

ADAMS PLC

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2020

ADAMS PLC

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ADAMS PLC

COMPANY INFORMATION

Directors	M A Bretherton (non-executive Chairman) N J Woolard (non-executive Director) A R J Mitchell (non-executive Director)
Secretary	P P Scales
Registered office	FIM Capital Limited 55 Athol Street Douglas Isle of Man IM1 1LA
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated Advisor	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London EC2V 6AX
Broker	Peterhouse Capital Limited 80 Cheapside London EC2 V6EE
Transfer Agent	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR

ADAMS PLC

CHAIRMAN'S STATEMENT

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

Results

Adams Plc ("Adams" or the "Company") reported a profit after tax of £1,091,000 for the six months to 30 September 2020 compared to a loss of £46,000 in the six months ended 30 September 2019. The improvement in profitability is principally due to higher investment returns of £1,162,000 compared to £23,000 in the previous September 2019 half year.

During the six months ended 30 September 2020, the Company spent £451,000 on equity investments, of which one was a new investment and one was a follow-on investment, and generated cash proceeds of £602,000 from the partial realisation of two of its investments. Adams held seven investments as at 30 September 2020, of which five were listed and two were un-listed, and for which the total investment carrying value was £2.19 million (31 March 2020: £1.18 million, represented by five listed holdings and one un-listed holding).

The Company held cash balances of £972,000 as at 30 September 2020, compared to cash balances of £904,000 at the previous 31 March 2020 year end.

Net assets increased to £3.15 million (equivalent to 3.82p per share) at the 30 September 2020 balance sheet date, compared with £2.06 million (equivalent to 2.50p per share) at 31 March 2020. The £1.09 million increase in net assets reflects the profit 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 listed investments held by the Company at 30 September 2020 comprised Circassia Group plc ("Circassia"), Diurnal Group Plc ("Diurnal"), 4D Pharma Plc ("4D Pharma"), TalkTalk Telecom Group Plc ("Talk Talk"), and Griffin Mining Limited ("Griffin"). In addition, the Company held shares in unquoted Oxehealth Limited ("Oxehealth") and shares and loan notes in unquoted Sherwood Holdings Limited ("Sherwood") which has Source Bioscience Limited as its principal subsidiary company asset. Subsequent to 30 September 2020, the loan notes in Sherwood were redeemed by conversion into Sherwood shares and Sherwood's name was changed to Source Bio International Plc ("Source Bio") and its shares were admitted to AIM on 29 October 2020.

Circassia is an AIM listed diagnostics and monitoring company focused on respiratory disease. Its market leading NIOX[®] products are used by physicians around the world to help improve asthma diagnosis and management. In April 2020, the company announced a transaction to terminate the development and commercialisation agreement between the company and AstraZeneca UK Limited for the U.S. commercial rights to Tudorza[®] and Duaklir[®] in order to transform Circassia into a debt-free business with a strong Niox[®] based revenue-generating business and the potential to expand into new territories. AstraZeneca has retained its 18.9 per cent shareholding in the company. Revenues for the 6 months to 30 June 2020 amounted to £11.4 million which coupled with continued investment in development and marketing,

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resulted in a continuing operations loss after tax of £9.4 million for that half year. Circassia had net cash of £9.6 million as of 30 June 2020. The shareholding of Adams at 30 September 2020 was, and continues to be, 0.77 per cent of the Circassia shares in issue.

Diurnal is an AIM listed specialty pharmaceutical company dedicated to developing high-quality hormone therapeutics to aid lifelong treatment for rare and chronic endocrine conditions, initially by developing and marketing products for the rare orphan diseases congenital adrenal hyperplasia and adrenal insufficiency, including its Alkindi® and Chronocort® products. Initial revenues grew to £6.3 million for the year to 30 June 2020, which coupled with lower operating costs, resulted in a much reduced loss after tax of £4.1 million for that year. Cash balances at 30 June 2020 amounted to £15.4 million inclusive of £11.2 million raised under a share placing in March 2020. Diurnal subsequently raised a further £9.8 million of cash under a share placing in October 2020. The shareholding of Adams at 30 September 2020 was 0.39 per cent of the Diurnal shares in issue but this has reduced to 0.34 per cent consequent to the recent share placing in October.

4D Pharma is an AIM listed pioneer in harnessing bacteria of the gut microbiome as a novel and revolutionary class of medicines, known as live biotherapeutics, which could be used as potential new therapies for a large number of diseases including cancer, gastrointestinal disease, respiratory disease and central nervous system disease. The company has initiated multiple live biotherapeutic programmes across a broad range of therapeutic areas and has also entered a clinical collaboration with Merck & Co. to evaluate a lead immuno-oncology candidate. 4D Pharma incurred a loss after tax for the 6 months to 30 June 2020 of £13.6 million on revenues of £0.3 million. Cash and short-term deposits at 30 June 2020 amounted to £10.0 million and 4D Pharma subsequently raised gross proceeds of £7.7 million through a share placing in July 2020. In October 2020, 4D Pharma announced its intention to merge with Longevity Acquisition Corporation, a special purpose acquisition company, and to seek a NASDAQ listing. The merger and NASDAQ listing is currently expected to become effective in early 2021, subject to shareholder approvals. The shareholding of Adams at 30 September 2020 was, and continues to be, 0.15 per cent of the 4D Pharma shares in issue.

Talk Talk is a Main Market listed connectivity provider of landline, broadband, TV and mobile services to consumer and business customers. It offers both consumer and business customers access to fibre broadband connectivity and also offers data solutions to business customers at great value through its high margin ethernet-based services. Talk Talk has a compelling TV proposition that allows customers to access up to 80 Freeview channels, as well as flexible access to an extensive range of premium content from Sky, BT Sport and Netflix. Its mobile services provide unique offers in partnership with O2 that are only available to TalkTalk customers. For the year ended 31 March 2020, the company reported a profit before tax of £131 million on revenues of £1,569 million. In October 2020, Talk Talk announced that it had received a preliminary and non-binding proposal from Toscafund Asset Management LLP ("TAM") regarding a possible cash offer for the company, together with a full unlisted share alternative offer, and which its board has agreed to consider and progress. The shareholding of Adams at 30 September 2020 was, and continues to be, 0.02 per cent of the TalkTalk 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. For the 6 months to 30 June 2020, Griffin reported a loss of US\$3.8 million after tax on reduced revenues of US\$21.3 million, as impacted by the suspension of operations early in the year as a result of the COVID-19 outbreak,

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CHAIRMAN'S STATEMENT

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together with falling zinc metal prices which were 18% lower than for the first half of 2019. The shareholding of Adams in Griffin as at 30 September 2020 was, and continues to be, 0.13 per cent of the Griffin shares in issue.

Source Bio is an international provider of state-of-the art laboratory services and products and has an expertise in clinical diagnostics, genomics, proteomics, drug discovery & development research and analytical testing services. For the 6 months to 30 June 2020, Source Bio generated earnings of £1.7 million before interest, depreciation and amortisation, on revenues of £10.2 million. Source Bio subsequently redeemed all of its loan notes and converted these to shares ahead of listing its shares on AIM on 29 October 2020 in conjunction with a share placing at that time to raise gross proceeds of £35.0 million. Following these events, the current shareholding of Adams in Source Bio is 0.12 per cent of the Source Bio shares in issue and Adams no longer holds any loan notes in the company.

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 (DCA) 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. As at 30 September 2020, Adams had invested £0.34 million under a subscription agreement with Oxehealth and was committed under that agreement to invest a further £0.23 million which is scheduled to be completed on 27 November 2020. Following this second share subscription, the investment holding by Adams will represent 2.4 per cent of Oxehealth's issued share capital.

Post 30 September 2020 investment transactions.

In addition to the further investment of £0.23 million in Oxehealth referred to above, Adams committed to subscribe £700,000 for 5,000,000 units in C4X Discovery Holdings Plc ("C4XD") under a conditional placing by C4XD which completed on 11 November 2020. Each C4XD unit comprises 1 new C4XD ordinary share and 1 warrant. Following this investment, Adams holds 2.2 per cent of C4XD's issued share capital and also has warrants over a further 5,000,000 new C4DX ordinary shares. C4XD aims to create the world's most productive Drug Discovery engine by using cutting-edge technologies and expertise to efficiently deliver best-in-class small-molecule medicines to clinical partners for the benefit of patients. The C4XD business model focuses on replenishing big pharma discovery pipelines and driving returns through revenue generating pre-clinical licensing deals.

COVID-19 update

The coronavirus (Covid-19) outbreak in 2020 continues to have a negative impact on global economic activity and additional volatility in financial markets can be expected. Adams' investment portfolio has, however, not been adversely impacted subsequent to its 30 September 2020 interim period end and following the second share subscription in Oxehealth expected to be completed on 27 November 2020, the Company will have remaining cash balances of approximately £0.1 million plus investments with a carrying value of approximately £3.4 million represented by seven listed holdings and one un-listed holding.

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CHAIRMAN'S STATEMENT

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

Outlook

There is much reason for investment caution in the near term, given the severe economic threat to the global economy from the ongoing Covid-19 pandemic, as well as Brexit uncertainties and unprecedented levels of worldwide public debt .Continued volatility in financial markets can , therefore, be expected.

In view of these economic threats and uncertainties, 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 COVID-19 environment.

Michael Bretherton

Chairman

25 November 2020

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

		6 months ended 30 Sep 2020 (Unaudited) £'000	Year ended 31 Mar 2020 (Audited) £'000	6 months ended 30 Sep 2019 (Unaudited) £'000
Gain/(loss) on investments	5	1,159	(245)	(31)
Dividend income		3	83	54
Investment return		1,162	(162)	23
Expenses and other income				
Administrative expenses		(77)	(152)	(73)
Other income		-	1	-
Operating profit/(loss)		1,085	(313)	(50)
Interest income		6	10	4
Profit/(loss) before income tax		1,091	(303)	(46)
Income tax expense		-	-	-
Profit/(loss) and total comprehensive income/(loss) for the period		1,091	(303)	(46)
Basic and diluted earnings/(loss) per share	10	1.32	(0.37)p	(0.06)p

There are no other items of comprehensive income/(loss).

The notes on pages 10 to 13 form an integral part of the financial statements.

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CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

		As at 30 Sep 2020 (Unaudited) £'000	As at 31 Mar 2020 (Audited) £'000	As at 30 Sep 2019 (Unaudited) £'000
Assets				
Non-current assets				
Investments	6	2,187	1,178	2,024
Current assets				
Trade and other receivables	7	3	9	3
Cash and cash equivalents		972	904	309
Current assets		<u>975</u>	<u>913</u>	<u>312</u>
Total assets		<u>3,162</u>	<u>2,091</u>	<u>2,336</u>
Liabilities				
Current liabilities				
Trade and other payables	8	(8)	(28)	(16)
Total liabilities		<u>(8)</u>	<u>(28)</u>	<u>(16)</u>
Net current assets		<u>967</u>	<u>885</u>	<u>296</u>
Net assets		<u>3,154</u>	<u>2,063</u>	<u>2,320</u>
Equity				
Called up share capital	9	826	826	826
Accumulated gains		2,328	1,237	1,494
Total shareholder equity		<u>3,154</u>	<u>2,063</u>	<u>2,320</u>

The notes on pages 10 to 13 form an integral part of the financial statements.

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 25 November 2020 and signed on its behalf by:

Michael Bretherton
Chairman

ADAMS PLC

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

	Share Capital £'000	Accumulated gains/(losses) £'000	Total £'000
At 31 March 2019 (audited)	826	1,540	2,366
Total comprehensive loss for period	-	(46)	(46)
At 30 September 2019 (unaudited)	826	1,494	2,320
Total comprehensive loss for period	-	(257)	(257)
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

The notes on pages 10 to 13 form an integral part of the financial statements.

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CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

	6 months ended 30 Sep 2020 (Unaudited) £'000	Year ended 31 Mar 2020 (Audited) £'000	6 months ended 30 Sep 2019 (Unaudited) £'000
Profit/(loss) for the period	1,091	(303)	(46)
Unrealised (gain)/loss on revaluation of investments	(736)	319	277
Realised gain on disposal of investments	(423)	(74)	(246)
Decrease/(Increase) in trade and other receivables	6	(7)	(1)
(Decrease)/increase in trade and other payables	(20)	2	(10)
Net cash outflows from operating activities	(82)	(63)	(26)
Cash flows from investing activities			
Proceeds from sales of investments	602	2,030	579
Purchase of investments	(451)	(1,378)	(559)
Net cash generated from investing activities	151	652	20
Net increase/(decrease) in cash and cash equivalents	69	589	(6)
Cash and cash equivalents at beginning of period	903	315	315
Cash and cash equivalents at end of period	972	904	309

The notes on pages 10 to 13 form an integral part of the financial statements.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

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 2020. These include unaudited comparatives for the six months ended 30 September 2019 together with audited comparatives for the year ended 31 March 2020.

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 2020 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 2020. 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 impact of the pandemic on the Company and its investments cannot be quantified, however the Directors consider that there is no immediate expectation for the Covid-19 pandemic to affect the going concern status of the Company. 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 2020 which received an unqualified audit opinion. A copy of these financial statements is available on the Company website at www.adamsplc.co.uk.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

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 2020 were as follows:

	6 months ended 30 Sep 2020	Year ended 31 Mar 2020	6 months ended 30 Sep 2019
	£'000	£'000	£'000
Unrealised gain/(loss) on investments	736	(319)	(277)
Realised gains on investments	423	74	246
Total gain/(loss) on investments	1,159	(245)	(31)

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	Unquoted Loan Notes £'000	Total £'000
Fair value at 31 March 2019	1,956	5	114	2,075
Additions at cost	555	-	4	559
Unrealised revaluation losses	(333)	-	-	(333)
Disposals	(277)	-	-	(277)
Fair value at 30 September 2019	1,901	5	118	2,024
Additions at cost	813	-	6	819
Disposals	(1,623)	-	-	(1,623)
Unrealised revaluation losses	(42)	-	-	(42)
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

7 Trade and other receivables

	As at 30 Sep 2020	As at 31 Mar 2020	As at 30 Sep 2019
	£'000	£'000	£'000
Prepayments	3	9	3
	3	9	3

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

8 Trade and other payables

	As at 30 Sep 2020 £'000	As at 31 Mar 2020 £'000	As at 30 Sep 2019 £'000
Trade payables	1	14	11
Accruals and other creditors	7	14	5
	<u>8</u>	<u>28</u>	<u>16</u>

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
Ordinary shares		
At 30 September 2019	<u>82,553,232</u>	<u>826</u>
Issue of shares	-	-
At 31 March 2020	<u>82,553,232</u>	<u>826</u>
Issue of shares	-	-
At 30 September 2020	<u>82,553,232</u>	<u>826</u>

The authorised Ordinary share capital of the Company at 30 September 2020, 31 March 2020 and 30 September 2019 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 2020	Year ended 31 Mar 2020	6 months ended 30 Sep 2019
Profit/(loss) after tax attributable to equity holders of the Company (£'000)	1,091	(303)	(46)
Weighted average number of Ordinary Shares	82,553,232	82,553,232	82,553,232
Basic and diluted earnings/(loss) per share	1.32	(0.37)p	(0.06)p

There were no potentially dilutive shares in issue as at 30 September 2020, 31 March 2020 or 30 September 2019.

ADAMS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2020

11 Events after the reporting date

On 9 June 2020 the Company announced its commitment to subscribe for 21,630 new £0.001 Ordinary Shares in Oxehealth Limited at a price of £26.19 per share. Settlement of the total cash consideration of £566,490 was by way of two subscriptions, the first of which was for £339,894 and completed on 11 June 2020 and the second is for £226,596 and is scheduled to complete on 27 November 2020.

On 21 October 2020 the Company entered into an agreement to subscribe £700,000 for 5,000,000 new units of C4X Discover Holdings Plc (“C4XD”) at a price of £0.14 each. Each unit comprises of 1 new ordinary share and 1 warrant in C4XD with a 5-year expiration date. The placing was conditional upon the approval of C4XD’s shareholders at a general meeting on 9 November 2020 and the £700,000 investment by Adams completed on 11 November 2020.