RNS Number : 3637G
Abingdon Health PLC
29 March 2022

Abingdon Health plc
("Abingdon" or "the Company")

Interim Results for the six months ended 31 December 2021

York, U.K - 29 March 2022: Abingdon Health plc (AIM: ABDX), a leading international developer and manufacturer of high quality and effective rapid tests, announces its unaudited interim results for the six months ended 31 December 2021.

Operational Highlights (including post-period):

- CE-marking for professional use of AbC-19™ Semi-Q Rapid Test, which produces semi-quantitative results via a line intensity scorecard;
- AppDx® smartphone app solution for lateral flow tests reached critical technical performance milestone, an additional UK patent has been granted for the AppDx® technology and is now ready for commercial launch;
- Two contract service opportunities secured to date in 2022 - in fertility testing and environmental monitoring;
- The transfer of the Vatic Health Ltd ("**Vatic**") antigen test into manufacturing is progressing as planned. Three technical transfer batches have been completed which adhere to specification with the final batch to be shipped to Vatic at the end of March according to plan. Initial production orders have been received and manufacturing will commence following technical transfer. Vatic submitted its FDA Emergency Use Authorisation ("**EUA**") in March 2022;
- As announced in an RNS Reach today, DeepVerge plc ("**DeepVerge**") and Abingdon have signed a Memorandum of Understanding ("**MoU**") for a commercial agreement for the development, manufacture and commercialisation of lateral flow tests for DeepVerge's Modern Water and Life Science divisions;
- As announced in an RNS Reach today, Vatic and Abingdon have signed an MoU for a commercial agreement for the development, manufacturing and commercialisation of lateral flow self-tests in the area of infectious diseases with an initial focus on influenza; and
- Strong pipeline of other technical transfer opportunities, highlighting benefits of integrating our lateral flow contract development and manufacturing proposition.

Financial Highlights:

- Revenue decreased to £1.7m (2020: £7.7m), predominantly due to no DHSC being recognised in the period, as well as other COVID-19 non-recurring revenues falling;
- Like-for-like Contract Manufacturing revenue (excluding COVID-19 related contracts) decreased by 15.2% to £1.0m (2020: £1.2m);
- Like-for-like Contract Development revenue increased by 27.6% to £0.9m (2020: £0.7m);
- Gross profit margin adjusted for stock provisions was 25.4% (2020 40.1%), main impact on margin being labour under-recoveries with the changing cost base of the business on lower turnover; and
- Adjusted[1] Operating loss of £4.8m (2020: Adjusted[2] Operating loss of £0.1m);
- Non-binding terms of a settlement with DHSC were agreed on 9 November 2021. The Company awaits conclusion of this matter and payment of money owed, totalling £8.45m of unpaid invoices; and
- Fundraise of £6.5m gross and £6.1m net of fees in December 2021 to support working capital and new product developments in the market segments of infectious disease for flu testing, Lyme disease and hepatitis C.

[1] adjusted for amortization, depreciation, share based payment expense and non-recurring legal fees

[2] adjusted for amortization, depreciation, share based payment expense and listing costs

Chris Yates, CEO at Abingdon Health plc, commented:

"Our focus remains on providing our customers with a first-class lateral flow contract development and manufacturing service. We have invested significantly in our operational infrastructure over the past 18 months and more importantly we have advanced our technical capability in developing, transferring and manufacturing lateral flow tests across an increasingly diverse range of use cases. I believe this is evidenced by the positive progress, and customer feedback we have received, in the scale-up to manufacture of recent tests, including Vatic, and I am proud of our people for the commitment and team effort they have shown in achieving these.

"We believe we are uniquely positioned in Europe to provide prospective customers with an efficient and expert technical transfer service to transition their lateral flow products into manufacture. With supply chain challenges remaining a major issue for many of our prospective customers, we are seeing significant interest in on-shoring and outsourcing lateral flow test manufacture as the international landscape for sourcing of these tests becomes more uncertain in these changing times. In addition, the diverse market and applications for lateral flow testing continues to grow and we are increasingly focused on a broader range of opportunities across clinical (including COVID-19), animal health, environmental and plant pathogen testing, giving us confidence that our strategy will drive future revenue growth."

For further information, please contact:

Abingdon Health plc www.abingdonhealth.com/investors/
Chris Yates, Chief Executive Officer Via Walbrook PR
Melanie Ross, Chief Financial Officer
Chris Hand, Non-Executive Chairman

Singer Capital Markets (Sole Broker and Nominated Adviser) Tel: +44 (0)20 7496 3000
Shaun Dobson, Peter Steel, Alex Bond (Corporate Finance)
Tom Salvesen (Corporate Broking)

Tel: +44 (0)20 7933 8780 or

Walbrook PR Limited
Paul McManus / Lianne Applegarth
Phil Marriage

abingdon@walbrookpr.com
Mob: +44 (0)7980 541 893 / +44 (0)7584 391 303 +44 (0)7867 984 082

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

About Abingdon Health plc

Abingdon Health is a world leading developer and manufacturer of high-quality rapid tests across all industry sectors, including healthcare and COVID-19. Abingdon Health is the partner of choice for a growing global customer base and takes projects from initial concept through to routine and large-scale manufacturing and has also developed and marketed its own labelled tests.

The Company offers product development, regulatory support, technology transfer and manufacturing services for customers looking to develop new assays or transfer existing laboratory-based assays to a lateral flow format. Abingdon Health aims to support the increase in need for rapid results across many industries and locations and produces lateral flow tests in areas such as infectious disease, clinical testing including companion diagnostics, animal health and environmental testing. Faster access to results allows for rapid decision making, targeted intervention and can support better outcomes. This ability has a significant role to play in improving life across the world.

To support this aim Abingdon Health has also developed AppDx®, a patented customisable image capturing technology that transforms a smartphone into a self-sufficient, standalone lateral-flow reader.

Founded in 2008, Abingdon Health is headquartered in York, England.

www.abingdonhealth.com

BUSINESS REVIEW

Strategy

Abingdon Health's goal is to make rapid testing accessible to all, by providing our customers with a comprehensive lateral flow contract development and automated manufacturing service and through the development and launch of our own lateral flow products.

As outlined in the trading update earlier this month, the Company is focused on three strategic growth areas:

1) Contract Development and Manufacturing Service
Our focus is to provide our customers with a first-class development, technical transfer and manufacturing contract service, supported by additional expertise such as its in-house regulatory and commercial support. Many of our people have been involved in bringing lateral flow tests "from idea to market" across a range of different sectors and we can bring this experience to bear in servicing the needs of our growing customer base.

Non-COVID-19
As previously disclosed, the Company has successfully secured two contract service opportunities to date in 2022, one with an existing customer and one with a new European customer. One of these customers is in the field of fertility testing, the other is in the field of environmental monitoring, with both having commenced the process of scale-up to automated manufacturing.

We also have a number of other non-COVID-19 opportunities in the pipeline in a range of different clinical areas and we are confident of converting a number of these opportunities into signed contracts over the coming months.

We have seen, over recent months, a couple of key themes emerge in our markets. Firstly, supply chains remain challenging with issues for those buying product from abroad around surety of supply from Far Eastern manufacturers with delivery delays, logistics challenges (and increased logistics costs) and product quality issues. This is leading us to experience an increase in enquiries from prospective customers looking for a manufacturing partner "closer to home".

Secondly, a number of prospective customers that have successfully launched products are looking for a manufacturing partner to allow them to transition to high volume manufacture. Abingdon is an ideal partner given our ability to manufacture at scale and significant investment in automation in the primary scientific areas of production, including biochemical processes, spraying of membranes, lamination of finished lateral flow test strips, and the assembly and foiling of devices.

Today we announced the signing of an MoU with DeepVerge, an AIM listed environmental and life sciences group, leading to a commercial agreement for the development and manufacture of a range of Lateral Flow Tests ("LFTs") for Deepverge's Modern Water and Life Science divisions.

The MoU has been signed to enable the potential integration of the respective technologies of both Abingdon and DeepVerge. Both parties intend to enter into a longer-term commercial agreement, with Abingdon manufacturing and DeepVerge commercialising these new products.

Modern Water is the environmental division of DeepVerge that has developed and commercialised cutting-edge technology focused on monitoring of contaminated water and decontamination of wastewater.

Abingdon and DeepVerge will work on the development of LFT devices to detect dangerous pathogens and chemicals in household drinking and wastewater. This will add an extra layer of detection to the Modern Water range of equipment and services by incorporating a LFT into a hand-held mobile unit. The results can be digitally scanned using a mobile app with the potential to incorporate Abingdon's proprietary AppDx® technology.

In addition, Abingdon and DeepVerge will collaborate on the development of new LFTs to be added to DeepVerge's life science home-test portfolio, including hormone analysis related to menopause and associated skin changes, stress levels (cortisol), vitamin D, and other health markers related to conditions including diabetes, heart and liver function.

COVID-19
Abingdon's approach to COVID-19 is to target large contract manufacturing opportunities. It is the Board's opinion that, whilst individual

governments may change their testing approach, the need from the public or private sector for COVID-19 antigen testing is likely to remain for an extended period. In all likelihood we will see an increase in testing requirements during the autumn and winter periods on a seasonal basis in the same way we do with the flu virus.

It is also interesting to note that the Chinese Government has recently made antigen tests available to the general public for the first time as it transitions away from a "zero-tolerance" approach to COVID-19. This may create challenges for the supply to Europe of Chinese-made lateral flow tests as these manufacturers divert their products to their domestic market. This further underlines the need for lateral flow development and manufacturing in local markets. Abingdon is well placed to service these needs.

Abingdon continues to work with Vatic on the technical transfer to large-scale manufacture of its Know-Now™ COVID-19 rapid antigen test into Abingdon's facilities. We are confident the Vatic Know-Now™ test will complete technical transfer to manufacture during March 2022. We also note Vatic's recent announcement of its submission to FDA EUA of its Know-Now™ COVID-19 rapid antigen test, which would open up the largest global diagnostics market to this test.

Vatic has placed firm purchase orders for the manufacture of Know-Now™ Tests and Abingdon will commence production as soon as practicable following completion of technical transfer, scheduled for 31 March 2022.

We were disappointed with the pause in the transfer of Avacta Group plc's ("**Avacta**") AffiDX® SARS-CoV-2 antigen lateral flow tests, following the successful preparation of three batches of its product which adhered to the agreed specifications and passed all quality control procedures.

Abingdon is in active discussions on additional contract services opportunities in the area of COVID-19 antigen testing specifically where the products are already in manufacture and a second manufacturer is required or there is a need to support a particular stage of the manufacturing process, for example in primary production where there may be a need to spray reagents on nitrocellulose and laminate to card format. A number of these discussions are advancing and we are optimistic of commercial traction in due course.
With regards to the AbC-19™ Rapid Test, the Directors strongly believe that the test has significant utility. However, to date, national testing strategies have not focused on antibody testing. Therefore, the Company has, for now, decided to rotate its focus away from block sales to health authorities toward end users of the AbC-19™ test and the BioSure COVID-19 antibody test, for which Abingdon is the manufacturer. The AbC-19™ product will therefore remain available for sale, including via the Abingdon website, and the Company will be ready to scale-up its supply as and when national testing strategies focus on an individual's antibody levels as a proxy for immunity.

2) E-commerce and distribution
The Company is in the process of developing and launching an enhanced B2C e-commerce website, due for completion in Q2 2022. The Directors believe that the direct-to-consumer lateral flow test market will grow significantly and in its recent report, Future Market Insights forecasts the global market for self-testing kits will be worth US $11bn by 2030.

The Company expects its e-commerce site to become a 'one-stop shop' for consumers to purchase lateral flow tests across a range of indications, with Abingdon selling its own tests as well as complementary third-party tests directly to consumer via the site. These third-party tests will be independently validated by the Company to provide the customer with the assurance that the tests have been checked by lateral flow experts and are "fit for purpose" and user-friendly.

As part of this process of improving our digital offering we relaunched in March 2022 our B2B Pocket Diagnostics e-commerce site. This will initially focus on plant, food and environmental testing products and we will look to augment our existing Pocket Diagnostic product range with third party products going forward.

We are also actively building our own distribution network. Our expertise is in the development and manufacture of lateral flow tests and we are not looking to own the route to market. Therefore, we will work with partners to distribute our lateral flow tests in certain channels and internationally. We recently appointed a new distribution channel manager tasked with building this distribution channel to provide routes to market for both our own products and third-party products which we have validated.

3) New product development
There is strong public sentiment that people are increasingly willing to manage their own healthcare but also wish to prevent spreading infection further by, for example, isolating from elderly and immune compromised family and friends in the event of a positive test result.

The Company therefore intends to develop lateral flow self-tests in areas of large and unmet need. The Company has commenced its product development process to develop lateral flow self-tests for influenza A/B and Lyme disease with hepatitis C work at an earlier stage.

Global Market Insights estimates that the rapid influenza diagnostic tests market will be worth US $689m globally by the year 2025. The majority of flu testing is currently performed by professionals using 'for professional use only' tests, and the Directors believe there is a clear rationale for an influenza self-test, with encouraging early market feedback having been undertaken with consumers and clinicians. The flu test programme has commenced and we are undertaking reagent selection at this time.

We were pleased to announce today the signing of an MoU with Vatic, leading to a commercial agreement for the development and manufacture of a range of LFTs in the area of infectious disease. Initially Abingdon and Vatic will focus on the development of an innovative influenza LFT, utilising Vatic's proprietary technology platform which identifies proteins via their surface biological mechanisms. The technology has been proven in the development of Vatic's KnowNow™ test, and means the test only identifies "infectious" or "active" copies of the virus which are capable of cell entry and thereby infect a human cell. The application of this technology within the influenza LFT could have the same potential benefits in terms of accuracy and sensitivity in picking up only those that are infectious, differentiating it from other commercially available tests.
We are working with a European partner, which is an expert in this field, on the development of our Lyme disease self-test that is providing validated samples and expertise in this area. Work to date has shown that the test is functional and going forward practical work will focus on final confirmation of reagents and test strip material configuration.

The consumer market feedback we have received from independent surveys on both flu and Lyme disease is very positive and we are confident there is a market for these tests. With regard to flu testing, our results indicate that the public understand the benefits of testing themselves, are prepared to pay for tests, and that they will change their behaviour if they receive a positive test result.

In terms of Lyme disease there is a strong recognition from our consumer survey that people want a test to rule in/out Lyme disease to enable early diagnosis and treatment. There have been a number of high-profile cases of Lyme disease where late detection caused significant medical complications and these may have been prevented by early diagnosis and treatment.

Operational capacity

The Company has a large capacity to develop and manufacture lateral flow tests at its disposal due to the investment made following the IPO. This capacity is capable of delivering c.150m test strips per annum, and c.85m fully completed foiled wrapped devices. We believe this makes us one of the largest automated lateral flow test manufacturers in Europe with the ability to provide a full contract service to our customers, including reagent selection, test development, technical transfer into manufacturing, regulatory consultancy and commercial support. Our investment in automation means that we can compete not only on scale and quantity of tests, but also on price whilst delivering a quality product to our customers, without the concerns of significant freight costs or timing delays associated with bringing product in from other areas of the world.

AppDx® smartphone app solution for lateral flow tests

AppDx® uses proprietary digital processing and machine learning algorithms to allow the objective reading of lateral flow results via a smartphone. Abingdon has developed this algorithm as a Software Development Kit (SDK) which can then be incorporated into a smartphone app solution in any potential application, for example in the development of self-test solutions in the clinical market.

The AppDx® SDK is protected by a portfolio of intellectual property. In addition to being a knowledge leader for source code for SDK in this field, and holding historical patents, the Company has a newly granted UK patent on the use of neural networks to read lateral flow tests (GB2583149) with other international applications pending. The Company has additional patent applications filed and in process.

Using deep learning for the qualitative readout of rapid tests, Abingdon's model achieved 98.15% sensitivity and 98.28% specificity on a blood-based lateral flow test. Following achievement of this critical technical performance milestone the AppDx® SDK is ready for commercial launch. As previously advised, the Company is seeking to work with a small number of strategic partners to bring this important digital solution to market later this year.

People

During the six months to 31 December 2021, the Company stabilised its employee numbers with a small downward shift from 134 people at the start of the financial year to 123 as at the end of December 2021. The Company will continue to review its operational infrastructure to ensure it is appropriately sized to satisfy its near term pipeline and revenue growth expectations.

As a business, Abingdon Health has undergone significant change in the past 18 months with a large scale up project for AbC-19™ and the regrettable redundancy programme that followed as a direct impact of the DHSC dispute. The Board would like to thank all of the Company's staff for their flexibility and support during this challenging period; their commitment and endeavour continues to be greatly appreciated. Throughout the COVID-19 pandemic, more than ever, the safety and well-being of the Company's staff has been the priority.
To support the Company's strategic refocus, Olly Gardner was appointed as Chief Commercial Officer in February 2022 and Mark Jones was appointed Chief Operating Officer to drive forward both the commercial strategy and the operational roll-out of new manufacturing programmes.

Financial Performance

As previously disclosed, revenues during the period were £1.7m (2020: £7.7m), representing a decrease of 78%. The Company's contract with the DHSC for the supply of AbC-19™ forms a substantial portion of this reduction in revenue for the period. £4.4m in the prior period related to AbC-19™ sales to DHSC and £1.7m related to other COVID-19 related non-recurring revenues.

The gross profit margin (adjusted for stock obsolescence) for the period decreased to 25.4% (2020: 40.1%). This reflects the labour under-recovery of the infrastructure built and under-utilised.

Stock obsolescence was a further £1.6m, which reflects the stocks of AbC-19™ built for deployment in territories that have not materialised in the timeframe expected. The Directors continue to believe that it has a role to play in COVID-19 vaccine roll outs. As such, we continue to offer the product, however, the volumes of stocks held will now be much lower until traction increases.

Adjusted operating loss has increased significantly from the prior period to £4.8m (2020: loss of £0.1m) due to lack of volume. Adjustments made to the operating loss include share-based payment expenses (£0.1m) and one-off costs relating to the judicial review scheduled for May 2022 where the Group is named as an interested party (£0.2m).

The Company's cash balance at 31 December 2021 was £5.9m.

DHSC

At this time, the DHSC owes Abingdon Health £8.4m in relation to the supply of AbC-19™ and the procurement of materials on behalf of the DHSC. As described in Note 3 to these interim statements the Board are confident that the Company can substantially recover monies related to this debt, however, this is taking longer than previously anticipated and the timing of recovery is uncertain following the signing of a non-binding heads of terms agreement in November 2021. Due to the uncertain timing and completion of this agreement, the Company has at this time elected to treat a portion of these amounts owing as a bad debt, which will enable the reclaiming of c. £0.8m in VAT previously paid over to HMRC by Abingdon in relation to the provision of tests (but not paid to Abingdon by DHSC). At the point the monies are paid over by the DHSC in final settlement, the necessary further amendments to VAT will be made and paid over to HMRC.

Current Trading and Outlook

The Board is confident that the Company is well placed to take advantage of the expected growth in the lateral flow test market across the clinical, animal health, plant and environmental markets. Lateral flow tests are now much more widely understood and adopted by the general public and COVID-19 has highlighted the significant utility of these cost-effective rapid tests. The Board is encouraged by the pipeline of opportunities the Company is actively engaging with.
That said, the Company continues to work in a complex and uncertain environment and is mindful that the capacity within the business is under-utilised at this time.. As evidenced above, the Company has a strong pipeline of opportunities in the near to medium term which should lead to revenue growth. However, if these opportunities do not convert then the Company remains able to take action to conserve cash.

As a UK developer and manufacturer of lateral flow tests, the Company is uniquely placed to support its growing customer base as they focus on surety of supply and quality and the Board is confident that its redefined strategic plan will ultimately deliver value for shareholders.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2021

	Notes	Unaudited 6 months ended 31 December 2021 £'000	As restated* Unaudited 6 months ended 31 December 2020 £'000	Audited Year ended 30 June 2021 £'000
Revenue	1	1,704	7,687	11,618
Cost of sales		(2,844)	(4,606)	(7,475)
Gross (loss)/profit		(1,140)	3,081	4,143
Administrative expenses		(3,664)	(3,229)	(7,547)
Other income		50	134	148
Operating loss (before adjusting items)		(4,754)	(14)	(3,256)
Amortisation		(58)	(7)	(42)
Depreciation		(581)	(34)	(707)
Share-based payment expenses		(100)	(1,243)	(1,367)
Non-recurring legal fees		(198)	-	(257)
Listing costs		-	(570)	(903)
Non-recurring redundancy costs		-	-	(188)
Operating loss		(5,691)	(1,868)	(6,720)
Finance income		-	-	-
Finance costs		(34)	(205)	(234)
Loss before taxation		(5,725)	(2,073)	(6,954)
Taxation (charge)/credit		(9)	1,713	(19)
Loss for the period		(5,734)	(360)	(6,973)
Other comprehensive loss		-	(16)	-
Total comprehensive loss for the period		(5,734)	(376)	(6,973)
Basic earnings per share (pence)	2	(2.05)	(0.05)	(2.65)
Diluted earnings per share (pence)	2	(2.05)	(0.05)	(2.65)

*The restatement is detailed in note 6.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the period ended 31 December 2021

	Notes	Unaudited 31 December 2021 £'000	As restated* Unaudited 31 December 2020 £'000	Audited 30 June 2021 £'000
ASSETS				
Non-current assets				
Goodwill		763	763	763
Other intangible assets		445	174	465
Property, plant and equipment		8,764	5,315	9,041
Deferred tax assets		-	1,204	-
		9,972	7,456	10,269
Current assets				
Deferred tax assets		-	1,000	-
Inventories		7,736	5,833	7,888
Trade and other receivables	3	9,592	6,801	9,978
Income tax debtor		155	275	115
Cash and cash equivalents		5,961	16,516	4,977
		23,444	30,425	22,958
Total assets		33,416	37,881	33,227
LIABILITIES				
Current liabilities				
Trade and other payables		10,263	8,540	10,405
Borrowings		125	73	125
Lease liabilities		220	228	227
		10,608	8,841	10,757
Non-current liabilities				
Borrowings		311	177	367
Lease liabilities		668	888	776

		979	1,065	1,143
Provisions				
Deferred tax liabilities		-	509	-
		-	509	-
Total liabilities		11,587	10,415	11,900
Net assets		21,829	27,466	21,327
EQUITY				
Share capital	4	76	69	69
Share premium		30,309	23,846	24,180
Share based payment reserve	5	121	329	44
Retained earnings		(8,677)	3,222	(2,966)
Total equity		21,829	27,466	21,327

*The restatement is detailed in note 6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 December 2021

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity attributable to owners of the parent £'000
At 1 July 2020	15	13,195	70	(10,531)	2,749
Loss (as restated, note 6)	-	-	-	(360)	(360)
Deferred tax OCI movement	-	-	-	(16)	(16)
Total comprehensive loss for the period	-	-	-	(376)	(376)
Capital reduction	-	(13,145)	-	13,145	-
Bonus share allotment	46	(46)	-	-	-
Share option expense (as restated, note 6)	-	-	1,243	-	1,243
Share options exercised (as restated, note 6)	1	-	(973)	973	1
Share options cancelled	-	-	(11)	11	-
Conversion of loan notes	1	3,481	-	-	3,482
Shares issued on listing	6	21,994	-	-	22,000
Cost of issue of shares	-	(1,633)	-	-	(1,633)
At 31 December 2020 (as restated)	69	23,846	329	3,222	27,466
Loss	-	-	-	(6,613)	(6,613)
Deferred tax OCI movement	-	-	-	16	16
Total comprehensive loss for the period	-	-	-	(6,597)	(6,597)
Share option expense	-	-	124	-	124
Share options cancelled	-	-	(409)	409	-
Cost of issue of shares adjustment	-	334	-	-	334
At 30 June 2021	69	24,180	44	(2,966)	21,327

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the period ended 31 December 2021

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity attributable to owners of the parent £'000
Loss	-	-	-	(5,734)	(5,734)
Total comprehensive loss for the period	-	-	-	(5,734)	(5,734)
Share option expense	-	-	100	-	100
Share options cancelled	-	-	(23)	23	-
Issue of shares	7	6,493	-	-	6,500
Cost of issue of shares	-	(364)	-	-	(364)
At 31 December 2021	76	30,309	121	(8,677)	21,829

CONSOLIDATED STATEMENT OF CASHFLOWS
For the period ended 31 December 2021

	Unaudited 6 months ended 31 December 2021	As restated Unaudited 6 months ended 31 December 2020	Audited Year ended 30 June 2021
	£'000	£'000	£'000
Cash flow from operating activities			
Loss for the period	(5,734)	(360)	(6,973)
Adjustment for:			
Other income	(50)	(134)	(148)
Net finance costs	34	205	234
Tax charge/(credit)	9	(1,713)	19
Amortisation and impairment of intangible assets	58	7	42
Share based payments	100	1,243	1,367
Depreciation of property, plant and equipment	581	337	707
Disposal of property, plant and equipment	39	-	-
Changes in working capital:			
Decrease/(Increase) in inventories	152	(5,054)	(7,109)
Decrease/(increase) in trade and other receivables	385	(5,124)	(8,103)
(Decrease)/increase in trade and other payables	(134)	5,326	7,033
Cash used in operations	(4,560)	(5,267)	(12,931)
Interest paid	(34)	(27)	(51)
Income taxes received	1	-	106
Net cash used in operating activities	(4,593)	(5,294)	(12,876)
Cash flow from investing activities			
Purchase of intangible assets	(39)	(166)	(71)
Internally capitalised development costs	-	-	(419)
Purchase of property, plant and equipment	(342)	(2,654)	(6,761)
Proceeds on disposal of property, plant and equipment	-	8	8
Payment of deferred consideration	-	(32)	(32)
Net cash used in investing activities	(381)	(2,844)	(7,275)
Cash flow from financing activities			
Net proceeds from issue of own shares	6,135	20,368	20,702
Cash withheld for SAYE scheme	(3)	-	9
Proceeds from new bank loans and borrowings	-	-	250
Repayment of bank loans and borrowings	(58)	(13)	(19)
Payment of lease obligations	(116)	(109)	(222)
Proceeds from issue of loan notes	-	20	20
Net cash generated from investing activities	5,958	20,266	20,740
Increase in cash and cash equivalents	984	12,128	589
Net cash and cash equivalents at beginning of the period	4,977	4,388	4,388
Net cash and cash equivalents at end of period	5,961	16,516	4,977

Notes to the Interim Financial Statements

For the period ended 31 December 2021

Company information

Abingdon Health PLC ("the Company") is a public limited company domiciled and incorporated in England and Wales. The Company is quoted on the London Stock Exchange's Alternative Investment Market ("AIM"). The registered office is York Biotech Campus, Sand Hutton, York, YO41 1LZ. The consolidated financial information (or "financial statements") incorporate the financial information of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the "Group").

The principal activity of the Group is to develop, manufacture and distribute diagnostic devices and provide consultancy services to businesses in the diagnostics sector.

Significant accounting policies
The Group has presented below key extracts of its accounting policies. All policies are consistent with the previous statutory financial statements for the year ended 30 June 2021 and are expected to be consistently applied for the current year ended 30 June 2022 inclusive of these changes. However, there has been a restatement to the period ended 31 December 2020 as detailed in note 6.

Basis of preparation
These financial statements have been prepared in accordance with international accounting standards ("IFRS") as adopted by the United Kingdom ("UK") insofar as these apply to interim financial statements.

The financial information set out in these interim consolidated financial statements for the six months ended 31 December 2021 is unaudited. The financial information presented are not statutory accounts prepared in accordance with the Companies Act 2006, and are prepared only to comply with AIM requirements for interim reporting.

The Group's financial statements for the year ended 30 June 2021 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) of the Companies Act 2006, except for a material uncertainty in relation to going concern.

Basis of measurement
The financial statements have been prepared on the historical cost basis, modified to include the revaluation of certain financial instruments at fair value.

Use of estimates and judgements
The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts 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 the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Going concern
As at 31 December 2021, the Group has net current assets. The Group has a number of contracts in place which generate revenues, and are expected to continue doing so. The Group also has unused cash reserves available.

The Group continues to focus on securing sales of existing and new products, but the delay in recovery of monies owed by the Department of Health and Social Care ("DHSC"), which are described more fully in note 3, meant that there was a need to obtain further funding as well as continue to monitor costs in the near term to ensure that the Group has adequate financial resources to meet its obligations as they fall due for the next twelve month period with reasonable certainty. The above factors represented a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Group received additional funding support of £6.5m through an issue of shares during the period to 31 December 2021. In case the DHSC receivable remains unpaid for an extended period, the Directors are of the opinion that the funds raised and the significant unused cash reserves plus to continued monitoring of costs and commercial traction will permit it to remain a going concern, and as such the Directors continue to adopt a going concern basis for the preparation of these interim financial statements.

Basis of consolidation
The Group financial information consolidates those of the Company and the subsidiaries that the Company has control of. Control is established when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Electronic communications
The Company is not proposing to bulk print and distribute hard copies of this Interim Report for the six months ended 31 December 2021 unless specifically requested by individual shareholders. The Board believes that by utilising electronic communication it delivers savings to the Company in terms of administration, printing and postage, and environmental benefits through reduced consumption of paper and inks, as well as speeding up the provision of information to shareholders.

News updates, Regulatory News and Financial statements can be viewed and downloaded from the Group's website, www.abingdonhealth.com/investors. Copies can also be requested from: Company Secretary, Abingdon Health PLC, York Biotech Campus, Sand Hutton, York YO41 1LZ.

Share-based payment
The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest.

1. Revenue

The Group applies IFRS 15 'Revenue from contracts with customers'. Under IFRS 15, the Group applies the 5-step method to identify contracts with its customers, determine performance obligations arising under those contracts, set an expected transaction price, allocate that price to the performance obligations, and then recognises revenues as and when those obligations are satisfied.

Segmental analysis of revenue

	Unaudited 6 months to 31 December 2021 £'000	Unaudited 6 months to 31 December 2020 £'000	Audited 12 months to 30 June 2021 £'000
Contract development	887	695	1,568
Contract manufacturing	614	610	1,690
Product sales	203	382	8,360
Total revenue from contracts with customers	1,704	7,687	11,618

Revenue analysed by geographical market

	Unaudited 6 months to 31 December 2021 £'000	Unaudited 6 months to 31 December 2020 £'000	Audited 12 months to 30 June 2021 £'000
United Kingdom	1,013	5,022	6,596
United States of America	67	1,823	3,405
Europe	523	557	1,560
Rest of World	101	285	57
	1,704	7,687	11,618

2. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	31 December 2021	As restated 31 December 2020	30 June 2021
Earnings used in calculation (£'000s)	(5,734)	(360)	(6,973)
Number of shares	279,428,969	248,082,324	262,926,110
Basic EPS (p)	(2.05)	(0.15)	(2.65)
Number of dilutable shares	279,428,969	248,179,612	262,926,110
Diluted EPS (p)	(2.05)	(0.15)	(2.65)

The directors have presented adjusted earnings before the introduction of deferred taxes which were previously unrecognised as a measure of ongoing profitability and performance, and before deduction of share based payment costs and listing costs. This is to permit better ongoing comparison of underlying trends, as explained more fully in note 12 to the 30 June 2021 annual financial statements. The calculated adjusted earnings for the current period of accounts is as follows:

Adjusted Earnings per Share	6 months ended 31 December 2021 £'000s	As restated 6 months ended 31 December 2020 £'000s	Year ended 30 June 2021 £'000s
Loss after taxation	(5,734)	(360)	(6,954)
Adjusted for:			
Previously unrecognised net deferred tax asset	-	(1,832)	-
Share based payment	100	1,243	1,367
Listing costs	-	570	903
Non-recurring legal fees	198	-	257
Non-recurring employee redundancy costs	-	-	188
Depreciation and amortisation	639	41	749
Finance costs	34	205	234
Adjusted Earnings	(4,763)	(133)	(3,256)

	6 months ended 31 December 2021	As restated 6 months ended 31 December 2020	Year ended 30 June 2021
Adjusted earnings (£000s)	(4,763)	(133)	(3,256)
Number of shares	279,428,969	248,082,324	262,926,110
Adjusted EPS (p)	(1.70)	(0.05)	(1.25)
Number of dilutable shares	279,428,969	248,179,612	262,926,110
Adjusted diluted EPS (p)	(1.70)	(0.05)	(1.25)

3. Impact of Department of Health and Social Care ("DHSC") Contract on the Statement of Financial Position ("SFP")

Detailed commentary relating to the position with the DHSC was outlined in our Group financial statements for the year ended 30 June 2021. This can be found in the accounts under note 16 where the status was updated prior to the signing of the financial statements on 17 November 2021.

The Group has the following overall carrying amounts on the SFP as at 31 December 2021 and as at the date of approval of the interim financial statements:

	At 31 December 2021 (3) (Excluding VAT) £'000	At 31 December 2020 (Excluding VAT) £'000	At 30 June 2021 (Excluding VAT) £'000
Inventories - title with DHSC	4,514	-	3,987
Trade receivables - recharge of inventories (1)	*2,745	-	*2,116
Trade receivables - sale of tests (including profit margin)	*4,294	-	*4,294
Contract liability (2)	(5,936)	-	(5,308)
Net impact of SFP	5,617	-	5,089

(1) After deduction of £4.0m (excluding VAT) of cash received from DHSC for purchase of inventories.
(2) This is net of £0.9m (excluding VAT) of inventories which have been utilised in delivering 1 million tests recognised within Revenue and Trade Receivables in the year ended 30 June 2021.

* These balances are held in Trade receivables including VAT which total £8.4m as at 31 December 2021.

The Group is contractually entitled to late payment interest on the overdue trade receivables, which is to be calculated at 8% above base rate. This has not been recognised in the current period's Group Income Statement, or on the SFP, as it remains uncertain as to the settlement of this or certainty of ultimate cash inflows. Any such element will be recognised in full once the Group's entitlement to receipt is confirmed.

The Directors of the Group are of the opinion that all balances are recoverable in full and have placed into the public domain a number of documents and statements which justify and support this position. These interim financial statements have been prepared on the explicit assumption that all contractual provisions of the DHSC contract have been met, and that DHSC will uphold their legal responsibilities under this contract in respect of full cash settlement of the contractually due balances. In this outcome, the Group would receive full settlement of its receivables in cash, plus late payment interest. The Directors, as at 31 December 2021, consider that this balance is recoverable within one year and have therefore presented it as a Debtor due in <1 year. No expected credit loss provision is held against this balance for the reasons set out above. Consideration was given as to whether any discounting of the trade receivable should take place, but, based on the Effective Interest Rate for the Trade Receivable being zero, when billed, no discounting has been performed.

However, should any element of the trade receivable become irrecoverable the Group would be entitled to recover the VAT paid on that balance, equal to 20% of the net amount not recovered. Any remaining balance would be recognised as an impairment to the Group Income Statement, which would be entirely recognised within future reported profits and losses. Any adjustments to inventories would likely not impact the Group Income Statement as a result of the Contract liability shown above, however this may bring certain elements of those inventories into the Group's ownership. Such inventories are expected to be utilisable in other product production by the Group, but in the event that no such utilisation can occur this may result in an inventory impairment for those materials.

The Group continues to follow the Dispute Resolution Process ("DRP") set out in the DHSC contract, which as at the date of approval of the financial statements is taking the form of a mediation process and a non-binding agreement in principle was reached in November 2021. Through this process the Group expects that the monies owed will be substantially recovered, however the exact timing of this remains uncertain as at the date of approval of the financial statements. This mediation does not change the Directors' opinion of the balances recognised on the SFP as at the 30 June 2021 year end or the interim period to 31 December 2021.

4. Share capital

	31 December 2021	31 December 2020	30 June 2021
Ordinary share capital			
Authorised	**Number**	**Number**	**Number**
Ordinary shares of 0.025p each	121,699,114	95,699,114	95,699,114
Deferred ordinary shares of 0.025p each	182,316,812	182,316,812	182,316,812
	304,015,926	278,015,926	278,015,926
Allotted and fully paid	**Number**	**Number**	**Number**
Ordinary shares of 0.025p each	121,699,114	95,699,114	95,699,114
Deferred ordinary shares of 0.025p each	182,316,812	182,316,812	182,316,812
	304,015,926	278,015,926	278,015,926
	£'000	**£'000**	**£'000**
Ordinary shares of 0.025p each	31	24	24
Deferred ordinary shares of 0.025p each	45	45	45
	76	69	69

Reconciliation of movements during the periods:

	Ordinary Number	A Ordinary Number	Deferred Ordinary Number
At 1 July 2020	11,406,826	3,916,450	-
Bonus issue of shares funded by share premium	-	-	45,969,828
Exercise of share options	1,322,440	-	-
Conversion of loan notes	1,159,271	-	-
A Ordinary reclassification	390,625	-	(390,625)
A Ordinary reclassification	3,916,450	(3,916,450)	-
4:1 share split	54,586,836	-	136,737,609
Issue of shares for cash	22,916,666	-	-
At 31 December 2020 and 30 June 2021	95,699,114	-	182,316,812
Issue of shares for cash	26,000,000	-	-
At 31 December 2021	121,699,114	-	182,316,812

5. Share options

The following movements on share options have been recognised in the period:

	Number of share options			Weighted average exercise price		
	31 December 2021 Number	31 December 2020 Number	30 June 2021 Number	31 December 2021 £	31 December 2020 £	30 June 2021 £
Outstanding at start of period	729,467	287,440	287,440	0.5071	0.001	0.001
Granted	-	1,145,000	2,049,275	-	0.001	0.2191
Exercised	-	(1,322,440)	(1,322,440)	-	0.001	0.0080
Lapsed	-	-	(80,000)	-	-	0.0010
Forfeited	(129,273)	(30,000)	(204,808)	0.5139	0.001	0.3355
4:1 bonus issue	-	240,000	-	-	0.00025	-
Outstanding at end of period	600,194	320,000	729,467	0.5057	0.00025	0.5071
Exercisable at end of period	-	-	-	-	-	-

The options outstanding at 31 December 2021 had an exercise price ranging from £0.00025 to £0.70 and a remaining contractual life of between 2 years 9 months and 9 years 9 months. The options exist at 31 December 2021 across the following share option schemes:

	Number of shares	Exercise price per share (£)	Fair value of scheme	Vesting period
Options issued in April 2021	166,682	0.00025	129,137	1 year
SAYE scheme commenced in March 2021	433,512	0.70	254,941	3 years
	600,194		384,078	

The fair value of the scheme represents the reduced fair value after adjusting for leavers, and is being expensed over the vesting period. All share options expire 10 years after the date of issue.

6. Restatement

A restatement has been made to the 31 December 2020 interim period to correct a provisional fair value of share options which was subsequently finalised in the audited financial statements for the year ended 30 June 2021. All options had vested prior to 31 December 2020 and were exercised as part of the Group's admission

to AIM.

The adjustment made to the 31 December 2020 interim period is as follows:

6 months to 31 December 2020	As previously reported £'000	Adjustment £'000	As restated £'000
Operating loss before adjusting items	(55)	-	(55)
Share-based payment expenses	(741)	(502)	(1,243)
Listing costs	(570)	-	(570)
Operating loss	(1,366)	(502)	(1,868)

Corresponding adjustments have also been recognised within the Statement of Changes in Equity, in respect of the exercise of these share options.

END

IR FIFIRVTIAFIF