the 31 March 2022 balance sheet date, compared with £5.15 million (equivalent to 6.24p per share) at 31 March 2021. The £2.33 million increase in net assets reflects the share issue in April 2021 which raised cash of £4.06 million, less the £1.73 million loss reported for the year.

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 2022 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 Telit IOT Solutions Limited ("Telit") 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. This includes 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. C4XD reported a loss after tax of £4.5 million in the six months ending 31 January 2022 inclusive of R&D investment of £3.9 million and with only minimal revenues of £0.01 million. Cash balances at 31 January 2022 amounted

to £11.7 million. The shareholding of Adams in C4XD at 31 March 2022 was, and continues to be, 2.18 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. The group is continuing its transition to a distributor-led business model with new arrangements in the USA and China expected to drive scalable growth as it continues to implement access to a large and underserved population of patients suffering from asthma. For the year ended 31 December 2021, NIOX sales increased 17% to £27.9 million and generated an EBITDA profit for the first time of £0.6 million (excluding corporate overheads). The profit after tax for the year amounted to £3.6 million inclusive of deferred tax credits and discontinued operations. The company had net cash balances of £11.7 million at 31 December 2021. The shareholding of Adams at 31 March 2022 was, and continues to be, 0.73 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. It is supported by partnerships with the world's largest data providers and social media platforms including Twitter, Reddit and Twitch. In 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 year ended 30 November 2021, Access Intelligence reported revenues of £33.3 million, reflecting organic growth of 21% coupled with a £10.2m contribution from Isentia, and delivered an EBITDA loss for the year of £0.5 million inclusive of additional investment in sales and marketing to drive global expansion. The shareholding of Adams in Access Intelligence as at 31 March 2022 was, and continues to be, 0.51 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, in both the aftermarket and OEM sectors, having now won contracts with a total of seven automotive Tier 1 global customers. In the half year to 31 December 2021, Seeing Machines reported underlying revenue growth of 25 per cent when using constant currency to give 6 month revenues of A\$21.7 million and a loss for the period of A\$13.8 million. Seeing Machines's cash and cash equivalent balances at 31 December 2021 amounted to A\$79.3 million having been strengthened by a successful US\$41.0 million fundraise completed in November 2021. The shareholding of Adams in Seeing Machines as at 31 March 2022 was, and continues to be, 0.19 per cent of the Seeing Machines 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. 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 61% to US\$121.6 million for the year to 31 December 2021 and generated a profit after tax of US\$25.4 million. The results benefited from record amounts of ore mined and processed and a significant improvement in the market price for zinc and lower smelter treatment charges. This bodes well for future results once the new mining licence area is commissioned and in full production and for which the development plans and design have now been completed and with development expected to commence in July 2022. The shareholding of Adams in Griffin as at 31 March 2022 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 31 March 2022, the investment holding by Adams in Oxehealth represents 2.93 per cent of Oxehealth's issued share capital at that date.

Telit is a private company and 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-premises installation. Telit also offers its own IoT SIM cards and global data plans to meet a variety of applications and bandwidth requirements. At 31 March 2022, the investment holding by Adams in Telit represents 0.48 per cent of Telit's issued share capital at that date.

In addition to the above investments, at 31 March 2022 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.

Events after the reporting period

During May 2022, the Company made investment purchases of 65,000 shares in Tremor International Ltd for a total cost of £0.31 million. This investment holding represents 0.04 per cent of Tremor's issued share capital at that time.

Difficult financial market conditions have continued in the current year. These have further adversely impacted Adams' investment portfolio subsequent to our 31 March 2022 year end and have generated unrealised investment losses which are estimated to have resulted in an overall loss of £0.7 million for the June quarter of this year. That loss includes a £0.1 million full write down of our small investment in 4D Pharma Plc which went into administration on 24 June 2022.

Adams had remaining cash balances of approximately £0.5 million following the post year end investment transaction in Tremor and the expected June quarter loss noted above.

Outlook

World economies are currently facing many uncertainties associated with the Russia-Ukraine conflict as well as soaring energy prices and rising inflation. In addition, whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of global vaccination programs has allowed for a full reopening of society in many countries during the first quarter of 2022, the full economic fallout from this two-year pandemic remains uncertain and the financial support measures taken during the period have left governments heavily indebted.

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.

Michael Bretherton
Chairman

7 July 2022

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 2022

	Year ended 31 March 2022	Year ended 31 March 2021
	£'000	£'000
Dividend income	-	3
(Loss) / gain on investments	(1,571)	3,234
Investment return	(1,571)	3,237
Expenses and other income		
Administrative expenses	(160)	(153)
Other income	-	-
Operating (loss) / profit	(1,731)	3,084
Interest income	-	6
(Loss) / profit on ordinary activities before taxation	(1,731)	3,090
Tax on profit on ordinary activities	-	-
(Loss) / profit for the year	(1,731)	3,090
Basic and diluted (loss) / profit per share	(1.21)p	3.74p

Statement of Financial Position at 31 March 2022

	31 March 2022	31 March 2021
	£'000	£'000
Assets		
Non-current assets		
Investments	6,622	5,105
Current assets		
Trade and other receivables	12	22
Cash and cash equivalents	871	49
Current assets	883	71
Total assets	7,505	5,176
Liabilities		
Current liabilities		

Trade and other payables	(25)	(23)
Total liabilities	(25)	(23)
Net current assets	858	48
Net assets	7,480	5,153
Equity		
Share capital	1,459	826
Share premium	3,425	-
Retained earnings reserve	2,596	4,327
Total shareholder equity	7,480	5,153

Statement of Changes in Equity as at 31 March 2022

	Share Capital £'000	Share premium £'000	Retained earnings reserve £'000	Total £'000
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
Issue of shares	633	3,482	-	4,115
Share issue costs	-	(57)	-	(57)
Changes in equity				
Total comprehensive loss	-	-	(1,731)	(1,731)
At 31 March 2022	1,459	3,425	2,596	7,480

Statement of Cash Flows for the year ended 31 March 2022

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 *Restated £'000
(Loss)/profit for the year	(1,731)	3,090
Unrealised loss/(gain) on revaluation of portfolio investments	1,571	(2,644)
Realised gain on disposal of portfolio investments	-	(590)
Increase in trade and other receivables	10	(13)
Increase/(decrease) in trade and other payables	2	(5)
Net cash outflow from operating activities	(148)	(162)
Cash flows from investing activities		
Purchase of portfolio investments	(3,088)	(1,900)
Proceeds from sales of investments	-	1,207
Net cash used in investing activities	(3,088)	(693)
Cash flows from financing activities		
Issue of new ordinary shares	4,058	-
Net cash generated from financing activities	4,058	-
Net increase / (decrease) in cash and cash equivalents	822	(855)
Cash and cash equivalents at beginning of year	49	904
Cash and cash equivalents at end of year	871	49

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