Oxford Biomedica

Saving lives through innovative cell and gene therapy services

Annual report and accounts 2021

Oxford Biomedica in brief

Oxford Biomedica is an innovative leading viral vector specialist focused on delivering life changing therapies to patients.

Cell and gene therapy is the treatment of disease by the delivery of therapeutic genetic material (DNA or RNA), into a patient's cells. One highly effective approach to delivering the genetic information is to re-engineer existing viruses to be safe delivery vehicles (vectors) to insert the genetic material into patients cells. This can be achieved either by directly administering the vector to the patient (often referred to as *in vivo* gene therapy), or by first introducing the genetic material to cells or tissue outside of the body, before administering the cells or tissue into the patient (often referred to as *ex vivo* gene therapy, or gene-modified cell therapy).

Oxford Biomedica works across key viral vector delivery systems including those based on lentivirus, adeno-associated virus (AAV) and adenovirus, providing innovative solutions to cell and gene therapy biotechnology and biopharma companies for their process development, analytical development and manufacturing needs. Oxford Biomedica plc (the Company) and its subsidiaries (together Oxford Biomedica or the Group) have built a sector leading lentiviral vector delivery system, LentiVector® platform, which the Group leverages to develop product candidates in-house, before seeking partners to take the products into clinical trials.

Oxford Biomedica UK Limited (OXB) is based across several locations in Oxfordshire, UK. In early 2022, the Group established Oxford Biomedica Solutions, a new US based subsidiary AAV manufacturing and innovation business, based near Boston, US.

Oxford Biomedica employs more than 940 people. Further information is available at www.oxb.com.

Terminology
This report uses financial reporting definitions, and terminology specific to both science and Oxford Biomedica. An explanation of these can be found in the glossary on pages 187 to 189.

Oxford Biomedica

We use science to save lives

Oxford Biomedica is at the centre of the rapidly growing cell and gene therapy sector.

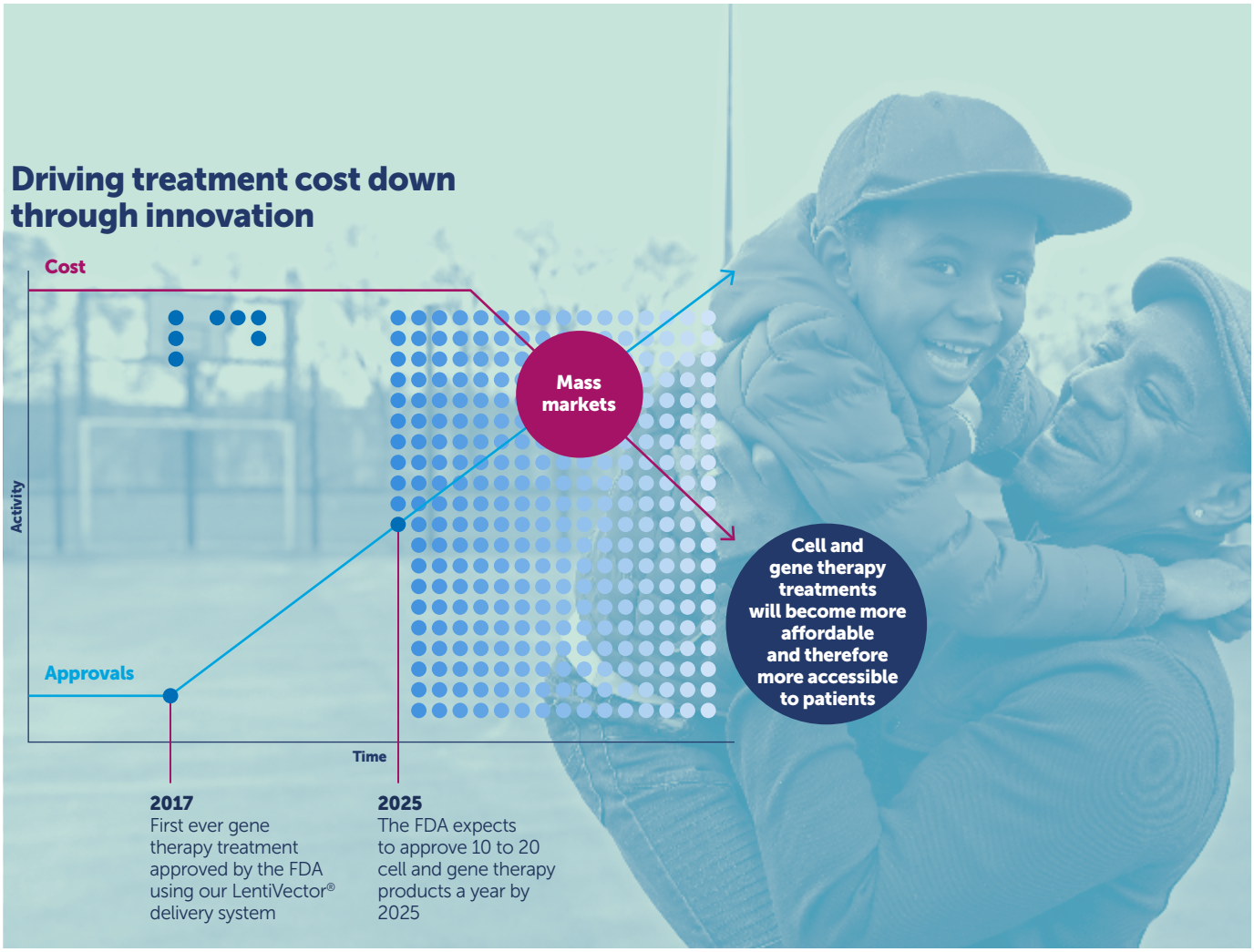
Our innovative solutions and proven expertise allow us and our customers, the biotech and biopharma industry, to deliver life-saving therapies to reach even more patients.

The success of cell and gene therapy products transforms outcomes for millions of people suffering from some of the world's worst diseases and medical conditions.

Saving lives through innovation

Innovating viral vectors to an industrial level

Driving treatment cost down through innovation



We are squaring up to the challenge of bringing down the cost of goods associated with scale-up manufacturing. We see our innovative approach as key to success in this area.

By progressing cell and gene therapy closer to industrialisation, we open up better treatment options to millions of people.

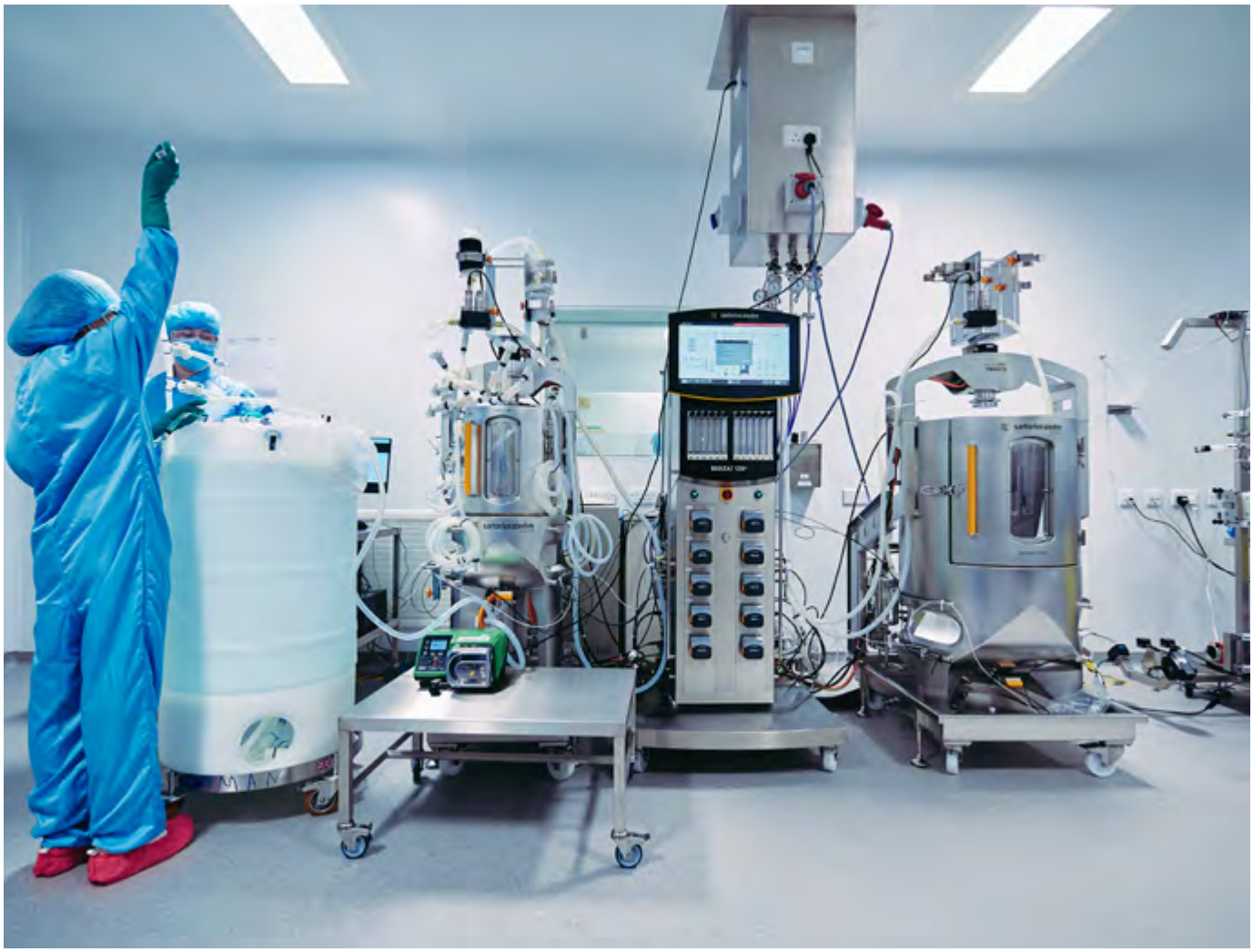
Read more in this report

— **Innovation and platform development**
Page 33

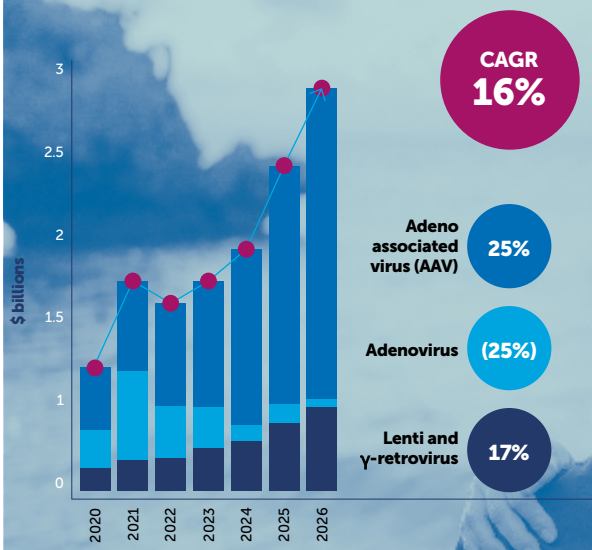
— **Market overview**
Pages 8 to 9

Saving lives through innovation

Expanding our innovative process development and manufacturing services



Viral vector growth to continue its growth trajectory



CAGR 16%

Adeno associated virus (AAV) 25%

Adenovirus (25%)

Lenti and γ-retrovirus 17%

Global viral vector supply (outsourced)
Source: Company estimates and third party research

Further strong growth is expected in the viral vector market as pharma development companies add to their pipelines, and new treatments are approved and commercialised.

With our recent deal with Homology Medicines, we are expanding our US presence – healthcare's largest market. But more than that, this strategic acquisition adds adeno-associated virus (AAV) vectors to our offering.

Read more in this report

— **Facilities and capacity expansion**
Page 35

— **Vector agnostic strategy**
Chair's statement – Page 27

Saving lives through innovation

Transforming science into life-saving healthcare

>25 years experience

More than 25 years experience in delivering innovative cell and gene therapies

Our vector delivery system, LentiVector®, is enabling our customers to bring next generation treatments for serious diseases to market. For example, Novartis' Kymriah® product for blood cancer; it's an available gene therapy that's out there saving people's lives.

Since expanding our manufacturing capacity at our Oxbox facility, over 100m doses of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine have been successfully manufactured.

Our business model is built upon using science to save lives. The innovative work we are doing will allow our customers, the biotech and biopharma industry, to deliver life-saving therapies to reach more patients.

Read more in this report

— **Product pipeline**
Page 14

— **The Group's business model**
Pages 16 to 17

Saving lives through innovation

Market overview

Oxford Biomedica is at the heart of the rapidly growing cell and gene therapy market

Continued growth and investment in the sector holds great promise for treating diseases

The cell and gene therapy market continues to grow strongly since the approval of Kymriah® in 2017 and is forecast to grow at a Compound Annual Growth Rate (CAGR) of 61% from c.$1.8 billion in 2021 to c.$31.4 billion in 2027 (Source: Global Data). This growth is fuelled by a strong pipeline of cell and gene therapy candidates in clinical development, which increased from 1050 in 2017 to 2551 in 2021 (Source: Informa). The sector has continued to attract increasing investment, growing from $7.5 billion in 2017 to $23.1 billion in 2021. In 2021, venture capital was the main driver of investment in the sector, contributing $9.8 billion — a 75% increase over 2020. 2021 saw a record number of public offerings take place in the sector, with 26 IPOs raising $4.8 billion, a 30% increase in the amount raised in 2020 (Source: Alliance for Regenerative Medicine).

Oxford Biomedica broadens its viral vector capabilities

Following a strategy review conducted in 2020, the Group assessed the opportunity to apply its viral vector expertise to the manufacture of AAV and assessed the potential size of this new market opportunity. In the period of 2015 to 2021 this sector has seen a 38% CAGR in clinical trial initiations, growing from 7 in 2015 to 49 in 2021. The Group estimates the AAV outsourced supply market to grow to c.$2.2 billion by 2026, and to c.$3.7 billion by 2030.

The number of clinical trial initiations is seen as a leading indicator of future potential innovative process development and manufacturing services deal flow.

Post period (March 2022), the Group announced that it was broadening its viral vector capabilities with the launch of Oxford Biomedica Solutions, a full scope AAV business in Boston, US, following closing of its deal with Homology Medicines.

The Group's LentiVector® platform – maximising the global opportunity

In the period from 2015 to 2021 this sector has seen a 19% CAGR in clinical trial initiations, growing from 17 in 2015 to 49 in 2021 (Source: Informa). There was a decrease in the number of clinical trial initiations observed in 2020 and 2021, thought to be attributable to clinical trial recruitment issues relating to the global pandemic. However, it is anticipated that this may begin to show signs of recovery in 2022.

The Group assessed the number of programmes in the clinic and forecasted the global market for integrating vector manufacture (including both lentiviral and γ-retroviral vectors) to be in excess of $1 billion by 2026, growing to c.$1.8 billion by 2030, a CAGR of 14% from 2020. It is estimated that c. 50% of this market relates to supply outsourced to third parties. With the Group's proven expertise in process development and commercial scale lentiviral manufacturing, we are well placed to maximise this global opportunity.

61%

Cell and gene therapy market growth
Forecast to grow at a Compound Annual Growth Rate (CAGR) of 61% from c.$1.8 billion in 2021 to c.$31.4 billion in 2027

$9.8 bn

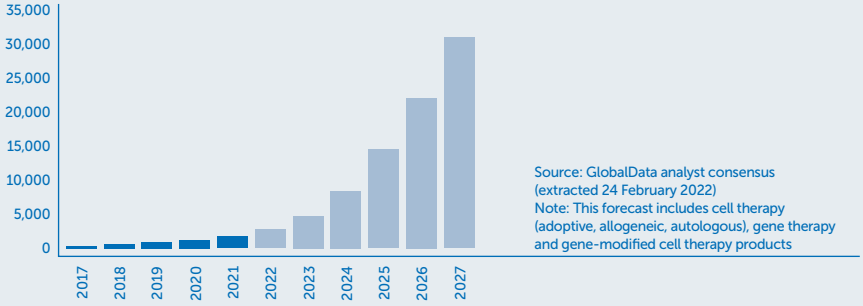
Venture capital investment 2021
Venture capital investment increased 75% over 2020 to $9.8 billion

$3.7 bn

AAV market opportunity
The Group estimates the AAV outsourced supply market to grow to c.$3.7 billion by 2030

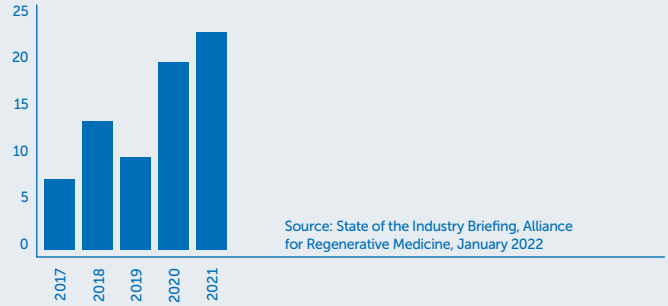
50%

Outsourced providers
The number of programmes in the clinic and forecasted in the global market for integrating vector manufacture is estimated by the Group to be in excess of $1 billion by 2026, growing to c.$1.8 billion by 2030. It is estimated that c. 50% of this market is supplied by third party service providers.



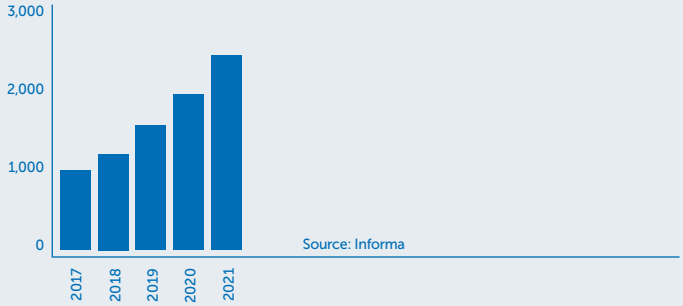
Source: GlobalData analyst consensus (extracted 24 February 2022)
Note: This forecast includes cell therapy (adoptive, allogeneic, autologous), gene therapy and gene-modified cell therapy products

Global cell and gene therapy market forecast
$m



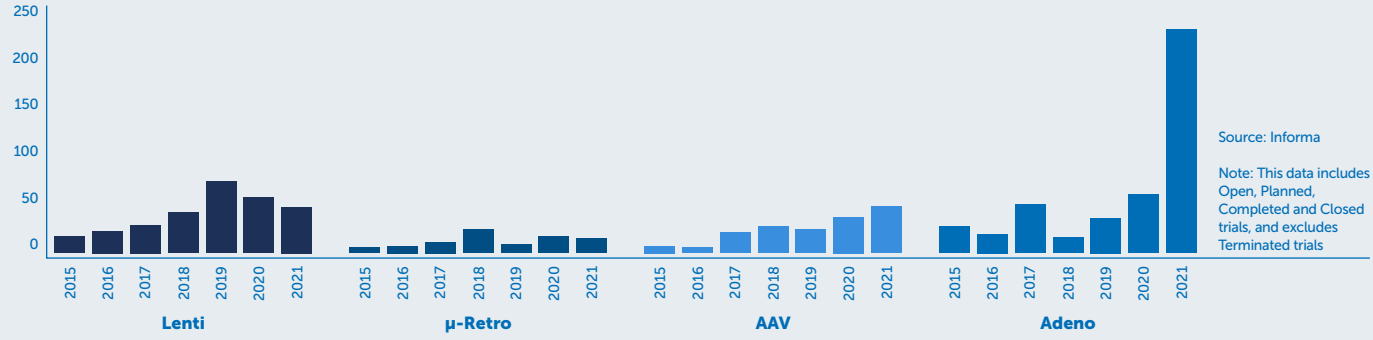
Source: State of the Industry Briefing, Alliance for Regenerative Medicine, January 2022

Total global financings
$bn



Source: Informa

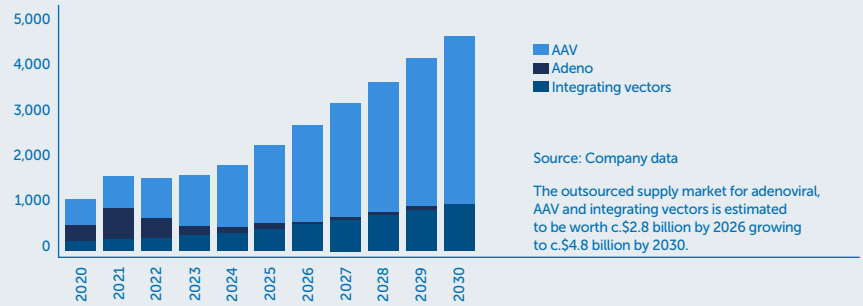
Number of cell and gene therapy candidates in development



Source: Informa

Note: This data includes Open, Planned, Completed and Closed trials, and excludes Terminated trials

Clinical trial initiations by vector type



Source: Company data

The outsourced supply market for adenoviral, AAV and integrating vectors is estimated to be worth c.$2.8 billion by 2026 growing to c.$4.8 billion by 2030.

Global viral vector supply (outsourced)
$m

Our cutting edge science and innovation is saving human lives by delivering life-changing therapies to patients

Group at a glance

Who is Oxford Biomedica?

- Oxford Biomedica is a leading viral vector specialist in the fast growing cell and gene therapy market
- Large scale manufacturer of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine
- Multiple partnerships with leading companies and proven commercial supply capabilities
- The Group's CDMO revenues provide a growing financial foundation with long term upside from the Group's proprietary pipeline

Key stats*

FTSE 250
FTSE250 Biotech company

19
19 partner programmes

815
815 employees circa 940 employees as of March 2021 in the UK and US**

6
Six facilities* over five sites in Oxford, UK**

* as of 31 December 2021
** circa 125 employees in Boston, US, as of March 2022
*** Seventh site added in Boston, US, in March 2022

Partners and customers include

AstraZeneca
NOVARTIS
Boehringer Ingelheim
Bristol Myers Squibb
Beam THERAPEUTICS
HOMOLOGY Medicines, Inc.
Cabaletta Bio
ARCELLX
immatics
Orchard therapeutics

Where is Oxford Biomedica based?

At the end of 2021, Oxford Biomedica had six UK-based facilities spread over five sites. Oxford is one of the main centres of scientific excellence in Europe and is less than an hour from Heathrow. Post-period end in 2022, the Group established Oxford Biomedica Solutions LLC with Homology Medicines, which has seen Oxford Biomedica expand into the US.

Oxbox, Oxford, UK (1)
The Group's 84,000 sq. ft. manufacturing facility, Oxbox, was constructed during 2019. The first phase of development, totalling over 45,000 sq. ft., consisted of four GMP manufacturing suites, two fill and finish suites and supporting areas such as warehouse, cold chain facilities and QC laboratories. The second phase of development, including fit out of the fallow area, will provide additional flexible manufacturing capacity for a variety of viral vector based products, including cell and gene therapy products, vaccines and other advanced therapeutics at 2,000L scale.

Windrush Court, Oxford, UK (2)
The Group's registered office is at Windrush Court. The building has 36,000 sq. ft. of laboratories as well as extensive office space. The conversion of office space into GMP grade laboratories was completed in 2021. These laboratories are now in use to meet the growing demand for commercial development work and analytics from both current and potential future partners.

Windrush Innovation Centre, Oxford, UK (3)
Adjoining Windrush Court is the Windrush Innovation Centre. In June 2021, the Group was granted planning permission for redevelopment of the Windrush Innovation Centre site. The new dedicated building will be the key hub of both innovation for the platform as well as proprietary product development.

Yarnton, Oxford, UK (4)
The GMP manufacturing facility at Yarnton has both FDA and MHRA approval. It has around 6,000 sq. ft. of manufacturing space, including one clean room suite.

Harrow House and Chancery Gate, Oxford, UK (5)
The Group's Harrow House facility first received MHRA approval to manufacture in 2012. It has around 4,000 sq. ft. of manufacturing space with two GMP clean room suites. Harrow House and Chancery Gate are located directly opposite Windrush Court.

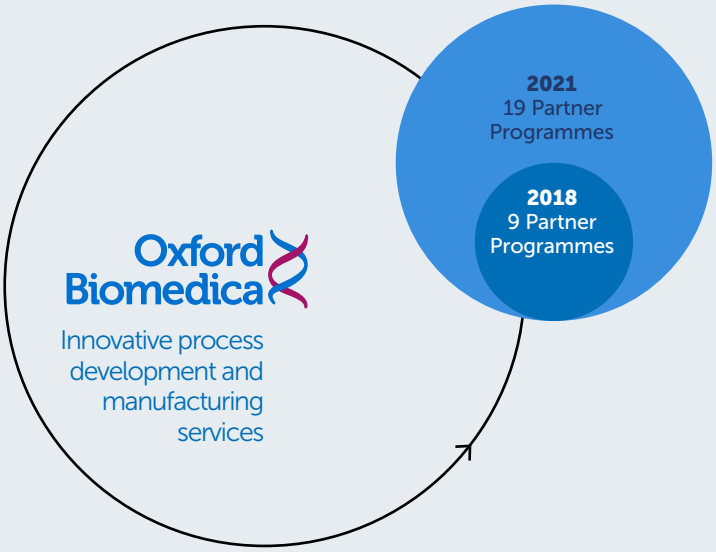
Corporate Head Office, Oxford, UK (6)
The Group's Corporate Head Office is located on an 11,000 sq. ft. site within the Oxford Business Park, close to Oxbox. It houses the Senior Executive Team and various support functions.

Patriots Park, Boston, MA, US (7)
In March 2022 the Group established Oxford Biomedica Solutions with Homology Medicines, which specialises in AAV manufacturing from its GMP facility near Boston, US, operating three 500L bioreactors using a serum-free suspension process, which has also been successfully scaled to 2,000L.

What does Oxford Biomedica do?

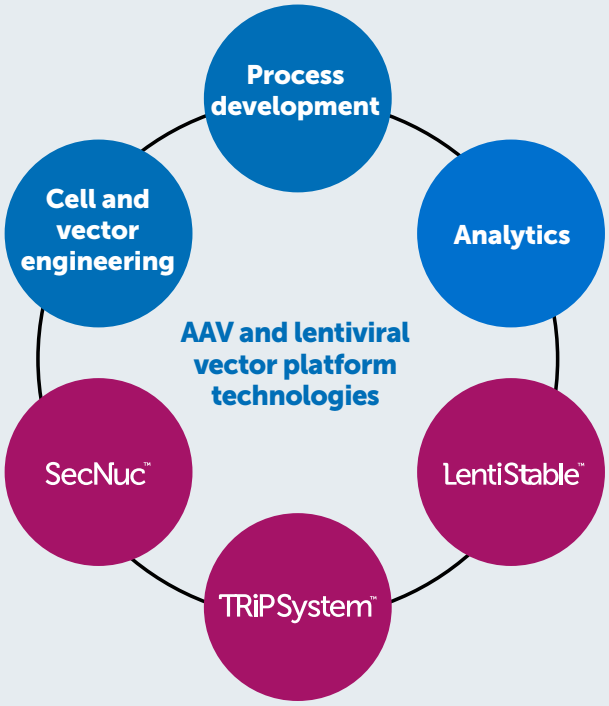
CDMO[1] – Customer-centric

- Innovative process development and manufacturing services
- Leading provider of scale-up solutions and commercial supply
- Expert professionals use Oxford Biomedica's laboratories and manufacturing suites to apply the Group's Platform technologies (including the LentiVector® technology platform) to develop and manufacture commercially scalable products for partners
- Revenue generated from commercial development fees, bioprocessing activities and milestones



Platform[1] – Innovation-centric

- Driving industrialisation of viral vectors
- All IP, patents and know-how that the Group uses to aid discovery, development and manufacturing of gene therapies; and all of the facilities, quality systems and expertise that make it happen
- Revenue generated via licensing and royalties on sales of products



Gene Therapeutics[1] – Patient-centric

- Leveraging Oxford Biomedica's expertise to deliver innovative new lentiviral vector-based gene therapies
- Activities leading to the development of an OXB originated (and IP protected) marketable drug product which the Group benefits from through direct sales, or licences, milestone and royalty payments
- Progress in-house before seeking partners to take products into clinical trials
- LentiVector® based and supported by Oxford Biomedica's Platform and CDMO

1 For the purpose of financial reporting, the platform and CDMO both sit within the 'Platform' segment for segmental reporting. Gene Therapeutics sits for the 'Product' segment within segmental reporting.

Product pipeline

By the end of 2021 , Oxford Biomedica had 19 partner programmes and five active proprietary programmes.

CDMO pipeline

By the end of 2021, Oxford Biomedica was working on 19 partner programmes. The Group receives multiple revenue streams from work with partners including licence fees, process development fees and milestones, bioprocessing revenues and royalties on sales once a therapy has reached the market.

Product/ indication	Pre-clinical	Phase I	Phase I/II	Phase II	Phase III	Approved
LentiVector® platform						
Kymriah® r/r ALL r/r DLBCL						NOVARTIS 1
2nd CAR-T Cancer (multiple)			1 NOVARTIS			
3rd CAR-T Cancer (multiple)		1 NOVARTIS				
4th CAR-T Cancer (multiple)		1 NOVARTIS				
5th CAR-T Cancer (multiple)		1 NOVARTIS				
6th CAR-T Cancer (multiple)		1 NOVARTIS				
1st CAR-T/ TCR-T Undisclosed			1 Bristol Myers Squibb			
2nd CAR-T/ TCR-T Undisclosed		1 Bristol Myers Squibb				
3rd CAR-T/ TCR-T Undisclosed		1 Bristol Myers Squibb				
4th CAR-T/ TCR-T Undisclosed		1 Bristol Myers Squibb				
AXO-Lenti-PD[1] Parkinson's Disease					5 Sio GENE THERAPIES	
OTL-201 MPS-IIIA			4 Orchard therapeutics			
Other Undisclosed		4 Orchard therapeutics				
CAR-T Cancer (multiple)		1 Beam THERAPEUTICS				
TCR-T Undisclosed		1 Immatics				
CAR-T Undisclosed		1 ARCELLX				
CFTR gene Cystic Fibrosis		6 Boehringer Ingelheim gtxx				
Ocular gene Inherited retinal disease		10 Santen				
AZD1222 SARS-CoV-2 vaccine						AstraZeneca 8

Read more about the Group's CDMO pipeline on page 30.

1 Axo Lenti PD formerly known as OXB 102. In January 2022, Sio Gene Therapies gave notice of their intention to return the rights to AXO-Lenti-PD and cease work on their programme in Parkinson's Disease. The Group plans to out-license the programme in due course.

Gene therapeutics pipeline

At the end of 2021, Oxford Biomedica had five programmes in its gene therapeutics pipeline. Revenues from out-licensed programmes come in the form of licence, milestone and royalty payments.

Product/indication	Pre-clinical	Phase I	Phase I/II	Phase II	Phase III	Approved
Oxford Biomedica partnered products[1]						
AXO-Lenti-PD[1] Parkinson's disease				5		
Oxford Biomedica proprietary unencumbered products						
OXB-302 Haematological malignancies				2		
OXB-40X Undisclosed liver indications				9		
OXB-40Y Undisclosed liver indications				9		
OXB-401 Undisclosed liver indications				9		

Read more about the Group's gene therapeutics pipeline on page 34.

Pipeline indications

1. Oncology
2. Haematology
3. Immunology
4. Metabolic
5. Neurology
6. Respiratory
7. Central Nervous System (CNS)
8. Infectious Disease
9. Hepatology
10. Ophthalmology

1 Approved in multiple geographies (30 countries)
8 Approved in multiple geographies

1 Axo Lenti PD formerly known as OXB 102. In January 2022, Sio Gene Therapies gave notice of their intention to return the rights to AXO-Lenti-PD and cease work on their programme in Parkinson's Disease. The Group plans to out-license the programme in due course.

The Group's business model

1 LentiVector® platform

Oxford Biomedica's innovative LentiVector® platform is driving the industrialisation of lentiviral vectors. By industrialising lentiviral vector production and bringing down the cost per dose through IP innovation, it will open up therapeutic markets currently inaccessible to cell and gene therapy due to the amount (and therefore costs) of the vector required. In addition, the reduction in cost will help drive adoption by payors into indications where there are far larger numbers of patients, by bringing down the overall cost per patient treated.

The Platform innovations and arising IP are built into agreements with partners with the aim of having many royalty bearing agreements which, once the products receive regulatory approval, will mean royalty streams flowing through to the Group.

The LentiVector® platform is at the heart of the Group. The IP, patents and know-how, along with the Group's 25 plus years of expertise in applying its lentiviral vector technology for both in vivo and ex vivo therapies has made the Group not only a pioneer in the field but also the global leader that it is today.

Link to risks A C E

2 CDMO: Contract Development and Manufacturing Organisation

The CDMO provides innovative process development and manufacturing services. It is customer-centric and is a leading viral vector provider of scale-up solutions and commercial supply to pharmaceutical and biotech companies in the fast-growing cell and gene therapy sector. The Group's expert professionals use the Group's world-leading facilities to apply the Platform technologies to develop and manufacture commercially scalable products for partners.

The Group's industry-leading knowledge in multiple therapeutic areas (gene modified cell therapies, oncology, liver, respiratory diseases and CNS disorders) means that it is able to help solve partners scale-up and supply needs for their cell and gene therapy products.

The Group has applied its world leading capabilities and expertise in lentiviral vectors to other vector types, and has worked in partnership with AstraZeneca since 2020 on the commercial supply of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine.

The Group continues to apply its leading viral vector expertise to the development and manufacture of other viral vector types. In April, the Group announced a new three-year development and supply agreement with Boehringer Ingelheim for the manufacture and supply of various types of viral vectors to support the development of viral vectors and viral vector products, further demonstrating growing expertise beyond lentiviral vectors.

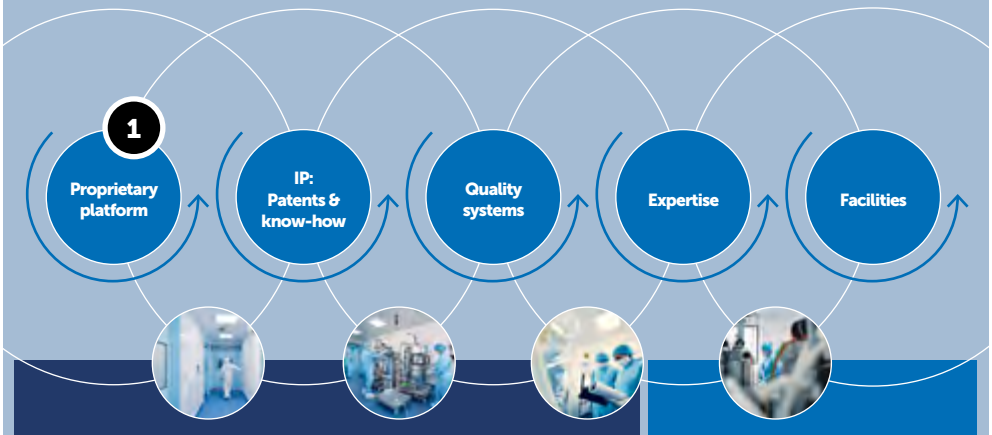
In September 2021, Serum Life Sciences Ltd, a subsidiary company of Serum Institute of India Pvt Ltd, invested just over £50 million in the Group to fund the development of the fallow area at Oxbox, the Group's 84,000 sq.ft manufacturing facility based in Oxford, UK. The investment is being used to develop the fallow area into additional flexible manufacturing capacity for a variety of viral vector based products, including cell and gene therapy products, vaccines and other advanced therapeutics at 2,000L scale.

Oxbox was constructed by the Group during 2019 and the first phase of development, totalling over 45,000 sq. ft., consisted of four independent GMP manufacturing suites, two fill and finish suites and supporting areas such as warehouse, cold chain facilities and QC laboratories. During 2021, three suites were dedicated to producing the adenovirus-based Oxford AstraZeneca COVID-19 vaccine at 1000L scale and a fourth suite dedicated to 200L lentiviral vector manufacturing. The investment will allow Oxford Biomedica to continue to expand the capacity of the Group's world class facilities in anticipation of growing demand for the Group's world leading capabilities in viral vector development and manufacture.

The Group continues to explore opportunities to apply its world leading expertise i n viral vector development and manufacture to support partners in bringing their cell and gene therapy products to market and save the lives of patients worldwide.

Link to risks A B C E

Delivering on our strategy to become a global fully integrated viral vector platform



Process development and manufacturing provides multiple revenue streams

Commercial stage viral vector CDMO with over 25 years experience

2

Gene Therapeutics

Delivering innovative therapies

3 4 5

Financial reporting

1 2 3 4 5

For the purposes of financial reporting the LentiVector® platform (1) and CDMO partner programmes (2) both sit within the 'Platform' segment for segmental reporting. The gene therapeutics proprietary products (3) which includes internal pipeline (4) and out-licensed products (5) sit within the 'Product' segment within segmental reporting.

❸ Gene Therapeutics

❹ The Group leverages its ❺ expertise to develop innovative IP-protected cell and gene therapeutics. The Group's product pipeline offers long term upside potential, building on its internal research expertise and know-how developed over the last 25 years. The product pipeline is being progressed through proof-of-concept and into early clinical development, after which third-party funding will be sought for full clinical development and commercialisation.

An internal review of the Group's proprietary pipeline was carried out in 2021, and the current product portfolio consists of five programmes.

OXB-302 (CAR-T 5T4) is currently the Group's most advanced candidate and targets haematological tumours. The 5T4 antigen has been shown to be highly expressed on various haematological tumours as well as most solid tumours with restricted expression on normal tissues.

An exciting new area for therapeutic intervention is the liver. There are many diseases that could be treated by the efficient modification of liver cells. As the liver is a dividing organ, an integrating lentiviral vector can provide the potential for a single administration leading to life-long therapeutic benefit. Pre-clinical studies for the first of these, OXB-401 (in development for an undisclosed liver indication), were initiated in 2021.

The Group has chosen to deprioritise OXB-203, OXB-204 and OXB-103.

Post-period end in February 2022, Oxford Biomedica announced that Sio Gene Therapies had given notice that they intend to return the global rights for AXO-Lenti-PD and to terminate their programme in Parkinson's Disease. Oxford Biomedica does not plan to invest in the development of this non-core legacy asset and plans to out-license it again in due course to a suitable partner with resource capabilities and funding to further develop this asset.

Link to risks Ⓐ Ⓒ Ⓓ Ⓔ

Principal risks facing the business

The main risks are:

- Ⓐ Risks associated with pharmaceutical product development including product safety issues, lack of efficacy, and failure to obtain regulatory approval.
- Ⓑ Risks to the Group's bioprocessing revenue from failure to manufacture lentiviral vector to the required standard.
- Ⓒ Exposure to one or more of the Group's partners ceasing to develop their products and therefore no longer requiring the Group's services.
- Ⓓ Failure to out-license or spin-out the Group's product development candidates so that development stops.
- Ⓔ Inability to attract and/or retain highly skilled employees.

The principal risks facing the Group, including how they are managed and mitigated, are set out in detail on pages 78 to 85.

Value creation for our stakeholders in 2021

Patients

Oxford Biomedica expanded its manufacturing capacity at its Oxbox facility to support the large-scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine. The Group worked alongside AstraZeneca and other manufacturing organisations internationally to enable the supply of COVID-19 vaccines on a global scale.

Employees

Oxford Biomedica's team are some of the most highly skilled and focused people in the cutting edge world of cell and gene therapy, working in office and laboratory facilities that are amongst the best.

Customers

The Group continued to target new strategic commercial relationships in 2021, and continued to maintain very good relationships with existing customers.

Local communities

Oxford Biomedica has provided high skilled jobs to the local community, and has established an apprenticeship scheme in collaboration with Advanced Therapies Apprenticeship Community and multiple training providers.

Suppliers

Oxford Biomedica is committed to building a supply chain that delivers commercial benefit to the business, while meeting its goal of sustainability.

Governing bodies and regulators

The Group operates in a highly regulated environment. With a long history of achievements, Oxford Biomedica's technology is recognised by regulators on both sides of the Atlantic.

Over 100m
doses of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine successfully manufactured since the partnership began

Over 200
New colleagues in 2021

19
Partner programmes at the end of 2021

16
Apprenticeships created in 2021

95%
of suppliers invoices paid within 30 days

Read more about the Group's stakeholders on pages 18 and 19.

The Group's stakeholders

The Board believes that, to maximise value and secure long-term success, the Directors must take account of what is important to key stakeholders. This is best achieved through proactive and effective engagement.

s172 Companies Act 2006

The adjacent table identifies the Group's key stakeholder groups, material issues and how the Group engages with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

By understanding the Group's stakeholders, the Board factors the potential impact of decisions into Boardroom discussions and considers stakeholders needs and concerns, in accordance with s172 of the Companies Act 2006 (as shown in the case study on pages 20 and 21). The Group works effectively with its employees customers and suppliers, to make a positive contribution to local communities and achieve long-term sustainable returns for its investors. Acting in a fair and responsible manner is a core element of the Group's business practice as seen in the Environmental, Social and Governance (ESG) report on pages 54 to 75.

Key stakeholders

The Group has identified seven key stakeholders through a workshop facilitated by an external specialist consultant and these are as follows:

1. Patients
2. Employees
3. Customers
4. Local communities
5. Suppliers
6. Regulators
7. Shareholders

Stakeholders

1 Patients

The Group works on the development of innovative products either by itself or with partners to provide life-changing treatments to patients.

2 Employees

The Group has an experienced, diverse and dedicated workforce, which it recognises as a key asset of the business. Therefore, it is important that the Group continues to create the right environment to encourage and create opportunities for individuals and teams to realise their full potential.

3 Customers

The continued performance of the Group's business would not be possible without understanding the needs and future aspirations of its customers. Many customers have come to the Group as their businesses have moved into the cell and gene therapy sector, which is testament to the Group's expertise and leadership in the sector. In addition, the Group's manufacturing expertise has attracted a broader customer base.

4 Local communities

The Group is committed to supporting the communities in which it operates, including local businesses, residents, schools and the wider public.

5 Suppliers

The Group buys many items from key suppliers and outsources some of its activities to third-party suppliers and providers. As a result, it is crucial that the Group develops strong working relationships with the Group's suppliers, so the Group can enhance the efficiency of the business and create value.

6 Regulators

The Group operates in a highly regulated environment and it is important that it engages with the regulators as required.

7 Shareholders

The Group's shareholders play an important role in monitoring and safeguarding the governance of the Group.

How the Board and the wider Group engages	Material issues identified	Addressing Material issues in 2021 Highlights	Further links
The Clinical Development department, the Chief Scientific Officer, the Chief Technical Officer and the Scientific, Technology and Advisory Committee (STAC) consults with key clinical opinion leaders, patient advocacy groups and regulatory experts to design safe clinical trials for patients. The Chief Scientific Officer, the Chief Technical Officer and STAC regularly update the Board on the results of such consultations. The Group is able to scale-up its manufacturing capacity to access a broad patient population in line with customer demand.	– Patient safety – Well-designed clinical trials – Progress product candidates to the market as quickly as possible	– Thousands of patients treated with the Group's lentiviral vectors – Expanded manufacturing capacity for large-scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine to treat millions of people	p. 74 Clinical trials and ethics
The Group has an open, collaborative and inclusive management structure and engages regularly with employees. The Group does this through the regular appraisal process, structured career conversations, management development programmes, employee surveys, webinars and webcasts, digital sharing platforms, company presentations, town hall meetings, site visits by Board members, email briefings and newsletters and its wellbeing programme. Employee engagement is frequently measured and the Group has designated Stuart Henderson as the Board's representative for gathering the views of the workforce and overseeing employee engagement. Mr Henderson attends a number of Workforce Engagement Panel meetings per year to obtain employee feedback on key issues and to facilitate two-way communication between the Board and employees, with the objective to improve Board decision-making. During 2021, the Group's Workforce Engagement Panel, comprising employee representatives from across the business, met eight times.	– COVID-19 impact – Opportunities for development and progression – Health, safety and wellbeing – Opportunity to share ideas and make a difference – Equality, Diversity and Inclusion	– COVID-19 specific pulse surveys to understand workforce concerns – Workforce Engagement Panel held eight meetings, – Stuart Henderson, the Board's designated representative, attended two Workforce Engagement Panel meetings and has presented feedback to the Board arising from employee surveys and Workforce Engagement Panel discussions. During 2021, Mr Henderson participated in Workforce Engagement Panel discussions relating to future ways of working, Executive pay and the role of the Remuneration Committee – Diversity and Inclusion workshop held with an external facilitator, with a strategy and action plan developed and shared with the Group – Continued roll-out of the Management Development Programme – Continued roll-out of the Rewards and Talent programme – 233 new colleagues recruited	p. 60 People and wellbeing p. 106 Executive annual bonus, organisation and staff p. 59 Equality, Diversity and Inclusion p. 58 Workforce Engagement Panel
The Group's Client Partner and Alliance Management department and the Business Development team, the Chief Scientific Officer, the Chief Technical Officer and the Chief Financial Officer regularly communicates with existing customers/partners to discuss their goals and incorporate them into the Group's schedules/strategy. The Group does this through meetings, engagement events and forums. This active engagement ultimately ensures that the Group meets their customers' needs and assists them in achieving their business goals. The Chief Business Officer and Chief Commercial Officer present a regular update on the Group's customer/partner relationships at each Board meeting.	– Understand customers' needs to refine expertise – Deliver to meet customers' business goals – Offer expert manufacturing capabilities to partners	– By understanding clients' needs and meeting their expectations, the Group was able to establish new client relationships such as Boehringer Ingelheim, Arcellx, and Caballetta Bio – Progressed programmes with partners as per agreements	p. 30 Performance review p. 106 Executive annual bonus
The Group engages with the local community not only through the planning process but also through the Group's "Helping Hands" forum, with volunteering, fundraising and charity work. Employees of the Group attend schools and career fairs and provide apprenticeships and work experience opportunities. The Group liaises with industry bodies and government organisations to enhance the positive impact the Group has on the communities and sector in which it operates. The Board is kept updated on the various community initiatives.	– Apprenticeships – School and careers events – Fundraise for charity – Volunteer for local charities/ organisations	– 16 apprenticeships offered in 2021 – Outreach programme in STEM subjects – Collaborative Training Partnership programme with Oxford University and University College London launched – £17,000 in employee fundraising for local Oxford charity	p. 57 People p. 61 Community p. 71 Innovation p. 62 Charity
Through effective collaboration, the Group aims to build long-term relationships with its suppliers so that both parties benefit. The business development team, operations team, Chief Operations Officer and Chief Financial Officer have regular supplier meetings and business reviews and are creating a supplier code of conduct. The team reports back to the Board on a regular basis on any supplier concerns.	– Long term partnerships – Collaborative approach – Open terms of business	– Quality audits performed by the Group on its suppliers – Due diligence performed by the Group on its suppliers – Procurement and supplier function enhanced to interact with suppliers more effectively – Development of a Supplier Code of Conduct	p. 75 Slavery and code of conduct p. 73 Supply chain
The Chief Scientific Officer, Chief Technical Officer, Chief Operations Officer and General Counsel are in contact with government regulatory bodies on a regular basis and attend industry forums. The Group has compliance audits performed by both government regulatory bodies and by its customers. The General Counsel arranges for annual Corporate Governance updates to the Board from external advisers and provides other *ad hoc* regulatory updates as appropriate.	– Engage with regulators early – Meeting regulatory compliance – Compliance with the Corporate Governance Code	– Two audits by government regulatory bodies – Seven audits by customers – Regulatory training for employees and Directors – Product safety update reports (PSURs) – Regular review of the Corporate Governance Code	p. 80 Regulatory risk p. 103 Governance p. 54 ESG
Through the Group's investor relations programme, which includes regular updates to the Board on investor presentations, one-to-one meetings and investor roadshows as well as the Group's Annual General Meeting (AGM), the Group ensures shareholder views are brought into the Boardroom and are considered in its decision-making. There was a representative of one major shareholder on the Board for the duration of 2021. The Group engages with shareholders via the Annual report and accounts and via RNS announcements and the corporate website.	– Corporate Governance – Business ethics – Strategy and business model – Financial performance	– c.170 meetings/calls with the investor community held virtually and in person in 2021 – Shareholders were invited to listen in to the AGM and vote by proxy	p. 92 Shareholder engagement in 2021 p. 106 Remuneration – annual bonus and LTIP p. 103 Governance p. 54 ESG p. 44 Financial review p. 147 Financials

The Group's stakeholders

Stakeholder case study

The Board charged management to consider and report on the impact that the proposed transaction with Homology to establish an AAV business in the US would have on the stakeholders. The Board considered and challenged management's analysis.

Proposed transaction with Homology Medicines

During 2021, the Company entered discussions with NASDAQ quoted Homology Medicines, Inc. regarding the proposed acquisition of an 80% ownership interest in a newly formed AAV focused manufacturing and innovation business, Oxford Biomedica Solutions, comprising of Homology Medicines' 25,000 sq. ft. adeno-associated virus manufacturing facilities in Boston, US, and the assets and staff associated therewith.

Patient population and customers

The Board considered the impact that the transaction would have on the wider patient population and customers and assessed whether it would bring benefits to these stakeholders.

The Board concluded that the transaction would enable the Group to readily bring its viral manufacturing and commercial scale expertise to the manufacture of Homology Medicines' AAV products and to roll out its expanded capabilities to other AAV customers in the future. Importantly, the Board believed that the transaction would enable the Group to achieve its goal of becoming a global viral vector leader, providing treatments to patients and solutions to its customers. The Board considered that the transaction would provide additional benefits to customers by way of an expanded offering in AAV manufacturing and were confident that the transaction would not disrupt Homology Medicines' clinical trials, nor have a negative impact on the patient population.

Employees

Consideration was given to the effect that the process of negotiating and agreeing the transaction, together with the longer-term integration of Oxford Biomedica Solutions into the Group, would have on the Group's employees. It was noted that the expected impact on employees would be felt not only in terms of the increased workload for key employees involved in the diligence and negotiation of the transaction itself under a tight timeframe, but also as a result of the integration and alignment process that was expected to continue for at least a 12-month period following closing of the transaction.

Measures were put in place to assist the key deal team with their increased workload, including providing wellbeing support during the period of increased activity. The team were also permitted to retain any annual leave they were unable to take during the transaction timetable that would otherwise have lapsed at year end. Increased staffing needs were agreed for the implementation of the integration post-closing of the transaction.

80%

Acquisition of an 80% ownership interest in a newly formed AAV focused manufacturing and innovation business, Oxford Biomedica Solutions

The transaction will provide additional benefits to customers by way of an expanded offering in AAV manufacturing

Treatments and solutions
The Board believed that the transaction would enable the Group to achieve its goal of becoming a global viral vector leader, providing treatments to patients and solutions to its customers.

Local communities

The Board considered whether the transaction would have any positive or negative effect on local communities. The Board concluded that the transaction would have a positive impact in terms of providing future job security for Oxford Biomedica employees in Oxford, and for those employees of Oxford Biomedica Solutions based in the wider Boston area. The Board believed that the transaction would have a positive effect on the existing community in the local Oxford area and the community in the Greater Boston area where Oxford Biomedica Solutions would be located, bringing more business and employment to the local area.

Supply chain and regulators

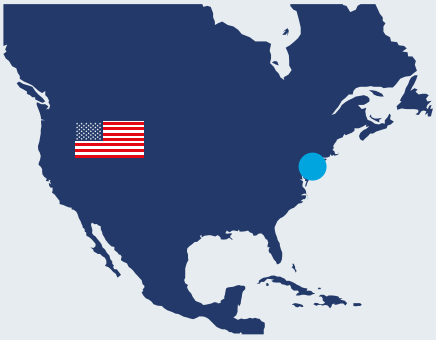
The Board assessed the effect of the transaction on the Group's suppliers and existing supply chain as well as on its relationships and dealings with regulators both within the UK and, given the location of Oxford Biomedica Solutions, US regulators. The Board decided that the Group's suppliers would not be significantly affected by the transaction and that there would not be any additional pressure on the supply chain. The Board recognised the additional regulatory workload that the forward-looking compliance with the US regulatory authorities post-closing would bring to the Group. In addition, the Board acknowledged the need for compliance with the UK financial regulators to ensure the transaction received the necessary approvals from the UK Financial Conduct Authority and the US regulatory authorities to obtain approval from the US anti-trust regulators under the Hart-Scott Rodino Act.

Shareholders

The Board considered the effect of the transaction on the Group's shareholders and assessed whether it was in the shareholders' best interests to proceed with the transaction. The Board believed the combined Group, that would result from the transaction, would align with Oxford Biomedica's publicly stated strategy and facilitate the Group's goal of becoming a global viral vector leader. In addition, the Board believed that the transaction would raise the profile of the Group within the investment community and beyond and would facilitate access to a broader investor base, allowing for diversification of the Group's shareholder base.

Following due discussion and consideration, the Board concluded that it was in the best interests of the Group's stakeholders, taken as a whole, to proceed with the transaction.

The Group's suppliers will not be significantly affected by the transaction and there will not be any additional pressure on the Group's supply chain



Oxford Biomedica Solutions, located in the Greater Boston area, US, will bring more business and employees to the local area.

Proprietary 'plug and play' manufacturing process and platform
The Board believed that the transaction will enable the Group to achieve its goal of becoming a global viral vector leader, providing treatments to patients and solutions to its customers.

Operational highlights delivered in 2021

COVID-19 Vaccine and Agreement with AstraZeneca

See page 30.

— Continued large-scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine at the Group's Oxbox facility, running three manufacturing suites at 1000L scale to maximise production of vaccine

— Cumulative revenues from AstraZeneca by the end of 2021 were in excess of £100 million, contributing to significant growth in Group Operating EBITDA in 2021

Novartis Partnership

See page 31.

— In December, Novartis and Oxford Biomedica extended their commercial supply agreement for the manufacture of lentiviral vectors for several Novartis CAR-T products to the end of 2028

— Global roll out of Kymriah® in both paediatric and young adult relapsed or refractory B-cell acute lymphoblastic leukaemia (r/r ALL) and relapsed or refractory diffuse large B-cell lymphoma (r/r DLBCL) indications continued to expand with more than 365 qualified treatment centres in 30 countries having coverage for at least one indication

Boehringer Ingelheim

See page 31.

— In April, Oxford Biomedica announced that it had entered into a new three-year development and supply agreement with Boehringer Ingelheim for the manufacture and supply of various types of viral vectors, demonstrating the versatility of the Group's platform

— In October, the Group announced that Boehringer Ingelheim had exercised its option to license Oxford Biomedica's lentiviral vector technology to manufacture, register and commercialise BI 3720931 as a long-lasting therapeutic option for patients with cystic fibrosis

Other Partnership News and Strategic Updates

See page 32.

— Oxford Biomedica continues to actively progress its exciting collaborations with Juno Therapeutics Inc. (a wholly owned subsidiary of Bristol Myers Squibb Inc.) and Beam Therapeutics

See page 32.

— In March, Oxford Biomedica announced that Sanofi had given notice of their intent to terminate their collaboration and licence agreement for the process development and manufacturing of lentiviral vectors to treat haemophilia. Oxford Biomedica expects a negligible impact on revenue over the coming 18-month period

See page 32.

— In November, OXB signed a new agreement with Immatics, a leading company developing T-cell-redirecting cancer immunotherapies

See page 33.

— In December, Oxford Biomedica announced a new licence and supply agreement and a three-year clinical supply agreement with leading next-generation CAR-T developer Arcellx, and is currently working on their lead CAR-T programme

See page 33.

— In May, Orchard Therapeutics announced it would be returning the rights to its OTL-101 programme to the academic originators of that programme

— Post-period end, Oxford Biomedica announced a licence and supply agreement with Cabaletta Bio for their DSG3-CAART programme (now in Phase I) (January 2022)

See page 34.

— Post-period end, Oxford Biomedica announced that Sio Gene Therapies had given notice of their intention to return the rights for AXO-Lenti-PD; Oxford Biomedica plans to out-license the programme in due course (February 2022)

— During 2021, the Group concluded an internal review of its proprietary pipeline and, following this, identified a set of select assets for development

Investment from Serum Life Sciences Ltd

See page 35.

- In September, Serum Life Sciences Ltd (a subsidiary of Serum Institute of India) made an investment of £50 million in the Company in return for 3.9% of the share capital at the time
- The proceeds of the transaction will fund the development of the fallow area at Oxbox into a flexible advanced manufacturing space for a variety of viral vector based products, including cell and gene therapy products, vaccines and other advanced therapeutics at 2,000L scale

Transaction with Homology Medicines, Inc and creation of Oxford Biomedica Solutions (post-period end)

See page 36.

- In January 2022, Oxford Biomedica announced that it had agreed with Homology Medicines to establish Oxford Biomedica Solutions, a high-performing, full scope AAV manufacturing and innovation business near Boston, US
- The transaction completed on 10 March 2022 and is immediately accretive to the Group's revenue growth
- The transaction has expanded the Group's suite of viral vector capabilities into the large and growing AAV segment
- Oxford Biomedica, Inc acquired an 80% ownership interest in Oxford Biomedica Solutions for $130 million (£97 million) cash consideration, with a further $50 million (£37 million) capital injection into Oxford Biomedica Solutions to fund growth

Expansion of Capacity

See page 35.

- In January 2021, Oxford Biomedica hosted the Prime Minister, the Rt. Hon Boris Johnson MP, to formally open the Oxbox manufacturing facility following MHRA approval of four manufacturing suites
- Planning permission for redevelopment of the Windrush Innovation Centre was granted in June 2021, and is planned to provide next generation laboratory facilities; project anticipated to commence in second half of 2022

Corporate Governance and Organisational Progress

See page 28.

- Post-period end, Dr. Roch Doliveux assumed the role of Interim CEO of the Company, simultaneous with the announcement of John Dawson's decision to retire as CEO after more than 13 years of service. A process to appoint a new CEO is underway
- The Company welcomed three new Board members in 2021; Professor Dame Kay Davies, a world-renowned geneticist and Dr. Lee's Professor of Anatomy Emeritus at Oxford University, Dr. Michael Hayden, with decades of industry defining contributions and achievements, and Ms Catherine Moukheibir, with extensive international experience in finance, capital markets and life sciences
- During the period two long-standing Board members also stepped down; Martin Diggle, Partner at Vulpes Investment Management, stepped down in February and Dr. Andrew Heath retired from the Board at the AGM in May
- In April 2022, the Company welcomed Namrata P Patel to the Board as an Independent Non-Executive Director. Ms Patel brings extensive international experience in manufacturing and product supply, and ESG

Financial highlights delivered in 2021

£142.8m

Revenue
Revenue increased by 63% from £87.7 million to £142.8 million

£35.9m

Operating EBITDA[1] profit
Operating EBITDA profit generated of £35.9 million (2020: £7.3 million)

+87%

Bioprocessing and commercial development revenue
Bioprocessing and commercial development revenues increased by +87% to £128.4 million (2020: £68.5 million)

£14.4m

Licences, milestone and royalties revenue
Licences, milestone and royalty revenues decreased to £14.4 million (2020: £19.2 million)

£20.8m

Operating profit
Operating profit generated of £20.8 million (2020: £5.7 million loss)

£31.4m & (£10.6m)

Segment operating profit/(loss)
The Platform segment generated an operating profit of £31.4 million in 2021 (2020: £2.0 million profit), whilst the Product segment made a loss of £10.6 million (2020: £7.7 million loss)

£108.9m

Cash
Cash of £108.9 million (31 December 2020: £46.7 million)

£24.5m

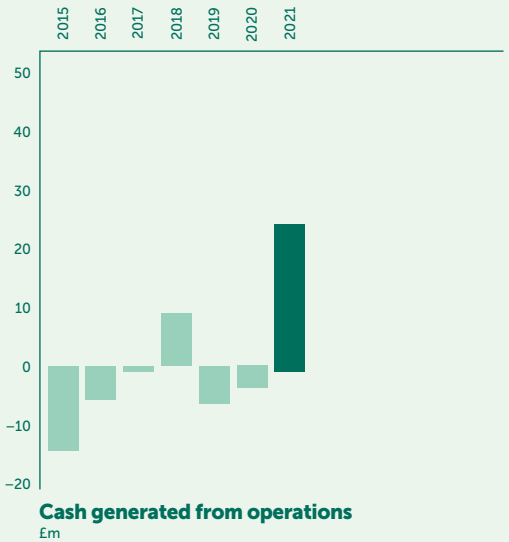
Cash generated from operations
Increased by £28.3 million to £24.5 million (2020: £3.9 million used)

£9.5m

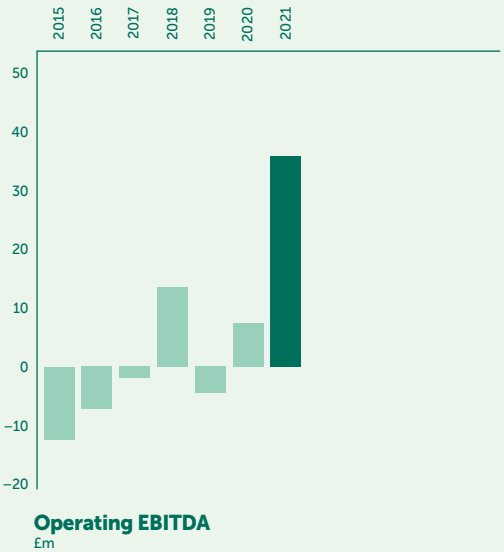
Capital expenditure
Capital expenditure of £9.5 million (2020: £13.4 million)

£50.0m

Strategic equity placing in Sep 2021
Strategic £50.0 million equity placing by Serum Life Sciences Ltd for the development of the Oxbox fallow area



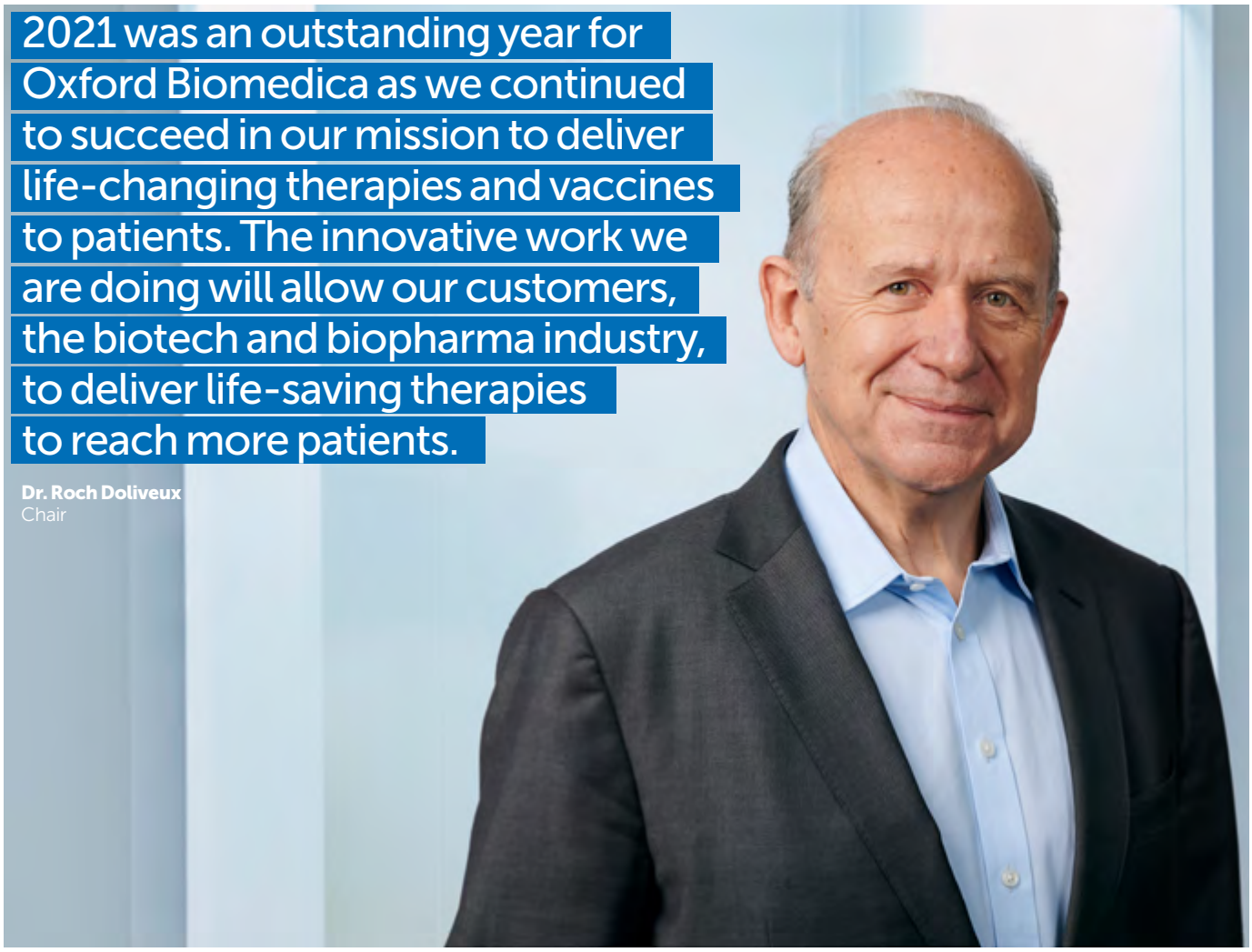
Cash generated from operations
£m



Operating EBITDA
£m

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. Share options are considered non-cash as there is no cash payment associated with the annual share option charge recognised in the statement of comprehensive income. A reconciliation to GAAP measures is provided on page 50.

Process development is a critical success factor driving better efficacy, safety, affordability and wider applicability of cell and gene therapies



Saving lives through innovative cell and gene therapy services

Introduction

2021 was an outstanding year for Oxford Biomedica as we continued to succeed in our mission to deliver life-changing therapies and vaccines to patients. Our business model is built upon using science to save lives and the innovative work we are doing is enabling our customers, the biotech and biopharma industry, to deliver life-saving therapies to reach more patients.

We continued the large-scale manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine, successfully manufacturing more than 100 million doses of the vaccine and demonstrating Oxford Biomedica's world class facilities, expertise and strength of our team. We expanded upon other existing partnerships, including with Boehringer Ingelheim for the manufacture and supply of various types of viral vectors, whilst also signing two new partnerships.

In line with our aim of becoming a global viral vector leader, not only did we invest in the expansion of our world class facilities in the UK, but we also announced a transformational deal with Homology Medicines which was completed in early 2022. This transaction has enabled us to broaden our vector offering into adeno-associated virus (AAV) whilst enhancing our process development and manufacturing capabilities and expanding our US presence.

>100m doses

Adenovirus-based COVID-19 vaccine
Oxford Biomedica has now successfully manufactured more than 100 million doses of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine.

$2.8bn

Vector manufacturing supply market
The global outsourced vector manufacturing supply market, for lentivral vector, AAV and adenoviral vector, is growing rapidly and is expected to reach c. $2.8bn by 2026[1].

1 Company estimates and third-party research.

Innovation in our platform remains integral to the future of our business. We conducted an internal review of our additional assets in development in 2021 and as of the end of the year we had several assets in our gene therapeutics pipeline.

We have entered 2022 in a robust financial position, providing us with a stable foundation for future growth. In September, we received an investment by Serum Life Sciences Ltd of £50 million, which enables us to further expand the capacity of our world class facilities as we continue anticipating growing demand for our capabilities in viral vector manufacturing.

Our Culture

Our purpose is at the heart of our culture. During 2021, our culture became even stronger despite being tested by the COVID-19 pandemic. The Group's approach to employee wellbeing continued to focus on mental wellbeing and, in particular, resilience. The pandemic has emphasised that whilst we cannot control the external environment around us, we can support employees and provide them with the tools to manage their personal response to these external factors.

As a Group, employee engagement remains a key priority. We are committed to making sure employees are regularly asked for their views and suggestions on a variety of issues, through multiple channels and forums. In 2021, we launched our first ever company-wide employee engagement survey. The results were positive, and the Group's sustainable engagement score, a key overall engagement indicator, was above those of other benchmarked groups. We will continue to take action to further improve our performance in this area.

Our Strategy

The Group's goal is focused on becoming an innovative global viral vector leader that provides solutions to cell and gene therapy companies.

In September, having conducted a strategic review and following our success in both lentiviral vectors and our performance above other CDMOs with the adenovirus-based Oxford AstraZeneca COVID-19 vaccine, we announced that we would expand the scope of our innovative process development and manufacturing to all classes of viral vectors. The global outsourced vector manufacturing supply market for lentiviral vector, AAV and adenoviral vector is growing rapidly and is expected to reach c.$2.8bn by 2026[1], and we see significant potential to build upon our success with lentiviral vectors and capitalise on the opportunities available.

In line with this vector agnostic strategy, our recent transaction with Homology Medicines has enabled us to further broaden our leading viral vector capabilities into the large and fast-growing AAV segment. We believe that the transaction will accelerate our strategy of becoming an innovative global viral vector leader, providing solutions to cell and gene therapy biotech and biopharma companies for their process development and manufacturing needs across key viral vectors.

Our focus is now on the delivery of this strategy. Process development is one of the most critical success factors to ensure the efficacy, safety, affordability and wider applicability of cell and gene therapies and therefore an increased focus on this is a natural evolution for the company.

Over the long-term, our process development has the potential to help build a proprietary pipeline of assets for which we will seek external funding and continue to progress in-house before seeking partners to take the products into clinical trials.

Culture and values
During 2021, our culture became even stronger despite being tested by the COVID-19 pandemic. Read more about our Environmental, Social and Governance Report on pages 54 to 75.

Chair's statement

Governance

As a FTSE 250 company, best practice corporate governance is paramount to Oxford Biomedica and the Board plays a key role in promoting the long-term success of the Company, ensuring that we maintain sustainable practices. Alongside this, the Group is firmly committed to strengthening and diversifying the Board. During 2021 we made significant strides enhancing diversity, moving from one to three women on the Board, of whom two chair committees that advise the Board.

"We continue to build our global footprint as a vector-agnostic provider of life-changing therapies to a group of high calibre customers globally."

In March, Professor Dame Kay Davies, a world-renowned geneticist and Dr. Lee's Professor of Anatomy Emeritus at Oxford University, was appointed to the Board as an Independent Non-Executive Director. Dame Kay Davies is the Chair of our newly formed Science and Technology Advisory Committee, an advisory committee to the Board on science and technology matters which reaffirms our commitment to innovation. Details of the Science and Technology Advisory Committee are on page 93. The Board was further bolstered in July when we appointed Dr. Michael Hayden as a Non-Executive Director. Dr. Hayden has decades of industry defining scientific contributions and achievements, including developing the world's first approved gene therapy treatment. In December, the Board was pleased to appoint Catherine Moukheibir to the Board as an Independent Non-Executive Director. Ms Moukheibir has extensive international experience in finance, capital markets and life sciences and currently serves on the board of six other companies. Post period end, we added a fourth female Non-Executive Director, with Namrata P Patel joining the Board in April 2022. Ms Patel brings extensive international experience in manufacturing and product supply and Environmental Social and Governance (ESG) matters.

John Dawson
John Dawson announced his decision to retire after more than 13 years as Oxford Biomedica's Chief Executive Officer. Under his leadership, Oxford Biomedica has grown into a global industry leader in viral vectors and its market cap has multiplied over 20 times. At the end of 2021 he was made a Commander of the Order of the British Empire (CBE) awarded for services to UK Life Science.

In addition to chairing the Board, I assumed the role of Interim Chief Executive Officer of the Company in January 2022, after John Dawson announced his decision to retire after more than 13 years of service, which was closely followed by the announcement of the transformational deal with Homology Medicines. On behalf of the Board, I would like to express my sincere appreciation for John Dawson's leadership and achievements as Chief Executive Officer during his lengthy tenure. His successful career and pivotal role in the manufacture of the life-saving adenovirus-based Oxford AstraZeneca COVID-19 vaccine were recognised at the end of 2021 by a much-deserved Commander of the Order of the British Empire (CBE) award for services to UK Life Science. Under his leadership, Oxford Biomedica has grown into a global industry leader in viral vectors and its market cap has multiplied over 20 times and delivered multiple high-value partnerships alongside successfully manufacturing the adenovirus-based Oxford AstraZeneca COVID-19 vaccine at unprecedented speed. We have commenced a formal process to appoint a successor who will lead the Group through its next phase of growth.

During the period two long-standing Board members also stepped down after many years of service. Martin Diggle, a Partner at Vulpes Investment Management stepped down as a Non-Executive Director in February after nearly nine years of service and Dr. Andrew Heath, Non-Executive Director, retired from the Board at the AGM in May, after more than eleven years of service to the Group. We thank them both for their contribution.

In August 2021, Matthew Treagus, Chief Information Officer joined the Senior Executive Team as a permanent member, having worked with Oxford Biomedica on the development and implementation of its digital strategy since 2019. This announcement reflects the Group's commitment to driving its digitalisation agenda. Dave Backer joined the Senior Executive Team in September 2021 as Chief Commercial Officer, broadening the Group's business development expertise as it expands beyond lentiviral manufacturing into other vectors, including adenovirus and AAV.

The Group remains committed to its role as a responsible business and continues work on implementing its ESG strategy, which is focused on five pillars: People; Community; Environment; Innovation and Supply Chain. Throughout 2021, the Group made progress towards strengthening its involvement in the local community adding a further 16 apprentices across the organisation and raising £17,000 for our chosen charity SeeSaw. We are pleased with the progress we are making towards reducing our environmental footprint and work alongside our team of 40 environmental representatives to identify areas where further efficiencies can be made. The Group endeavours to gain an environmental certification as part of its sustainability plan.

Summary

The Board expects 2022 to be a year of growth for the Group, excluding the one-time impact of the Oxford AstraZeneca COVID-19 vaccine. We continue to build our global footprint as a vector-agnostic provider of life-changing therapies to a group of high calibre customers globally. In particular, the Group is expected to increase its presence in the strategically important US market, following the transformational transaction with Homology Medicines, which has culminated in the establishment of Oxford Biomedica Solutions. This transaction has provided Oxford Biomedica with entry into the high value AAV market, which is expected to grow at a CAGR of 25%[1] over the next five years.

Innovation in cell and gene therapy remains key to our strategy, where our platforms and capabilities are sought after by global customers. Underpinned by our purpose of saving lives, the innovative work Oxford Biomedica is doing will allow our customers, the biotech and biopharma industry to deliver the breakthroughs of cell and gene therapies which have the amazing potential to cure patients.

Dr. Roch Doliveux
Chair

Saving lives
Our purpose at Oxford Biomedica is saving lives. We will continue to be an innovator in cell and gene therapy, and work with our customers to deliver breakthrough life-changing treatments.

40 people

Environmental representatives
Oxford Biomedica has a team of 40 environmental representatives working to identify areas where efficiencies can be made.

1 Company estimates and third-party research.

2021 performance review

Introduction

2021 was a year of significant progress for Oxford Biomedica, as reflected by the strong financial performance during the year, largely driven by the Group's significant efforts to produce COVID vaccines for AstraZeneca. Over the course of the period, Oxford Biomedica has continued to deliver on its strategy of becoming a global viral vector leader and further demonstrated its world-leading expertise in cell and gene therapy. Now, more than ever, the Group is in a strong position to enable its customers to bring their new life-changing therapies to patients.

>£100m

Revenues from AstraZeneca
Cumulative revenues from AstraZeneca by the end of 2021 were in excess of £100 million.

CDMO Pipeline

COVID-19 vaccine and agreement with AstraZeneca

Throughout the year, Oxford Biomedica continued the large-scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine at the Group's Oxbox facility. Manufacturing was at full pace in three manufacturing suites running at 1000L scale to maximise production of the vaccine. In May 2021, the Group announced that AstraZeneca had committed to an increase in the number of batches required from Oxford Biomedica in the second half of 2021. As a result of this, cumulative revenues from AstraZeneca by the end of 2021 were in excess of £100 million, contributing to significant growth in Group's revenues and Operating EBITDA in the year ending 2021.

"Manufacturing was at full pace in three manufacturing suites running at 1000L scale to maximise production of vaccine."

Oxford Biomedica has a three-year master supply and development Agreement with AstraZeneca for large-scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine, announced in September 2020. The Group has successfully manufactured over 100 million doses of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine, working alongside AstraZeneca and other manufacturing organisations internationally to enable the supply of COVID-19 vaccines on a global scale. The worldwide network has now been responsible for the manufacture of over 2.9 billion doses of COVID-19 vaccines to more than 180 countries, supporting significant unmet demand for vaccines in high, middle and low income countries.

In June 2020, the Group announced a five-year collaboration agreement with Vaccines Manufacturing and Innovation Centre (VMIC) to enable the rapid manufacture of viral vector-based vaccines. As part of the agreement VMIC provided equipment for 1000L scale production in two GMP manufacturing suites in Oxbox to further scale up production of AZD1222. The Group purchased this equipment to allow for longer term use, which consisted of a capital outlay of £3.8 million paid in the first half of 2021. The collaboration was terminated by mutual consent in April 2022 following the sale of VMIC to Catalent.

Novartis

Throughout 2021, the Group continued to deliver under its partnership with Novartis for the commercial and clinical supply of lentiviral vectors for Kymriah® (tisagenlecleucel, formerly CTL019) and Novartis' broader CAR-T portfolio. The Novartis collaboration was extended in December 2021, building on the strategic partnership the Group has had with them since 2014. Under the terms of the updated agreement, Oxford Biomedica regained the rights to its LentiVector® platform relating to three CAR-T targets, including CD19 targeted therapies. In addition, Novartis has been granted additional flexibility in the ordering of GMP batches across Oxford Biomedica's multiple GMP facilities but will no longer have a minimum order commitment. Oxford Biomedica continues to be Novartis' sole global supplier of lentiviral vector for Kymriah®.

Global roll out of Kymriah® in both paediatric and young adult relapsed or refractory B-cell acute lymphoblastic leukaemia (r/r ALL) and relapsed or refractory diffuse large B-cell lymphoma (r/r DLBCL) indications continued to expand with more than 365 qualified treatment centres in 30 countries having coverage for at least one indication. Kymriah® continued to see double-digit growth showing 24% growth in the 2021 financial year, over the 2020 financial year, reporting sales in 2021 of $587 million.

Indication expansion for Kymriah® continues to progress well, and in October, Novartis filed regulatory submissions for Kymriah® in relapsed or refractory follicular lymphoma (r/r FL) in the US and EU (with a positive CHMP opinion received in March 2022).

The Group is currently working with Novartis on five partner programmes, in addition to Kymriah®.

Boehringer Ingelheim

During 2021, Oxford Biomedica's partnership with Boehringer Ingelheim continued to progress through development. In April, Oxford Biomedica announced that it had entered into a new three-year development and supply agreement with Boehringer Ingelheim for the manufacture and supply of various types of viral vectors, demonstrating the versatility of the Group's platform.

In October, the Group announced that Boehringer Ingelheim had exercised its option to license Oxford Biomedica's lentiviral vector technology to manufacture, register and commercialise BI 3720931, a lentiviral vector based gene therapy for the treatment of cystic fibrosis (in an inhaled formulation). The agreement builds on the existing partnership established between the two companies in 2018 with the UK Cystic Fibrosis Gene Therapy Consortium and IP Group to develop BI 3720931 as a long-lasting therapeutic option for patients with cystic fibrosis. Boehringer Ingelheim is accelerating the start of First-in-Human studies as much as possible in close collaboration with patients, investigators and regulators.

Under the terms of the agreement originally announced in 2018, the Group received and recognised a £3.5 million cash option exercise fee and is entitled to receive a further £27.5 million in development, regulatory and sales milestones, in addition to tiered low single digit royalties on net sales.

"2022 marks the 10 year anniversary of Emily Whitehead being treated with CAR-T therapy. Oxford Biomedica is the manufacturer of lentiviral vectors for Novartis' CAR-T therapy, Kymriah®."

New three-year development and supply agreement
In April, Oxford Biomedica announced that it had entered into a new three-year development and supply agreement with Boehringer Ingelheim for the manufacture and supply of various types of viral vectors, demonstrating the versatility of the Group's platform.

30 countries

Global roll out of Kymriah®
Kymriah® in both relapsed or refractory B-cell acute lymphoblastic leukaemia (r/r ALL) and relapsed or refractory diffuse large B-cell lymphoma (r/r DLBCL) indications continued to expand with more than 365 qualified treatment centres in 30 countries having coverage for at least one indication.

Immatics

In November, OXB signed a new licence and supply agreement with Immatics, a Tübingen, Germany-based clinical-stage biopharmaceutical company active in the discovery and development of T-cell-redirecting cancer immunotherapies. The agreement grants Immatics a non-exclusive licence to Oxford Biomedica's LentiVector® platform for its application in select TCR-T programmes and puts in place a three-year Clinical Supply Agreement.

Arcellx

In December, OXB signed a licence and supply agreement with Arcellx, a clinical-stage cell therapy company developing treatments for patients with cancer and other incurable diseases. The agreement grants Arcellx a non-exclusive licence to Oxford Biomedica's LentiVector® platform for its application in select Arcellx CAR-T programmes, and also puts in place a three-year clinical supply agreement, for which the Group will receive payments related to the development and manufacturing of lentiviral vectors for use in clinical trials. In addition, the Group will receive payments for the manufacture and supply of lentiviral vectors for commercial use. The Group is currently working on two programmes with Arcellx, including Arcellx's lead CAR-T programme CAR-T ddBCMA.

Further partner updates

The Group's collaborations with Juno Therapeutics Inc. (a wholly owned subsidiary of Bristol Myers Squibb Inc.) and Beam Therapeutics continue to progress through development. The combined revenues from these two partnerships are expected to continue to provide a meaningful contribution to commercial development revenues.

Sanofi

In March, the Group announced that Sanofi had given notice of their intent to terminate the 2018 collaboration and licence agreement for the process development and manufacturing of lentiviral vectors to treat haemophilia. The Group expects that the impact on revenue will be negligible over the coming 18-month period, and continues to believe that a lentivector-based approach to treat haemophilia is a very attractive opportunity.

Orchard Therapeutics

The MPS-IIIA (OLT-201) partner programme with Orchard is currently being evaluated in an ongoing proof-of-concept clinical trial. Clinical data, including early clinical outcomes of cognitive function, is expected by year end 2022.

In May, Orchard Therapeutics announced that it would be returning the rights to their OTL-101 programme for ADA-SCID to the academic originators of the programme, following its decision to deprioritise that programme in a prior portfolio review.

While this news means that Oxford Biomedica will no longer be working with Orchard on the OTL-101 programme, the Group awaits further information on whether it can be of assistance to the academic partners at UCLA and UCL.

"The Group is currently working on two programmes with Arcellx, including Arcellx's lead CAR-T programme."

Licence and supply agreement with Immatics
OXB signed a new licence and supply agreement with Immatics, a Tübingen, Germany-based clinical-stage biopharmaceutical company active in the discovery and development of T-cell-redirecting cancer immunotherapies.

Cabaletta Bio

Post period end in January 2022, Oxford Biomedica announced a licence and supply agreement with Philadelphia, US-based Cabaletta Bio for their lead product candidate, DSG3-CAART. DSG3-CAART is being evaluated in the DesCAARTes™ Phase I clinical trial as a potential treatment for patients with Mucosal Pemphigus Vulgaris (mPV), and is designed to selectively target and kill the B cells that produce DSG3 antibodies while preserving the healthy B cells critical to immune function. No DLTs were observed in the first four cohorts of the trial with the 28-day safety data for the fifth cohort expected to be announced in mid-2022.

Cabaletta Bio licence and supply agreement
OXB signed a licence and supply agreement with Philadelphia, US-based Cabaletta Bio for their lead product candidate.

Sio Gene Therapies (formerly Axovant Gene Therapies)

Post-period end in February 2022, Oxford Biomedica announced that Sio Gene Therapies had given notice that they intend to return the global rights for AXO-Lenti-PD which they had originally out-licensed in 2018 and to terminate their programme in Parkinson's Disease. The Group expects that the impact on revenue will be negligible through at least 2022 and 2023. Oxford Biomedica plans to out-license the programme in due course to a suitable partner with resource capabilities and funding to further develop this asset.

Innovation and platform development

Innovation and the development of the platform are core to Oxford Biomedica's goal of industrialising viral vector manufacturing not just with lentiviral vectors but across all viral vector classes. By industrialising viral vector production thereby reducing the cost and improving quality attributes through innovation, the Group will broaden the therapeutic indications that are amenable to treatment with cell and gene therapy. It is expected that the reduction in cost will help drive adoption by payors into indications where there are far larger numbers of patients, by bringing down the overall cost per patient treated.

"Innovation and the development of the platform are core to Oxford Biomedica's goal of industrialising viral vector manufacturing not just with lentiviral vectors but across all viral vector classes."

Multiple elements of IP and innovation are relevant across all viral vector classes. Development of technologies such as TRiPSystem™, SecNuc™, LentiStable™ and U1 and U2, along with the corresponding IP, continue to move ahead. A number of the Group's platform technologies developed for lentiviral vectors such as TRiPSystem™, SecNuc™ and perfusion technology, can also be used commercially for AAV. The Group also continues to utilise automation and the use of robotics, artificial intelligence and machine learning to further drive productivity improvements.

Process C, which incorporates enhancers (such as U1, U2) and perfusion coupled with improvements in downstream processing into the manufacturing process is now proven at 200L scale in GMP, with general roll out expected in the first half of 2022, thereby enabling process D utilising LentiStable™ technology.

The Group has additionally started development work in the area of *in vivo* CAR-T, which the Group believes would offer greater patient access and superior efficacy to existing treatment options.

R&D collaborations

During the year, the Group continued to progress R&D to develop next generation manufacturing processes for viral vectors. In October 2021, the Group entered into a research collaboration with Circularis Biotechnologies to identify novel tissue specific promoters for incorporation into the Group's *in vivo* lentiviral gene therapy products.

Post period end, in January 2022, the Group announced a new R&D partnership with Virica Biotech, a leading developer of solutions for scaling of viral medicines, to improve the yield and production efficiency of the Group's lentiviral vector manufacturing platform using Virica's Viral Sensitizers (VSEs™).

OXB also entered into a research collaboration with Isolere Bio, a bioprocessing company that provides a platform technology for tackling downstream inefficiencies in the manufacturing of biologics. By bringing together both companies' technologies, the research collaboration aims to develop an easily scalable purification process for lentiviral vectors with significantly improved yields and vector quality.

Finally, in March 2022, the Group announced a new agreement with BiologIC Technologies, a biocomputer company, to collaborate on a novel biocomputer system for viral vector development.

These R&D collaborations with companies developing innovative solutions for viral vector manufacturing, represent the Group's ongoing commitment to continuously innovate and improve Oxford Biomedica's LentiVector® platform, with the goal of including these technologies in the Group's gene therapy products and making these proprietary technologies available to its customers in the future.

Gene therapeutics pipeline

The Group concluded an internal review of its proprietary products pipeline in 2021, and following this, has a select set of products being developed for which external funding will be sought. This includes the gene therapy programme for Parkinson's disease, AXO-Lenti-PD, which is available for out-licensing.

The most advanced programme, OXB-302, which targets 5T4, is currently being investigated in Acute Myeloid Leukaemia (AML) with preparation for clinical trial initiation ongoing. 5T4 is an oncofoetal antigen specifically expressed on the cell surface of most cancers including AML. The restricted expression profile of 5T4 on normal tissues combined with its broad expression on tumour cells (including cancer stem cells) makes 5T4 an attractive target.

OXB-302 is a second-generation CAR-T product generated via an optimised lentiviral vector, manufactured utilising the latest generation of vector processing, and a T-cell-transduction protocol and expression process that generates more potent cells than more conventional CAR-T production processes. OXB-302 has demonstrated potent *in vitro* and *in vivo* activity against a panel of human solid and liquid tumour cell lines and the Group believes it has high commercial potential for the treatment of multiple liquid and solid tumours.

Work has also been initiated on assets for liver indications including OXB-401, where preclinical work began in 2021. The potential use of lentiviral vectors in liver gene therapy is recognised as highly promising due to the potential for one-off therapies giving long term benefits.

The Group has chosen to deprioritise OXB-203, OXB-204 and OXB-103 at this time.

"The Group's research collaboration with Isolere Bio aims to develop an easily scalable purification process for lentiviral vectors with significantly improved yields and vector quality."

Acute Myeloid Leukaemia clinical trials
The Group's most advanced programme, OXB-302, which targets 5T4, is currently being investigated in Acute Myeloid Leukaemia with clinical trials expected to be initiated in 2023.

Facilities and capacity expansion

In January 2021, the Group was delighted to host the Prime Minister, the Rt. Hon Boris Johnson MP, to formally open the Oxbox manufacturing facility following MHRA approval of four manufacturing suites during 2020, three of which were dedicated to running at 1000L scale for adenovirus-based Oxford AstraZeneca COVID-19 vaccine production with the fourth suite dedicated to 200L lentiviral vector manufacturing. The first fill/finish suite has been qualified and regulatory submission to the MHRA has been made, with approval and start of commercial use expected in the second half of 2022.

Design work for the next phase of Oxbox development, including fit out of the fallow area, is progressing. This will provide additional flexible manufacturing capacity for a variety of viral vector based products, including cell and gene therapy products, vaccines and other advanced therapeutics at 2,000L scale, and will be funded by the proceeds of the £50 million equity investment received from Serum Life Sciences Ltd.

In June 2021, the Group was granted planning permission for redevelopment of the Windrush Innovation Centre (WIC) site. The new WIC building will provide next generation laboratory facilities, with this project anticipated to commence in the second half of 2022.

Conversion of office space into GMP grade laboratories at Windrush Court was completed in the last quarter of 2021 and the laboratories are now in place to meet expected near-term demand in commercial development and analytics.

45,000 sq. ft.

Oxbox facility fitout
Oxbox was constructed during 2019. The first phase of development, totalling over 45,000 sq. ft., consisted of four GMP manufacturing suites, two fill and finish suites and supporting areas.

Investment from Serum Life Sciences Ltd

In September, Oxford Biomedica announced that Serum Life Sciences Ltd (a subsidiary of Serum Institute of India) agreed to invest just over £50 million in the Group in return for new ordinary shares representing 3.9% of the share capital at the time.

The proceeds of the investment by Serum Life Sciences are being used to fund the development of the fallow area at Oxbox, the Group's 84,000 sq. ft manufacturing facility based in Oxford, UK, and will allow Oxford Biomedica to continue to expand the capacity of the Group's world class facilities in anticipation of growing demand for the Group's capabilities.

Oxford Biomedica has recently signed a Memorandum of Understanding with Serum Life Sciences Ltd, granting them the right of first refusal to the exclusive use of one of two 2,000L bioreactor facilities that Oxford Biomedica is building in the expansion of its Oxbox manufacturing facility. Exclusive use will require Serum Life Sciences to commit to a minimum contract value per year for up to ten years.

Transaction with Homology Medicines, Inc and creation of Oxford Biomedica Solutions

In January 2022, Oxford Biomedica announced that it had entered into an agreement with Homology Medicines to establish Oxford Biomedica Solutions, a high-performing, full scope AAV manufacturing and innovation business in Boston, US. The transaction completed on 10th March 2022 and is immediately accretive to the Group's revenue growth.

The newly formed company will offer a scalable, high quality manufacturing platform to global customers, including Homology Medicines, through a multi-year supply agreement as a preferred customer with minimum contracted revenue of approximately $25 million ($19 million) from Homology Medicines for the first twelve months.

Under the agreement, Oxford Biomedica US, Inc. acquired an 80% ownership interest in the newly formed AAV focused manufacturing and innovation business for a $130 million (£97 million) cash consideration, and a $50 million (£37 million) capital injection into Oxford Biomedica Solutions to fund growth. Oxford Biomedica Solutions now includes approximately 125 technical operation employees based at a state of the art AAV manufacturing facility with approximately 25,000 sq.ft of GMP space.

Tim Kelly, former Chief Operating Officer of Homology Medicines joined Oxford Biomedica Solutions as Chief Executive Officer and Chair of its Board of Directors.

Upon completion, the transaction immediately expanded Oxford Biomedica's suite of viral vector capabilities into the large and growing AAV segment, as well as giving Oxford Biomedica a US presence within close proximity to current and potential biotech and pharma customers.

"Establishing Oxford Biomedica Solutions has expanded Oxford Biomedica's suite of viral vector capabilities into the largest and fastest growing AAV segment, as well as giving Oxford Biomedica a US presence."

Outlook

The Group targets growth in manufacturing and commercial development revenues from both new and existing lentiviral vector customers as well as new AAV revenues from US-based Oxford Biomedica Solutions. Currently, total revenues in 2022 are expected to be lower than in 2021 (but significantly ahead of 2020) due to a pause in vaccine manufacturing activity while discussions with AstraZeneca continue on a potential extension of the supply agreement.

Oxford Biomedica Solutions will contribute minimum revenues of c.US$25 million for the first twelve months (post deal completion in March 2022) from its multi-year supply agreement with Homology Medicines. With Oxford Biomedica Solutions full scope AAV manufacturing and innovation business currently operating at approximately one third of its overall capacity, the Group is committed to securing new AAV customer partnerships within the first 12 months of operation.

The Group expects to be loss-making on an Operating EBITDA level in 2022, after consolidation of Oxford Biomedica Solutions. This is driven by one-off costs for integrating the new business, as well as R&D costs, which are targeted to be higher than in 2021 as the Group invests in innovation.

Capital expenditure is targeted to be higher than 2021. However the Group intends to implement a cautious strategy when planning significant new projects.

The Group's growing customer base and new base in the US puts it in an ideal position to maximise growth and achieve its goal of becoming an innovative global viral vector leader.

Revenue growth
The Group is targeting growth in manufacturing and commercial development revenues from both new and existing lentiviral vector customers as well as new AAV revenues from US-based Oxford Biomedica Solutions.

Our growing customer base, and our new capabilities and facility in the US make us ideally placed for continued success

Management team

Roch Doliveux

Chair and Interim Chief Executive Officer

Dr. Roch Doliveux was appointed to the Board as Non-Executive Chair in June 2020. Dr. Doliveux also became Interim Chief Executive Officer in January 2022. He is currently Chair of the Board of Directors at Pierre Fabre S.A. Dr. Doliveux was previously the Chief Executive Officer of UCB S.A. for ten years during which time he transformed the company from a diversified chemical group into a global biopharmaceutical leader. Prior to this Dr. Doliveux worked at Schering-Plough International, Inc. from 1990–2003 and at Ciba-Geigy AG (now Novartis) from 1982–1990. Dr. Doliveux is a Veterinary Surgeon by training and has an MBA from INSEAD.

John Dawson, CBE

Chief Executive Officer (during 2021)

John Dawson joined the Board as a Non-Executive Director in August 2008 and was appointed Chief Executive Officer in October 2008 until January 2022, when the Company announced his intention to retire. Previously, Mr Dawson held senior management positions in the European operations of Cephalon Inc., including Chief Financial Officer and Head of Business Development Europe. While at Cephalon Mr Dawson led many deals building the European business to over 1,000 people, and to a turnover of several hundred million US dollars. In 2005, Mr Dawson led the US$360 million acquisition of Zeneus by Cephalon. Prior to his time at Cephalon, Mr Dawson was Director of Finance and Administration of Serono Laboratories (UK) Limited.

Stuart Paynter

Chief Financial Officer

Stuart Paynter joined the Board in August 2017 as Chief Financial Officer. Mr Paynter has over 17 years' experience in the pharmaceutical and healthcare sectors. He qualified as a chartered accountant with Haines Watts before moving to EDS. Mr Paynter subsequently joined Steris and worked in a variety of roles within the healthcare and life sciences divisions prior to becoming the European Finance Director. Mr Paynter then moved to Shire Pharmaceuticals where he became the Senior Director of Finance Business Partnering for all business outside of the US, transitioning to a corporate finance role and before becoming the Global Head of Internal Audit. Prior to joining Oxford Biomedica, Mr Paynter was Head of Finance Business Partnering at De La Rue plc. He is a member of the Institute of Chartered Accountants in England and Wales.

Dave Backer

Chief Commercial Officer

Dave Backer joined OXB in September 2021 as Chief Commercial Officer, overseeing Oxford Biomedica's Contract Development and Manufacturing Organisation (CDMO) as it expands beyond lentiviral manufacturing into other vectors, including adeno and AAV. Mr Backer has been involved in cell and gene therapy for almost 25 years, starting as owner and founder of Molecular Medicine BioServices, a CDMO that started in the late 1990's focusing on GMP manufacturing of viral vectors. Mr Backer broadened out into cell therapy and gene editing as Head of Commercial Development within MilliporeSigma's 'Promise Venture' that focused on cell and gene therapy products and services. Most recently, Mr Backer was SVP of Commercial Development at ElevateBio, a technology company that centralises Chemistry, Manufacturing and Control related functions for partially or wholly owned companies, as well as more traditional Contract Manufacturing Organisation services for select strategic partners.

Kyriacos Mitrophanous

Chief Scientific Officer

Dr. Mitrophanous joined OXB in 1997. He has over 20 years of lentiviral vector experience covering a range of technical disciplines, including the development of cell and gene therapies, delivery platform technologies, bioprocessing and analytics. Dr. Mitrophanous is a recognised world-class expert in the field, a named inventor on numerous lentiviral vector patents and an author of a number of key papers. In his current role, he is responsible for the development of Oxford Biomedica's new product candidates and LentiVector® platform. He holds a PhD in Molecular Biology from University College London and has conducted post-doctoral research at the University of Oxford.

James Miskin

Chief Technical Officer

Dr. Miskin joined OXB in 2000. He has more than 18 years' experience in cell and gene therapy, 14 of which have been in the GxP (good practice) environment. In his current role, Dr. Miskin has overall responsibility for Oxford Biomedica's Quality systems, analytical testing and lentiviral based bioprocessing development, as well as client programmes and alliance management. He is also a named inventor on several patents in the field. Dr. Miskin holds a Bachelor of Science degree and a PhD in Molecular Biology from the University of Leeds and subsequently conducted post-doctoral research at The Pirbright Institute for a number of years. He is a member of the UK BioIndustry Association Manufacturing Advisory Committee and is the Advanced Therapies workstream lead for The Medicines Manufacturing Industry Partnership (MMIP).

Full biographies for the Board of Directors can be found on pages 86 and 87.

Jason Slingsby

Chief Business and Corporate Development Officer

Dr. Slingsby joined OXB in 2015 as Head of Business Development and was promoted to Chief Business Officer in May 2019 and Chief Business and Corporate Development Officer in September 2021. Dr. Slingsby has 20 years' experience in the biotechnology industry in biologics, vaccines and gene therapy. He has worked in international business development roles at Sosei Co., Ltd. and Intercell AG, and was co-founder and CEO of ProtAffin AG, a venture capital backed company in Austria and the UK. Dr. Slingsby started his career as a post-doctoral scientist at Oxford Biomedica and first worked at the company between 1997–2000. He was awarded a 1st class BA (Hons) in Biochemistry from Magdalen College, Oxford University and also completed a PhD in complex disease genetics from Imperial College London. Dr. Slingsby was also awarded an MBA with distinction from the London Business School in 2002.

Nick Page

Chief Operations Officer

Nick Page joined OXB in April 2019. Prior to joining, Mr Page held a number of senior operational leadership positions in the pharmaceutical industry, most recently as Platform Head of Anti-infectives within Novartis. His 40+ years of industry experience include API, Solid oral dose, Sterile, and Radiopharmaceutical manufacturing in various organisations encompassing innovative, generic and contract manufacturing. During his career, Mr Page spent several years working in China and India as well as in global roles. He originally qualified as a Chartered Chemist and also has an MBA from The Open University.

Tim Kelly

Chief Executive Officer of Oxford Biomedica Solutions

Tim Kelly joined as Chief Executive Officer of Oxford Biomedica Solutions and Chair of its Board of Directors in March 2022. Mr Kelly has over 20 years' experience in global product development and manufacturing which he gained whilst working for a range of pharmaceutical companies in Europe and the US. Prior to joining Oxford Biomedica Solutions, Mr Kelly was Chief Operating Officer at Homology Medicines, Inc. Mr Kelly has an MBA from Troy University as well as a BSc in Engineering Mechanics from the United States Air Force Academy.

Natalie Walter

General Counsel

Natalie Walter joined OXB in May 2019 as General Counsel having worked as a consultant for the Company since May 2018. She has over 20 years' experience as a corporate lawyer advising life sciences companies, including Oxford Biomedica, on a range of business and transactional issues, equity capital markets transactions, mergers and acquisitions and corporate governance. Ms Walter has worked for a number of UK and US law firms, as well as working at Lehman Brothers as a Director and Legal Counsel for the Equity Capital Markets division. She was most recently a Partner with Covington & Burling LLP. Ms Walter also sits on the Board of C4X Discovery Holdings plc as a Non-Executive Director.

Matthew Treagus

Chief Information Officer

Matthew Treagus joined OXB in August 2021 as Chief Information Officer, having worked as a consultant with the Company since 2019. He has over 30 years' experience of applying technology to support growth, innovation and efficiency. Mr Treagus was a co-founder of AKQA, a digital services business, now part of WPP Group plc, a pioneer of the internet services industry. Most recently, he was a Partner at Baringa Partners LLP with responsibilities in the Customer and Digital team working across the Retail, Financial Services and Energy sectors. Mr Treagus ran his own consultancy business for 12 years advising a diverse set of clients, including OXB. He has also served as Interim CIO at Save the Children UK.

Helen Stephenson-Ellis

Chief People Officer

Helen Stephenson-Ellis served as a permanent member of the Senior Executive Team from July 2018. She stepped down from her role in April 2022.

Lisa James

Chief People Officer

Lisa James joined the Senior Executive Team in April 2022, having worked with OXB since 2016. She joined Oxford Biomedica as HR Manager and during her six-year tenure has been promoted to Head of HR Delivery and Head of HR Business Partnering and Development.

Ravi Rao

Chief Medical Officer

Dr. Rao joined the Senior Executive Team in April 2022. He brings long standing bio pharmaceutical and translation experience from early stage through to launch and life cycle across multiple therapeutic areas with different treatment modalities.

Delivery of 2021 Objectives

In addition to these corporate objectives, the Group sets annual ESG objectives, which involve every part of the business. Detail of the ESG objectives for 2021 is set out in the five pillars for responsible business, on pages 54 to 73.

2021 objectives

1 CDMO

To service the Group's customers to achieve agreed milestones/decision gates, along with improvements in net promoter score (customer satisfaction) from baseline. C

To launch a client process that reduces the on-boarding time from project initiation to batch start. A

To sign agreements with new partners for CDMO projects (late-stage and early-stage projects). A

To initiate six additional new viral vector projects (to include new and current partners). A

To target the initiation of one project for commercial manufacture. A

To gain approval for one fill and finish suite at Oxbox by the third quarter of 2021. C

2 Platform

To achieve four new inventions. A

To apply a Group invention into a GMP setting. A

To in-license technology for the platform. C

To use analytical automation in a GMP or R&D setting. A

To establish a partnership for the *in vivo* CAR-T programme. A

3 Products

To establish one new academic relationship focused on product identification. A

To engage with a company on product discussions. A

To advance an internal product to a meaningful milestone. C

4 Financial objectives

To achieve revenue £125.4m. A

To achieve Operating EBITDA £8.9m. A

To achieve cash flow targets as set by the budget approved by the Board. A

5 Organisational development

To deliver on digitalisation projects planned for 2021 to ensure that the Group remains effective for its size. A

To focus on stakeholder engagement in various ways, including through the Workforce Engagement Panel to deliver on year one of the employee engagement strategy. A

To ensure the Group's ESG goals are set for 2021 and are met effectively. B

To implement the Group's learning and development strategy. A

To develop a strategic workforce plan. A

A Met
B Partly met
C Not met

2021 performance against priorities

1

Most of the CDMO objectives were fully met, while two were not met.
The Group did service the customers to achieve agreed milestones/decision gates, however, the Group did not see an improvement in the net promoter score (customer satisfaction) from baseline, so this objective was not met. The Group did launch a process that reduced the onboarding time from project initiation to batch start, so this objective was met. The objective of signing new partners for CDMO projects was met, with projects for Boehringer Ingelheim and Arcellx announced in 2021. The objective of initiating six new additional viral vector projects (undisclosed for confidentiality reasons) that included new and current partners was successfully met. The Group met the objective of initiation of one project for commercial manufacture, as the Group commercially manufactured the Oxford AstraZeneca COVID-19 vaccine. The Fill & Finish A suite at Oxbox was not MHRA licensed by third quarter 2021, therefore this objective was not met.

2

Most of the platform objectives were fully met, while one was not met.
The Group successfully filed six new patent applications, with two more planned to be filed. This objective was successfully met. The application and/exemplification of a Group invention in a GMP setting was met, with the Process C: U1 and perfusion USP exemplified in the second half of 2021. The objective to bring in new technology for the platform was not met in 2021. R&D automation was exemplified as a service across PR&D/R&D in the second half of 2021 and initiation of GMP automation for integration assay towards the end of 2021, resulted in this objective being successfully met. Finally, the objective of establishing a partnership to enable in vivo CAR-T platform development was met with agreements signed with an undisclosed biopharmaceutical company and an undisclosed academic partner.

3

Two of the product objectives were fully met, while one was not met.
One new academic relationship focused on product identification was successfully established with a UK university (not disclosed) and two projects had been agreed at the end of 2021. This objective was fully met. The Group successfully engaged with several companies (undisclosed) for clinical products and, therefore, this objective was fully met. The objective to advance an internal product candidate to a meaningful milestone was not achieved.

4

The financial objectives were fully met.
The Group exceeded the revenue targets of £125.4m, with £142.8m in revenue achieved.
The Group exceeded the Operating EBITDA target set in the budget of £8.9m, with £35.9m operating EBITDA achieved. The Group completed a £50 million capital raise in September 2021, achieving cash flow in accordance with expectations in the budget.

5

Majority of the objectives were met in full, with one partly met.
The digitalisation projects including the Laboratory Information Management System (LIMS), the Human Resources (HR), system and iManage were delivered during 2021. This objective was met in full. Stakeholder engagement under section 172 such as the Workforce Engagement Panel (WEP) being embedded into the business and adding significant value was achieved. The employment engagement strategy was rolled out to include Pulse surveys, Team Talk and a full employment engagement survey completed in November 2021. This objective was met in full. The Group's ESG objectives for the five pillars (People; Community; Environmental; Innovation and Supply chain: see ESG report on pages 54 to 76) were effectively set in 2021 and targets were mainly met. Consequently, this objective was partly met. The learning and development strategy for the Group was successfully developed and delivered and as a result this objective was met in full. The Group managed to develop a strategic workforce plan for the HR team as a pilot and successfully planned a strategic workforce plan and organisation design to reflect the strategy review in 2021, therefore this objective was met in full.

Objectives set for 2022

In addition to achieving the Group's ESG priorities, the Group has also set ESG objectives for 2022, which involve every part of the business. Detail of the ESG objectives for 2022 is set out in the five pillars for responsible business, on pages 54 to 73.

Objectives set for 2022

1 Align the Group's two locations for delivery to customer

To deliver to Homology Medicines as agreed and make them a satisfied customer.

To focus on change and best practice in Oxford Biomedica Solutions for service of AAV development and GMP manufacture.

To integrate back-office staff and systems to reduce demands for overhead costs.

To preserve the culture and capabilities of Oxford Biomedica Solutions.

For Oxford Biomedica Solutions to operate independently of Homology Medicines and exit transitional services in a timely manner.

2 Deliver on customer commitments

To service the Group's customers to achieve agreed milestones and decision gates as agreed.

To maintain the Net Promoter Score (NPS) score of >40.

To ensure the fill and finish A suite at Oxbox is in use by customers in 2022.

3 Achieve the 2022 budget

To achieve revenue, EBITDA and cash flow targets as set by the budget approved by the Board.

To achieve a target goal of sales for new projects recognised in 2022.

To sign two contracts for AAV development programmes and GMP manufacturing.

To enter 2023 with 60% of forecast revenues booked.

To maintain on budget delivery of planned 2022-23 strategic projects such as Windrush Innovation Centre (WIC), the Oxbox fallow area and digitisation projects.

4 Innovate the Group's AAV and lentiviral platforms

To achieve five new inventions.

To launch Process C to the market.

To exemplify a Group invention in a GMP setting.

To demonstrate Process D (stable cell lines) in the platform manufacturing process.

To demonstrate proof of principle for *in vivo* CAR-T products.

To launch the Collaborative Training Partnerships (CTP) programme in the fourth quarter of 2022.

Objectives set for 2022

5

Chart the Group's path to products

To establish a strategy with delivery milestones for the products at the Group.

To complete the efficacy evaluation of OXB-302.

To initiate pre-clinical development for one indication.

6

Strengthen the Group's leadership and change capability

To increase employee retention and satisfaction as measured through employee survey.

To demonstrate an engrained approach to Equality, Diversity and Inclusion through confirmation and communication of the three-year plan.

To strengthen governance of change initiatives and CAPEX investments.

To create space and capabilities for strategic thinking for the senior leadership team.

To deliver on the year two of the three-year Learning and Development plan.

7

Achieve the Group's ESG priorities

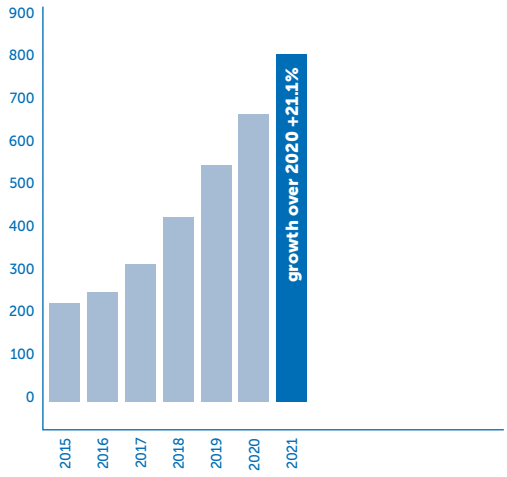
For environmental impact: to establish a roadmap to net zero CO_2 by 2040. Reduce packaging waste and volume of hazardous waste. Meet Task Force on Climate-related financial Disclosures metric targets.

For employee engagement: build on Workforce Engagement Panel success to bring employee views into change initiatives and business decision making.

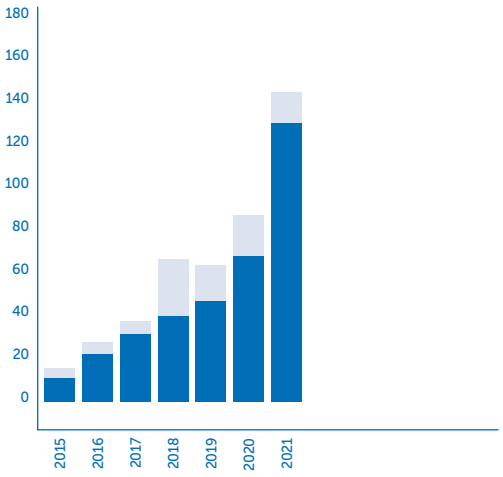
For governance: holistic approach to risk management to improve key decisions. Ensure environmental, quality and cyber security is thought about in all business activity.

In 2021, the Group performed well from an operational perspective, continuously manufacturing the adenovirus-based Oxford AstraZeneca COVID-19 vaccine in three of its manufacturing suites across the whole year in order to meet its customer obligations. As a result, batch volumes were up 210% from the prior year and resulted in exceptional revenue growth of 63% in 2021.

Stuart Paynter
Chief Financial Officer



Year-end headcount



Revenue
£m

Licence, milestones and grants (light tints)
Bioprocessing and process development (dark tints)

Exceptional results

In 2021, the Group performed well from an operational perspective, manufacturing the adenovirus-based Oxford AstraZeneca COVID-19 vaccine in three of its manufacturing suites across the whole year (excluding maintenance periods) in order to meet its customer obligations. As a result, batch volumes were up 210% from the prior year, and this resulted in exceptional revenue growth of 63% in 2021. Bioprocessing and commercial development activities continued as normal, albeit with some continued adjustments in terms of social distancing, mask wearing and employees working from home where possible due to the COVID-19 pandemic.

2021 was a very successful year for the Group in terms of revenue generation. In terms of customer agreements, OXB signed new licence and supply agreements with Arcellx, Cabaletta Bio and Immatics. These partnerships with leaders in the CAR-T, cancer and autoimmune disease fields builds on the longstanding partnerships with Novartis and Juno Therapeutics/Bristol Myers Squibb, as well as the more recently announced partnership with Beam Therapeutics.

In April 2021, OXB also signed a new three-year development and supply agreement with Boehringer Ingelheim for the manufacture and supply of various types of viral vectors to support Boehringer Ingelheim's ongoing development programmes, including potential future programmes.

In December 2021, OXB extended the terms of its commercial supply agreement with Novartis to the end of 2028. The Group also regained the exclusive rights to its LentiVector® platform with regards to three CAR-T targets, including CD19 targeted therapies. This now allows the Group to work with pharmaceutical and biotech partners other than Novartis in these areas. In exchange for the return of these exclusive rights, Novartis has been granted additional flexibility in the ordering of GMP batches and will no longer have a minimum order commitment. OXB continues to work on multiple CAR-T programs with Novartis, including Kymriah®, from which the Group earns manufacturing revenues, process development fees and royalties on net sales.

In March 2021, Sanofi gave notice of their intention to terminate the collaboration and licence agreement originally signed in 2018 for the process development and manufacturing of lentiviral vectors to treat haemophilia. The collaboration ended amicably and the Group remains open to working with Sanofi again in the future should an opportunity arise.

In January 2022, the Group was informed that Sio Gene Therapies intends to return the global rights for AXO-Lenti-PD, and that it would cease work on this gene therapy programme in Parkinson's Disease due to a constraint on its resource requirements. All rights will be returned to Oxford Biomedica at no cost to the Group. The Group plans to out-license the programme again in due course to a suitable partner with resource capabilities and funding to further develop this asset.

In the first half of 2022, OXB's 18-month supply agreement (under a three-year master supply and development agreement) for manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine will end. Discussions are ongoing with AstraZeneca on potential extension of this supply agreement while AstraZeneca completes its supply chain planning. The Group announced the existing three-year master supply and development agreement with AstraZeneca in September 2020 and since then has successfully manufactured over 100 million doses of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine. We remain committed to resuming vaccine manufacture and supporting AstraZeneca to enable the supply of COVID-19 vaccines on a global scale, and will update the market when further information is available.

In March 2022, the Group acquired an 80% ownership interest in a newly formed AAV focused manufacturing and innovation business, Oxford Biomedica Solutions, for $180 million (£134 million) , with Homology Medicines Inc. as a 20% owner. As part of the financing arrangements, the Group raised gross proceeds of £80 million through a placing of shares, and secured a short term loan facility of $85 million (£64 million) which is repayable 12 months after completion of the acquisition. Oxford Biomedica Solutions is expected to generate a minimum first 12 months contracted revenues of approximately US$25 million from Homology under a three-year manufacturing and supply agreement.

In September 2021, the Group also raised £50 million of new equity, through a strategic investment by Serum Life Sciences Ltd, a subsidiary company of Serum Institute India. These funds will be used to develop the fallow area at its Oxbox manufacturing facility into a flexible advanced manufacturing space, including the validation of several independent cGMP suites to exploit new opportunities in the cell and gene therapy market.

Financial review

Selected highlights are as follows:

— Total revenues increased by 63% over 2020 to £142.8 million (2020: £87.7 million);

— Revenues from bioprocessing and commercial development continued its upward trend, growing 87% due to the large scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine;

— Revenues from milestones, licences and royalties, which included recognition of the £4.0 million licence fee from Boehringer Ingelheim, decreased by 25% to £14.4 million. In 2020 a licence fee from Juno Therapeutics/Bristol Myers Squibb of £7.8 million ($10 million) was recognised;

— Operating EBITDA[1] and operating profits improved by £28.5 million and £26.5 million respectively, with the Group generating an Operating EBITDA[1] profit of £35.9 million and an operating profit of £20.8 million;

— The Platform division made an Operating EBITDA[1] profit of £45.3 million (2020: £13.9 million profit) and an operating profit of £31.4 million (2020: £2.0 million profit), whilst the Product division made an Operating EBITDA loss of £9.4 million (2020: £6.6 million loss), and an operating loss of £10.6 million (2020: £7.7 million loss);

— Cash generated from operations of £24.5 million in 2021 (2020: £3.9 million used in operations) increased as a result of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine manufactured for AstraZeneca as explained above, offset by further operational investments required;

— Gross proceeds of £50.0 million were raised through a placing with Serum Life Sciences Ltd in September 2021 to develop the fallow area of the Oxbox manufacturing facility; and

— Cash at 31 December 2021 was £108.9 million.

Overview

The Group saw a 63% increase in revenues which was driven by the volume of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine. This was offset by a decrease in commercial development revenues from existing customers AstraZeneca, Novartis and Orchard as activities transitioned to clinical and commercial batch manufacture. Revenues from licence fees, milestones and royalties, which included recognition of the £4.0 million licence fee from Boehringer Ingelheim, decreased by 25%.

Operating costs, including Cost of Sales, grew by 31%, and by 32% when non-cash items[2] are excluded. Manpower, raw material and facility costs have increased due to the cost of manufacturing the adenovirus-based Oxford AstraZeneca COVID-19 vaccine at full capacity throughout the year, as well as the full year effect of the Group's investments in the employees required to maintain operations at this level. Headcount rose from 673 at the end December 2020 to 815 at the end of 2021.

The Group made an Operating EBITDA profit of £35.9 million, an improvement of £28.5 million from the prior year. Once non-cash items[2] are added back, the Group made an Operating profit of £20.8 million, an improvement of £26.5 million on the prior year.

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and share based payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 49.

2 Non-cash items include depreciation, amortisation, revaluation of investments, fair value adjustments of assets held at fair value through profit and loss and the share based payment charge. A reconciliation to GAAP measures is provided on page 50.

Key Financial and Non-Financial Performance Indicators

The Group evaluates its performance by making use of alternative performance measures as part of its Key Financial Performance Indicators (refer to the table below). The Group believes that these Non-GAAP measures, together with the relevant GAAP measures, provide a comprehensive, accurate reflection of the Group's performance over time. The Board has taken the decision that the Key Financial Performance Indicators against which the business will be assessed are Revenue, Operating EBITDA and Operating profit/(loss). The figures presented within this section for prior years are those reported in the Annual reports and accounts for those years and have not been restated where a change in accounting standards may have required this (e.g. revenue under IFRS 15 during 2018 to 2021 but IAS 18 during 2015 to 2017).

£m	**2021**	2020	2019	2018	2017	2016	2015
Revenue							
Bioprocessing/commercial development	**128.4**	68.5	47.3	40.5	31.8	22.6	11.3
Licences, milestones and royalties	**14.4**	19.2	16.8	26.3	5.8	5.2	4.6
	142.8	87.7	64.1	66.8	37.6	27.8	15.9
Operations							
Operating EBITDA[1]	**35.9**	7.3	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Operating profit/(loss)	**20.8**	(5.7)	(14.5)	13.9	(5.7)	(11.3)	(14.1)
Cash flow							
Cash generated from/(used in) operations	**24.5**	(3.9)	(6.6)	9.2	(1.5)	(5.9)	(14.9)
Capex[2]	**9.5**	13.4	25.8	10.1	2.0	6.4	16.6
Cash inflow/(burn)[3]	**16.0**	(7.8)	(26.3)	(1.9)	(9.8)	(11.5)	(29.8)
Financing							
Cash	**108.9**	46.7	16.2	32.2	14.3	15.3	9.4
Loan	**–**	–	–	41.2	36.9	34.4	27.3
Non-Financial Key Indicators							
Headcount							
Year-end	**815**	673	554	432	321	256	231
Average	**759**	609	500	377	295	247	196

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and share based payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 49.

2 This is Purchases of property, plant and equipment as per the cash flow statement which excludes additions to Right-of-use assets. A reconciliation to GAAP measures is provided on page 50.

3 Cash inflow/(burn) is net cash generated from operations plus net interest paid plus capital expenditure. A reconciliation to GAAP measures is provided on page 51.

Revenue

Revenue increased by 63% to £142.8 million (2020 £87.7 million) due largely to the volume of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine batches manufactured for AstraZeneca. Revenue generated from bioprocessing/ commercial development increased by 87% to £128.4 million (from £68.5 million in 2020). The main contributor to growth in 2021 has been the revenues generated from increased bioprocessing batches produced for AstraZeneca as part of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine manufacturing efforts.

Revenues from licence fees, milestones and royalties of £14.4 million (2020: £19.2 million), which included recognition of the £4.0 million licence fee from Boehringer Ingelheim, decreased by 25%. In 2020 a licence fee from Juno Therapeutics/Bristol Myers Squibb of £7.8 million ($10 million) was recognised.

Due to the signature of a number of licence, development and supply agreements during the year, the Group's customer base has continued to diversify. However, the largest portion of its revenues in 2021 came from the manufacture of the adenovirus-based Oxford AstraZeneca's COVID-19 vaccine under the development and supply agreement.

£m	**2021**	2020	2019	2018	2017	2016	2015
Revenue	**142.8**	87.7	64.1	66.8	37.6	27.8	15.9

Operating EBITDA

£m	**2021**	2020	2019	2018	2017	2016	2015
Revenue	**142.8**	87.7	64.1	66.8	37.6	27.8	15.9
Other income	**0.9**	0.8	0.9	1.1	1.8	3.0	2.9
Total expenses	**(107.8)**	(81.2)	(70.2)	(54.5)	(41.3)	(37.9)	(30.9)
Operating EBITDA[1]	**35.9**	7.3	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Non cash items[2]	**(15.1)**	(13.0)	(9.3)	0.5	(3.8)	(4.2)	(2.0)
Operating profit/(loss)	**20.8**	(5.7)	(14.5)	13.9	(5.7)	(11.3)	(14.1)

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 49.

2 Non-cash items include depreciation, amortisation, revaluation of investments, fair value adjustments of available-for-sale assets and the share based payment charge. A reconciliation to GAAP measures is provided on page 50.

Revenue increased by 63% in 2021 whilst the Group's cost base grew by 32% to £107.8 million due to an increased investment in raw materials for batches of vaccine produced, as well the full year effect of the Group's investments in people, equipment and operations required for the manufacturing of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine. The Operating EBITDA profit of £35.9 million is £28.5 million higher than the £7.3 million profit generated in 2020, as a result of the large increase in revenues when compared to the prior year.

Total Expenses

In order to provide the users of the accounts with a more detailed explanation of the reasons for the year-on-year movements of the Group's operational expenses included within Operating EBITDA, the Group has added together research and development, bioprocessing and administrative costs and has removed depreciation, amortisation and the share option charge as these are non-cash items which do not form part of the Operating EBITDA alternative performance measure. As Operating profit/(loss) is assessed separately as a key financial performance measure, the year-on-year movement in these non-cash items is then individually analysed and explained specifically in the Operating and Net profit/(loss) section. Expense items included within Total Expenses are then categorised according to their relevant nature with the year-on-year movement explained in the second table below.

£m	2021	2020	2019	2018	2017	2016	2015
Research and development[1]	**40.2**	29.7	22.6	18.0	21.6	24.3	20.3
Bioprocessing costs	**7.2**	10.7	7.4	1.2	–	–	–
Administrative expenses	**15.1**	11.3	11.9	7.4	7.3	6.0	6.7
Operating expenses	**62.5**	51.7	41.9	26.6	28.9	30.3	27.0
Depreciation	**(12.4)**	(9.8)	(5.8)	(4.3)	(4.1)	(3.3)	(1.3)
Amortisation	**-**	–	–	–	(1.2)	(0.3)	(0.4)
Share option charge[4]	**(2.5)**	(2.4)	(1.6)	(1.1)	(0.7)	(0.6)	(0.2)
Adjusted Operating Expenses[2]	**47.6**	39.5	34.5	21.2	22.9	26.1	25.1
Cost of sales	**60.2**	41.7	35.7	33.3	18.4	11.8	5.8
Total Expenses[3]	**107.8**	**81.2**	**70.2**	**54.5**	**41.3**	**37.9**	**30.9**

£m	2021	2020	2019	2018	2017	2016	2015
Raw materials, consumables and other external bioprocessing costs	**34.2**	22.0	22.8	18.3	13.2	9.3	6.1
Manpower-related	**55.0**	45.3	35.2	26.7	19.3	17.4	13.6
External R&D expenditure	**2.5**	1.4	1.4	1.9	1.7	2.8	3
Other costs	**21.2**	17.1	12.0	7.6	7.1	8.4	8.2
RDEC tax credit	**(5.1)**	(4.6)	(1.2)	–	–	–	–
Total expenses[1]	**107.8**	**81.2**	**70.2**	**54.5**	**41.3**	**37.9**	**30.9**

1 Includes the RDEC tax credit.
2 Research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and the share option charge.
3 Cost of goods plus research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and the share option charge.
4 Deferred bonus share option charges of £1.0 million (2020: £1.4 million) are not added back in the determination of Operating EBITDA as the Remuneration Committee has the ability to determine that this is paid in cash up until the point the option is granted.

— Raw materials, consumables and other external bioprocessing costs have increased substantially due to increased raw material cost as a result of the large volumes of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine batches produced;

— The increase in manpower-related costs is due to the increase in the average headcount from 609 in 2020 to 759 in 2021. Additional investments were made in staff required for vaccine manufacturing, as well as some required investment in back-office staff;

— External R&D expenditure increased to normal levels as compared to 2020, as activities continued throughout 2021, with limited activities having taken place in the first half of 2020;

— Other costs were higher as a result of increased operational and facility costs incurred due to the continuous running of the Oxbox manufacturing facility during the year, as well as the additional laboratory space put in place at Windrush Court. Other items included due diligence fees incurred in the establishment of an 80% ownership interest in Oxford Biomedica Solutions, offset by an insurance payment received with regards to a previous customer claim; and

— The RDEC credit has increased to £5.1 million (2020: £4.6 million) due to an increase in eligible research and development expenditure, mainly increases in employee cost, raw materials, consumables and qualifying external research and development expenditure.

Operating and Net profit/(loss)

£m	2021	2020	2019	2018	2017	2016	2015
Operating EBITDA	**35.9**	7.3	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Depreciation, Amortisation and share option charge[1]	**(14.9)**	(12.2)	(7.4)	(5.5)	(6.1)	(4.2)	(2.0)
Change in fair value of assets at fair value through profit and loss	**(0.2)**	(0.8)	(1.9)	6.0	2.3	–	–
Operating profit/ (loss)	**20.8**	(5.7)	(14.5)	13.9	(5.7)	(11.3)	(14.1)
Interest	**(0.9)**	(0.8)	(5.4)	(6.2)	(9.3)	(4.9)	(1.9)
Taxation	**(0.9)**	0.3	4.8	2.5	2.7	3.7	4.0
Foreign exchange revaluation (non cash)	**–**	–	(1.0)	(2.7)	3.3	(4.1)	(1.0)
Net profit/(loss)	**19.0**	(6.2)	(16.1)	7.5	(9.0)	(16.6)	(13.0)

1 Deferred bonus share option charges of £1.0 million (2020: £1.4 million) are not added back in the determination of Operating EBITDA as the Remuneration Committee has the ability to determine that this is paid in cash up until the point the option is granted.

In arriving at Operating profit/(loss) it is necessary to deduct from Operating EBITDA the non-cash items referred to above. The depreciation charge was higher in 2021 due to the full year impact of Oxbox becoming operationally active, conversion of one of the Windrush facility floors into laboratories, and then also due to additional bioprocessing equipment obtained to allow vaccine manufacturing. The Orchard Therapeutics asset held at fair value through profit and loss decreased by £0.2 million due to negative share price movements. The interest charge of £0.9 million was slightly higher due to additional interest on IFRS 16 leased bioprocessing equipment. The corporation tax expense increased due to a corporation tax charge expected on the taxable profits made by the Group during the period.

Segmental analysis

Reflecting the way the business is currently being managed by the Senior Executive Team, the Group reports its results within two segments, namely:

I. the 'Platform' segment which includes the revenue generating bioprocessing and process development activities for third parties (i.e. the Partner programmes CDMO business), and internal technology projects to develop new potentially saleable technology, improve the Group's current processes, and bring development and manufacturing costs down within the LentiVector® platform.

II. the 'Product' segment, which includes the costs of researching and developing new gene therapeutic product candidates.

£m	Platform	Product	Total
2021			
Revenue	**142.7**	**0.1**	**142.8**
Operating EBITDA	**45.3**	**(9.4)**	**35.9**
Operating profit/(loss)	**31.4**	**(10.6)**	**20.8**
2020			
Revenue	87.1	0.6	87.7
Operating EBITDA	13.9	(6.6)	7.3
Operating profit/(loss)	2.0	(7.7)	(5.7)

The Platform segment in 2021 saw an increase in revenue of 64% from £87.1 million to £142.7 million due to the volume of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine batches manufactured for AstraZeneca as part of the COVID-19 pandemic efforts. This was offset by a decrease in commercial development revenues from existing customers AstraZeneca, Novartis and Orchard as activities transitioned over to more clinical and commercial batch manufacture. Operational results were very positively impacted by the large revenue increases, but especially the fact that the Oxbox manufacturing facility operated at almost full capacity for most of the year which meant that revenues more than offset the additional investment in headcount and facilities, resulting in an Operating EBITDA profit of £45.3 million, and an operating profit of £31.4 million. The Group will target increased bioprocessing volumes and commercial development revenues from its customer base in the coming year, whilst recognising that the adenovirus-based Oxford AstraZeneca COVID-19 vaccine volumes are not expected to be at the same levels as those seen during 2021.

The Product segment has generated revenues of £0.1 million (2020: £0.6 million) and an Operating EBITDA loss and Operating loss of £9.4 million and £10.6 million respectively (2020: loss of £6.6 million and £7.7 million respectively). Clinical development revenues decreased due to lower levels of activities performed for Sanofi and Sio Gene Therapies.

Cash flow

The Group held £108.9 million of cash at 31 December 2021, having begun the year with £46.7 million. Significant movements across the year are explained below.

£m	2021	2020	2019	2018	2017	2016	2015
Operating profit/(loss)	**20.8**	(5.7)	(14.5)	13.9	(5.7)	(11.3)	(14.1)
Non-cash items included in operating profit/(loss)	**15.1**	13.0	9.3	(0.5)	3.8	4.2	2.0
Operating EBITDA	**35.9**	7.3	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Working capital movement	**(11.4)**	(11.2)	(1.4)	(4.2)	0.4	1.2	(2.8)
Cash generated from/(used in) operations	**24.5**	(3.9)	(6.6)	9.2	(1.5)	(5.9)	(14.9)
R&D tax credit received	**1.0**	7.0	3.1	3.7	4.5	4.1	3.2
Net cash generated from/(used in) operations	**25.5**	3.1	(3.5)	12.9	3.0	(1.8)	(11.7)
Interest paid, less received	**–**	–	(3.3)	(4.7)	(10.8)	(3.3)	(1.5)
Sale of investment asset	**–**	2.5	6.3	–	–	–	–
Capex	**(9.5)**	(13.4)	(25.8)	(10.1)	(2.0)	(6.4)	(16.6)
Net cash inflow/(burn)	**16.0**	(7.8)	(26.3)	(1.9)	(9.8)	(11.5)	(29.8)
Net proceeds from financing	**46.2**	38.3	10.3	19.8	8.8	17.5	25.0
Movement in year	**62.2**	30.5	(16.0)	17.9	(1.0)	6.0	(4.8)

— The operating profit in 2021 was £26.5 million better than the operating loss of £5.7 million achieved in 2020 due to the large increase in revenues only partially offset by increased operating expenses. These improved operational results flowed through to the Operating EBITDA profit of £35.9 million (2020: £7.3 million profit);

— The negative working capital movement of £11.4 million is driven by a decrease in Contract liabilities (£15.7 million) offset by receipt of the 2020 RDEC tax credit;

— The Group received £1.0 million R&D tax funding in 2021 in respect of the 2020 claim, down £6.0 million from the prior year. The decrease from 2020 was due to the Group not being eligible to claim a tax credit under the Governments SME tax credit scheme from 2020 onwards due to its growth in size;

— No funds were generated from the sale of shares in Orchard Therapeutics (2020: £2.5 million), an asset held at fair value through profit and loss;

— Purchases of property, plant and equipment decreased from £13.4 million to £9.5 million, mainly as a result of the main construction phase of the new Oxbox manufacturing facility being completed in 2020, with Capex in 2021 relating to the purchase of manufacturing and laboratory equipment, and the fit out of laboratory space on one of the floors of the Windrush Court Head Office;

— The net proceeds from financing during 2021 was £46.2 million, consisting of the £50.0 million equity investment by Serum Life Sciences Ltd, share option issues of £1.6 million, and reduced by lease payments of £5.4 million in the year. £3.7 million of lease payments made consisted of bioprocessing equipment leased for purposes of vaccine manufacturing which the Group now owns; and

— The result of the above movements is a net increase in cash of £62.2 million from £46.7 million to £108.9 million.

Statement of financial position review

The most notable items on the Statement of financial position, including changes from 31 December 2020, are as follows:

— Property, plant and equipment has decreased by £2.6 million to £69.7 million as depreciation of £12.4 million more than offset additions of £9.5 million, mainly purchases of manufacturing and laboratory equipment and the fit out of laboratory space on one of the floors of the Windrush Court head office;

— Inventories have increased from £6.9 million to £9.5 million due to increased raw material balances as a result of forecasted bioprocessing manufacturing activities;

— Trade and other receivables decreased from £57.5 million to £48.4 million due to decreased levels of bioprocessing and process development activities across the year end as compared to 2020;

— Trade and other payables decreased slightly from £19.7 million to £19.1 million, due to a lower level of operational activity at the year end as compared to the prior year end;

— Contract liabilities decreased from £28.3 million in 2020 to £12.6 million as the high level of funds received in advance for future bioprocessing and process development activities at the end of 2020 was recognised as revenue during 2021 as the performance obligations were met;

— Deferred Income decreased from £3.5 million in 2020 to £2.7 million due to the release of amounts deferred as part of the Innovate UK capex grant funding;

— Provisions increased by £0.4 million as a result of the recognition of an increased liability for the costs of restoring leased properties to their original state at the end of the lease term; and

— Lease liabilities decreased from £13.8 million to £9.3 million due to lease payments made in the year, but specifically, £3.7 million of lease payments made relating to bioprocessing equipment leased for purposes of vaccine manufacturing which the Group now owns.

Subsequent events

During March 2022 the Group acquired an 80% stake in the newly established Oxford Biomedica Solutions LLC (Oxford Biomedica Solutions), an AAV manufacturing and innovation business, from Homology Medicines Inc. for $130 million. Homology Medicines will continue to own 20% of Oxford Biomedica Solutions with both the Group and Homology Medicines retaining an option to buy/sell the remaining 20% of Oxford Biomedica Solutions to the Group. As part of the acquisition, the Group also agreed to inject $50 million of cash into Oxford Biomedica Solutions for working capital purposes. Oxford Biomedica Solutions leases a GMP facility near Boston, Massachusetts, operating three 500L bioreactors using a serum-free suspension process, which has also been successfully scaled to 2,000L. The facility has been manufacturing 500L batches since 2019 without a single failed batch.

In order to fund the acquisition, the Group raised gross proceeds of £80 million through a placing of shares and also entered into, and drew down, a short-term loan facility of $85 million (£64 million) with Oaktree Capital Management LLC which is repayable twelve months after completion of the acquisition.

Prior period restatement

During the year, the Financial Reporting Council (FRC) communicated with the Directors regarding the Group's Annual report and accounts for the year ended 31 December 2020. The FRC raised a limited number of matters for which, on some, the Directors undertook to make additional disclosures in the financial statements for the year ended 31 December 2021. Following the review by the FRC it was recognised that the movement in the loan to subsidiary of £13.9 million within the Company only cash flow statement was incorrectly presented within cash flows from financing activities rather than cash flows from investing activities. OXB has therefore restated the prior year financial statements to present the movement in the loan to subsidiary within cash flows from investing activities in the Company only cash flow statement. This change has no effect on the cash position of the Group or Company and has no further impact on the Group or Company Financial Statements. The FRC have now concluded its review.

Financial outlook

The Group will continue to target growth in its lentiviral vector manufacturing volumes, as well as growth in commercial development activities. Oxford Biomedica Solutions is expected to contribute AAV manufacturing and commercial development revenues through services provided to Homology Medicines during 2022. In addition, the Group will seek to secure both new lentiviral vector and AAV customer relationships in line with the strategy to become an innovative global viral vector leader, operating in all viral vector types.

Vaccine manufacturing volumes are expected to be substantially lower during 2022 due to the end of the 18-month supply agreement with AstraZeneca, and a pause in manufacturing activity while discussions continue on a potential extension of this supply agreement. As a result, overall revenues are expected to be lower than in 2021 (but significantly ahead of 2020) with an expected corresponding impact on Operating EBITDA.

The Group will be focused on making select investments, aimed at accelerating Oxford Biomedica Solutions commercial activities and build market share in the fast-growing AAV market. As a result, administrative expenses are expected to be significantly higher than in 2021 as the Group makes one-off expenditures in building and integrating Oxford Biomedica Solutions. Bioprocessing costs are also expected to be higher as the Group builds the AAV customer base.

The Group will continue to accelerate investment in R&D in order to maintain its competitive edge and build a leading position in AAV, in addition to lentiviral vectors. Apart from investments aimed at building long term revenue growth, the Group will be closely monitoring its operating cost base and headcount, which we expect to be affected by inflation in both salaries and costs.

The integration of Oxford Biomedica Solutions is expected to be ongoing during the year and fully completed within 12 months. The consolidation of this initially loss-making part of the Group is expected to result in the Group being loss-making on an Operating EBITDA level in 2022, however with significant growth targeted in 2023.

The contracts signed in 2021 with Arcellx, Immatics and Cabaletta Bio, together with continued bioprocessing and commercial development activities performed for existing customers, is expected to drive a broadening out of the future revenue base and should put the Group in a strong position to achieve future operational profitability.

Continuing the implementation of its long-term strategy, the Group will continue to focus on building and maintaining the Group's commercial relationships with customers, both existing and new. The success of the Group's customers is seen as key to the Group's success, including driving growth in new customer relationships in 2022 and beyond in its existing LentiVector® and new AAV platform.

The Group will implement a cautious strategy with regards to capital expenditure with significant new projects only implemented if the Group's financial stability is not impacted and the business case details a clear long term strategic benefit to the Group. The Group continues to make selective strategic investments in its products and enabling technologies where the opportunity exists to improve patient outcomes and increase shareholder value.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in the primary statements and notes to these financial statements.

The Group made a profit for the year ended 31 December 2021 of £19 million, and generated net cash flows from operating activities for the year of £25.5 million. The Group also raised an additional £50 million in cash through a successful equity placement by Serum Life Sciences Ltd in September 2021 and post year end has raised £80 million in January to March 2022. The Group ended the year with cash and cash equivalents of £108.9 million.

In considering the basis of preparation of the Annual report and accounts, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2022 annual budget and forecasts for 2023. The Directors have undertaken a rigorous assessment of the forecasts in a base case scenario and assessed identified downside risks and mitigating actions.

These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

— A substantial manufacturing and development revenue downside affecting the core LentiVector® platform business;

— Vaccine manufacturing revenues only included to the extent contracted;

— No revenues from new customers;

— Significant decreases in forecasted existing customer milestone and royalty revenues; and

— The potential impacts of the current ongoing war in Ukraine on the Group and its customers including expected revenues from existing customers under long term contracts.

The Group entered into an $85 million (£64 million) loan facility with Oaktree Capital Management as part of the Group's acquisition of an 80% stake in Oxford Biomedica Solutions in March 2022. The facility was drawn down in full and the Group is required to repay this one-year facility in March 2023. In both the Group's cash flow forecast and the mitigated downside scenarios, the Group is able to repay this loan in March 2023, but in the mitigated downside scenarios the Group would need to obtain additional equity or loan financing in the third quarter of 2023 to continue operations.

However, despite the above requirement, the Board has confidence in the Group's ability to continue as a going concern for the following reasons:

— The Group's history of being able to access capital markets including raising £130 million of equity during the last nine months;

— The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the $85 million one year facility obtained with Oaktree Capital Management;

— The Group's ability to continue to be successful in winning new customers and building its brand as demonstrated by successfully entering into new customer agreements with Arcellx, Immatics, Caballetta Bio and Boehringer Ingelheim;

— As noted above, the Group has cash balances of £108.9 million at the end of December 2021 and £144 million at the end of March 2022;

— More than two thirds of 2022 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give confidence in the level of revenues forecast over the next 12 months; and

— The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary.

Taking account of the matters described above, the Directors remain confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Stuart Paynter
Chief Financial Officer

Oxford Biomedica's ESG mission

Oxford Biomedica's ESG mission is to deliver life-changing gene therapies to patients in an ethical and socially responsible way. This mission has become firmly embedded through the Group, both in terms of the areas of focus of the business, but also how the Group does business.

The Group has made good progress in the delivery of its ESG mission during 2021 and has increasingly moved from an initiative led approach to incorporating an ESG mission-led approach in regular, day-to-day business activities.

Oxford Biomedica's ESG values

Oxford Biomedica's ESG strategy is focused on five pillars: People; Community; Environment; Innovation and Supply Chain, which were identified as key areas of focus as part of an analysis of ESG related issues that are most critical to the organisation (further details on page 56). The Group's ESG Committee is responsible for the governance and oversight of our ESG commitments. During 2021, the Committee was chaired by John Dawson in his capacity as Chief Executive Officer, providing a link to the Board for regular review of ESG issues. Following John's decision to step down as CEO in January 2022, the Committee is chaired by Nick Page, Chief Operating Officer until the new Chief Executive Officer is appointed.

Oxford Biomedica's ESG committee

Department heads within the business are responsible for each of the five pillars. Annual ESG objectives are set by the department head responsible for each pillar, in conjunction with the Senior Executive Team. The Group considers the ESG objectives to be fundamental to maintaining and enhancing the culture and values of the Group.

The ESG Committee is responsible for tracking progress against the objectives and providing regular progress reports to the Senior Executive Team every quarter. Progress updates are also shared in all-company meetings.

More information on ESG
Information on the Group's Environmental, Social and Governance (ESG) Mission and Strategy can be found on the Oxford Biomedica website: www.oxb.com/environmental-social-governance-esg

Values

Oxford Biomedica's three values govern the way that the Group does business, how the Group works together and the interactions the Group has with all its stakeholders.

Oxford Biomedica's values and the associated behaviours are embedded throughout its people processes, including recruitment practices, seeking evidence that job candidates share the Group's values upon appointment. The values are an important feature in the Group's reward principles, whilst its performance management processes ensure values behaviours are measured so they are appropriately recognised and rewarded.

Each year the Group celebrates employees who consistently demonstrate the Company values via its annual 'Living our Values Awards' ceremony. Employees have the opportunity to nominate colleagues who have achieved great things by living the Company values for individual and team awards.

Have integrity

We always do the right thing. Whatever the situation and consequences, we do what's right for employees, patients and partners. We make objective decisions and can be trusted to deliver on our commitments.

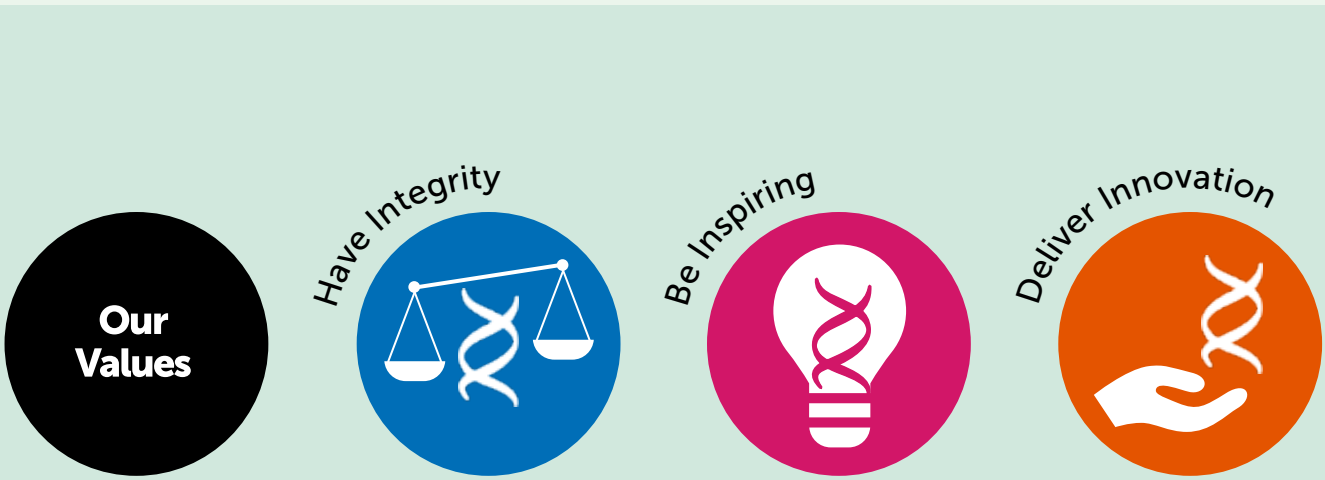
Be inspiring

We succeed together through our passion, commitment and teamwork. Through our actions and behaviours, we create an environment which positively challenges, engages and excites us.

Deliver innovation

We deliver ground-breaking scientific excellence by nurturing exceptional talent. Together, we continually improve by generating new ideas and creative ways of working to bring about better solutions for patients.

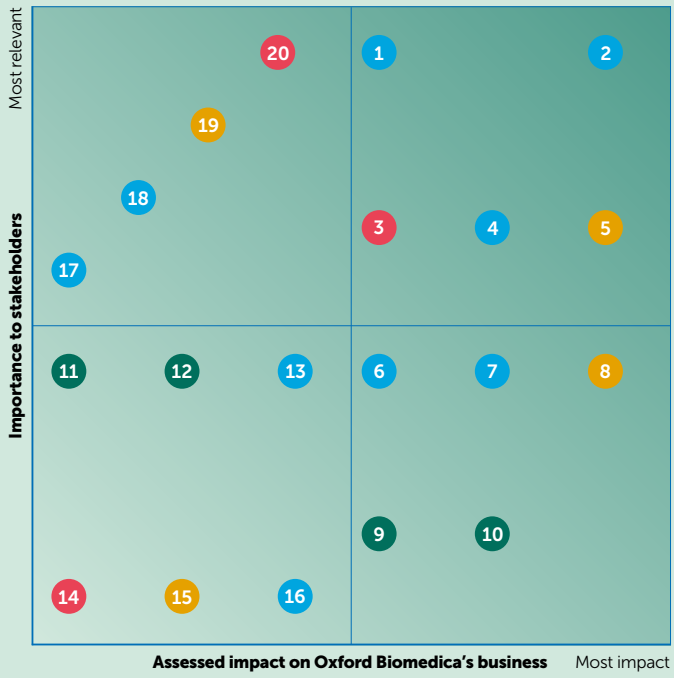
Shared values
The Group's values and the associated behaviours are embedded throughout its people processes, including recruitment practices, seeking evidence that job candidates share the Group's values upon appointment.



Analysis of material ESG issues

The Group conducted an analysis to identify and prioritise those ESG-related issues that are most critical to the organisation, as described in the diagram below. This analysis was used to create the five pillars for the Group's ESG strategy.

ESG materiality matrix



People

5 Employee safety and wellbeing
8 Talent attraction and retention
15 Anti-bribery and corruption
19 Brexit

Community

3 Outreach, engagement and early talent development
14 Human rights and labour standards
20 Transparent reporting and communications

Environment

9 Waste and recycling
10 Water use and water effluent
11 Energy use and climate change
12 Single use plastics

Responsible Innovation

1 Intellectual property, product and technological innovation
2 Product safety
4 Privacy and data security
6 Regulatory compliance
7 Business continuity
13 Ethical supplier standards
16 Animal testing
17 Ethics
18 Clinical trial conduct

People

Health and Safety

Being able to deliver the Group's products and services both in a safe and sustainable manner is the number one priority. Through the systematic evaluation of all activities, the Group ensures that significant risks are identified and controlled to minimise the risk to employees and anyone else who may be affected by the Group's acts or omissions. The Group endeavours to maintain its facilities and equipment to the highest standards.

The Group's response to the COVID-19 pandemic was reviewed twice by Inspectors from the Health and Safety Executive, and on both occasions the Inspectors left without raising any areas for improvement.

The Group's Health and Safety Management System covers all aspects of its work, from working with hazardous substances, to use of display screen equipment. The electronic Health and Safety Management System (introduced in 2020) has continued to evolve and grow during 2021, and now includes incident reporting and management, action tracking, risk assessment, and the Group's Health and Safety Policies and Procedures, making it a 'one-stop-shop' for our employees, and providing improved performance monitoring and metrics that drive improvements.

The Group continues to focus on the output of the Safety Climate Survey, engaging with staff and their Safety Representatives to identify improvements revolving around eight factors that contribute to a positive safety culture. The eight factors are:

— Accident and near miss reporting;

— Organisational commitment;

— Health and Safety oriented behaviours;

— Health and Safety trust;

— Usability of procedures;

— Engagement in Health and Safety;

— Peer group attitude; and

— Resources for Health and Safety.

The Group has revised its management of fire evacuations, introducing electronic roll call and training 40+ managers to support new command and control structure. The Group's Health Surveillance programme and systems have been improved, with the result that the Group can now provide better metrics to managers and a more targeted, rather than a blanket, approach.

The Group continues to have a first-class safety record and has continued the trend of having no major injuries. Health and Safety is a standing item on the Board's agenda, and there is a quarterly Safety Committee chaired by a member of the Senior Executive Team (SET). The Group is committed to meet both the letter and spirit of all Health and Safety regulation and best practice.

2021 ESG People objectives – what we achieved:

- ✓ Create an action plan for Equality, Inclusion and Diversity (ED&I). 100%
- ✓ Continue employee engagement activity and launch a full employee engagement survey. 100%
- ✓ Introduce further wellbeing initiatives focusing on mental health and resilience. 100%

2022 ESG People objectives:

— Deliver on year one actions from the three-year ED&I plan

— Continue employee engagement activity and expand to cover new topics

— Introduce further wellbeing initiatives to ensure the Group is offering 'something for everyone'

Engagement

Oxford Biomedica is committed to making sure that it regularly asks employees for their views and suggestions on a variety of issues through multiple channels and forums. The Group's Workforce Engagement Panel (WEP), made up of employees representing all levels and functions across the organisation, met eight times in 2021. The purpose of the WEP is to enable employees to discuss issues of importance to them and ensure that the senior leaders and the Group's Board hear the views of the workforce. Two meetings were attended by Stuart Henderson, the Board's designated Non-Executive Director, to facilitate direct discussion and engagement at Board level. Increased engagement is planned for 2022, including a schedule of monthly meetings.

As part of the 2021 ESG people objectives, three Pulse surveys were completed focused on the impacts of the COVID-19 pandemic. These surveys provide rich insights into how employees are feeling, their concerns and their suggestions for future improvement. A number of actions resulting from the surveys were put in place throughout the year, such as regularly reviewing the Group's COVID-19 secure workplace guidance and continuing to provide lateral flow COVID-19 testing kits to employees working onsite.

In response to the changes in working practices, due to the COVID- 19 pandemic and feedback from employees, the Group revised its approach. New flexible ways of working guidelines were created to offer employees more choice, where possible, around when, where and how they work. The Group took a principle led approach to flexible working, putting in place supportive structures, including a 'ways of working' policy, while empowering employees to decide when and where they work to be the most effective; for them, their team, and the Group.

In 2021, the Group launched its first ever company-wide employee engagement survey as part of the ESG people objectives. A dedicated internal communication campaign was created to encourage employees to take part and share their views on a wide range of subjects including trust, inclusion, support, collaboration, and rewards. The survey ran for two weeks and 70% of employees participated, exceeding our target of 65% as a first survey of this kind. The overall results were positive. The Group's sustainable engagement score, a key overall engagement indicator, was more favourable than those of other benchmarked groups, including the global pharmaceutical norm and the UK norm, with a score of 84%. High-level Group-wide results have been shared with all employees and three focus areas for 2022 have been identified.

The Group's employee engagement strategy, developed and approved by the SET in 2020, began to be implemented in 2021. The strategy creates further opportunity for senior leadership visibility, more frequent two-way communication across a variety of channels, including internal social media and virtual events, enabling the Group to keep all employees up to date and engaged as the business grows. Further details of the 2022 ESG People objectives are set out on page 57.

"New flexible ways of working guidelines were created to offer employees more choice, where possible, around when, where and how they work."

84% score

Engagement survey
The Group completed a company-wide employee engagement survey as part of the ESG people objectives. The Group's sustainable engagement score, a key overall engagement indicator, was more favourable than those of other benchmarked groups, including the global pharmaceutical norm and the UK norm, with a score of 84%.

Equality, Inclusion and Diversity

The Group is committed to building a more inclusive organisation where all forms of diversity are celebrated. The Group strives to make the employee experience one of inclusion and belonging to maintain engagement and commitment.

Further to initial work started in 2020, the Group set out in 2021 to undertake a diagnostic phase of work to develop an understanding of people's experiences, opinions, and aspirations for the Group in the areas of equality, diversity and inclusion (ED&I) moving forward. This consisted of a review of current policies and procedures and available ED&I data, along with sessions with the SET, WEP and the HR team. Focus groups and one-to-one conversations were also held with employees who were selected to represent a balance between men and women, as well as representation across sites, departments, age, seniority, and length of service.

A recommendation report has since been shared with the SET which highlights the bright spots and areas of opportunity. These outputs have also been shared and discussed with the Group's senior leaders. Further to this activity a three-year ED&I plan has been created and the Group is committed to implementing its year one objectives in 2022, which include awareness raising throughout the business and establishing benchmarks to enable transparency across the business.

Alongside this work in 2021, the Group also engaged its senior leader population in inclusive leadership sessions to better educate, inform and raise awareness of this important topic. The Board and the senior management are fully committed to providing equal opportunities for all employees, irrespective of race, gender, religion, national origin, disability, or any other personal characteristics, and embrace diversity in all forms.

The Gender Pay Gap Report for 2021 has been prepared by the Group. The Group is pleased to report a continued increase in representation of female employees at all levels including the more senior levels of the organisation. This has had a positive impact on the Group's mean and median gender pay ratio. For full details of the report please visit the Group's website at www.oxb.com.

	Male	Female	Total	% Male	% Female
Board including Non-Executive Directors	7	3	10	70%	30%
Senior managers and direct reports	24	24	48	50%	50%
All other employees	350	407	757	46%	54%
Total	**381**	**434**	**815**	**47%**	**53%**

Representation of female employees
The Group is pleased to report a continued increase in representation of female employees at all levels including the more senior levels of the organisation.

Three-year plan

Equality, diversity and inclusion (ED&I)
The Group set out in 2021 to undertake a diagnostic phase of work to develop an understanding of people's experiences, opinions, and aspirations for the Group in the areas of equality, diversity and inclusion (ED&I) moving forward.

Health and Wellbeing

The health and wellbeing of all employees is of the utmost importance. The Group's aim is to help employees feel good at work and at home by fostering a positive health culture. Empowering colleagues to take personal accountability for their physical, emotional, mental and financial wellbeing is important and the Group supports colleagues by providing access to a number of benefits, wellbeing resources and initiatives throughout the year.

In 2021, the Group's wellbeing strategy continued to focus on mental wellbeing and, in particular, resilience. The COVID-19 pandemic has emphasised that, whilst the Group cannot control the external environment around us, the Group can support employees and provide them with the tools to manage their personal response to these external factors.

In 2021, the Group provided all employees the opportunity to join four speaker events. Through the power of storytelling these speaker events merged elements of inclusion and mental health, emphasising resilience. A number of national dates were recognised and aligned with these storyteller sessions including Stress Awareness Week, Mental Health Awareness Week and Pride.

In line with the 2021 ESG objectives, the Group offered a variety of wellbeing sessions to the whole workforce, which included: mindfulness courses, and updates from our benefit providers including the Employee Assistance Program service and private medical insurers, Bupa. Financial wellbeing events took place in the form of group and 1-2-1 sessions. Guest speaker sessions were also delivered on the topics of 'The importance of good hydration' and 'Nutrition and the effect of nutrition on mood and performance'. All events were well received.

The Group added two new wellbeing offerings to its benefits package in 2021. An online wellbeing platform that provides a gateway to over 3,000 experiences, covering lifestyle, mental and physical wellbeing and learning vouchers, to pay for or contribute to costs associated with any structured learning, be that a course, online programme or other structured learning arrangement to help employees strike a balance between work and non-work life.

The Group understands it has a duty of care towards all employees and continually assesses the risks to the workforce. Throughout 2021, the Group regularly communicated with employees in respect of the latest government guidelines in relation to the COVID-19 pandemic as well as providing regular updates on measures available to provide extra protection.

Health and wellbeing remain an important focus for the Group's ESG objectives for 2022 and will introduce further wellbeing initiatives offering a variety of choice, with a key theme being 'something for everyone'.

"My experience as an apprentice for Oxford Biomedica has been a challenging yet rewarding one, particularly during the AZD1222 (Oxford AstraZeneca COVID-19) manufacture. It was an honour to have been nominated and I'm very proud to have won Oxfordshire's higher apprenticeship of the year award. It was fantastic to see the wide range of incredible talent across many sectors at the event, it really does highlight the importance of apprenticeships in the modern world."

Nathan Jarvis
Higher Apprentice of the Year Award at the 2021 Oxfordshire Apprenticeship Awards.

Community

The Group continues to build and strengthen its involvement in the local community, recognising the value of being a good local citizen and delivering positive benefits to the community.

The Group recruited over 200 new employees at all levels across the organisation during 2021, and continued to develop its apprenticeship scheme, supporting science education. The Group behaves as a responsible neighbour, complying with national and local laws and regulations, particularly with regard to emissions, waste, property planning, and the traffic impact caused by employees. To help minimise the traffic impact on the community, the Group has put in place a range of transport initiatives including a well-established cycle to work scheme, bike shelters and other infrastructure, and a partnership with a local cycling group.

Apprenticeship scheme

As part of the Group's focus on delivering local benefits and providing high skilled jobs to the local community, the Group has an apprenticeship scheme in collaboration with Advanced Therapies Apprenticeship Community and multiple training providers. In 2021, the Group added an additional 16 apprentices with 33 apprenticeships running at the end of the year, exceeding our initial target for 2021 of nine additional apprentices. The apprentices include school leavers from the local community who are enrolled on a training scheme in the highly skilled areas of Manufacturing and Analytical testing. The Group is committed to supporting the apprentices through in-post learning, training, and expanding the scheme in the future.

Further details of the 2022 ESG Community objectives are set out on page 61.

2021 ESG Community objectives – what we achieved:

- ✔ Added a further nine apprentices to the apprenticeship scheme. 100%
- ✔ To introduce a system for voluntary charitable monthly payroll. 100%
- ✔ Contributions to continue to support volunteering initiatives, such as reading support (with time off support). 80%
- ✔ To increase outreach programme to schools and universities. 50%

2022 ESG Community objectives:

- Continue to fundraise for chosen company charities – Oxfordshire Mind and Homeless Oxfordshire
- Launch the community volunteering policy
- Continue to build local educational establishment/early careers links

Charitable giving

The Group's charity team, Helping Hands, forms part of the Group's commitment to provide support to a local charity. The Helping Hands team organise fundraising events in aid of a charity selected by employees. The employee-selected charity in 2021 was SeeSaw (Registered Charity No. 1076321), an Oxford based charity providing support for bereaved children, young people and their families when they face a death in the family. The Group raised £17,000 for SeeSaw, through a variety of fundraising initiatives including sponsored shave, sunrise Blenheim Palace walk, fire walk, unused clothing drive, Christmas wreath-making and raffle.

At the end of 2021, after supporting SeeSaw for three years, the Helping Hands team asked employees to suggest new charities for the company to support for the next three years. Nine charities were suggested, and through an employee vote, Oxfordshire Mind (Registered Charity No. 261476) and Homeless Oxfordshire (Registered Charity No. 297806) have been selected as the Group's nominated charities for the period 2022 to 2024.

In 2021, the Group provided all employees the opportunity to support good causes through monthly payroll contributions. Payroll giving is a voluntary way for employees to support any UK-registered charity in a tax-efficient manner.

The Group encourages employees to get involved in community work and helps to support employees that participate in such initiatives. The Group regards community projects as a great way to meet people, develop new friendships, and most of all improve employees' own wellbeing. The Group is also progressing opportunities to provide more formalised support to employees who give up their time to support volunteering initiatives. A volunteering policy has been approved with a planned launch in 2022.

Yorkshire 3 Peaks
In August 2021 Yatish Lad completed walking the Yorkshire 3 Peaks, covering 24.5 miles and a total climb of 5,000ft and taking 12h 4mins to complete. He raised over £2,700 for Mind.

Environment

Environmental policies and initiatives

The Group fully recognises its responsibility to minimise the impact of its activities on the global environment, its neighbours, and the local community. The Environmental Management System (EMS) has continued to evolve and grow with the organisation. The Group has undertaken a gap analysis against ISO14001 and has been working towards aligning the Group's EMS, with the aim of gaining certification as part of the Group's sustainability plan. The Group complies with all environmental regulations, including those relating to environmental permits and consents, waste disposal and discharges (see page 65 for further details).

The Group continues to work towards reducing its carbon footprint (see pages 64 and 65 for further details). As part of the Group's 2021 Environmental pillar initiatives, we held a sustainable travel to work event for employees, encouraging them walk, cycle, or use public transport to travel to work instead of driving. The Group moved several of its processes to paperless, saving approximately 10,000 sheets of paper and approximately two tonnes of carbon emissions associated with the harvesting, processing, and transporting of paper. The Group increased its recycling efforts, increasing the volumes of cardboard and plastic it was able to recycle through installing compactors in its warehouses. With the redevelopment of the Windrush Innovation Centre, the Group has used BREEAM as a third-party assessment of sustainability performance of the building during the planning phase and will continue to use this third party assessment for the demolition and construction phases.

The Group has continued efforts to improve the management of waste, conducting an internal audit of several waste streams. Unfortunately, due to the growth in manufacturing, the Group did not manage to reduce the overall volume of hazardous liquid waste, a 2021 ESG target. However, the Group did see reductions outside of manufacturing waste. For example, there was a 61% reduction in Virkon waste (approx. 18,500L less than 2020) due to a revised waste process.

A number of projects were launched in 2021, which aim to reduce waste in the supply chain and it is expected that these will come to fruition in 2022. Examples of these initiatives look at switching the transportation method for several cold chain liquid products from air freight to sea freight and working with distributors to develop transportation methods which use re-usable containers as supposed to single-use polystyrene ones. The Group has also commenced engagement with suppliers to explore options for waste reduction in respect to packaging materials, including alternative configuration of packages and evaluating potential recycling and reuse options for packages received.

The Group has high levels of engagement from employees on environmental sustainability activities, and actively encourages employee engagement and involvement in improving the Group's environmental performance. The Group established the role of Environmental Representatives in 2021, and now has an active forum of approximately 40 employee volunteers who help identify local areas for improvement. For example, the Group's used wooden pallets are now being donated to a local social venture, who use the pallets to build furniture (e.g., benches), providing teenagers and adults who are out of work with valuable practical skills. Coffee pods are now recycled using the PODBACK scheme, diverting this waste away from incineration. The Group has substituted everyday consumables (e.g. dishwasher tablets) to greener options.

2021 ESG Environment objectives – what we achieved:

- ✔ To commission a third-party assessment of sustainability performance on the redevelopment of the Windrush Innovation Centre (eg. BREEAM). 100%
- ✔ To map the Group's Environmental Management System against ISO14001. 100%
- ✔ To engage with the Group's suppliers to reduce the volume of waste generating materials coming into the organisation. 60%
- ✔ To reduce greenhouse gas emissions by optimising the Group's energy usage. 100%
- ✔ To reduce the volume of hazardous liquid wastes being generated. 0%
- ✔ To meet the TCFD metrics and targets. 100%

2022 ESG Environment objectives:

- Aim to reduce the volume of paper used and offset paper usage by planting trees (become "paper neutral")
- Increase recycling by 5%
- Develop our NetZero plan for CO_2 by 2040 and meet the Group's TCFD metrics
- Gain affiliation to an external agency e.g. SBTI, "My Green Lab" to assist with our 10+ year sustainability plan

The Group's SECR Compliant Directors statement

The Group continues to meet and exceed the greenhouse gas ('GHG') emissions reporting requirements of The Companies (Directors' Report). The Group is also aware of its forthcoming obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The Group has prepared this report in accordance with the requirements for quoted companies under these regulations. The Group continues to report all material GHG emissions across its operations.

2021 ESG Environmental performance

This year, the Group has calculated its environmental impact across the required scope 1, 2 and 3 (selected categories) emissions sources for the UK only. The Group's emissions on a location basis (using the UK grid emissions intensity) are 4,021 tCO_2e, a 2% decrease from last year. The Group has calculated emission intensity metrics on an FTE basis, which the Group will monitor to track performance in its subsequent environmental disclosures. The Group had an average impact of 6 tCO_2e per FTE, a 14% decrease to 2020.

Electricity was the most material of the emission sources reported and made up 46% of total emissions in 2021. Business flights have seen considerable reductions with a 55% decrease in related emissions between the two reporting periods. This is primarily due to the disruption caused by the COVID-19 pandemic which resulted in changes in travel habits. Driven by changes in DEFRA GHG conversion factors, emissions associated with water consumption have decreased this year. Despite this, water consumption has risen compared to 2020, caused by improvements in the accuracy of estimations applied at multiple sites.

Energy and carbon action

In 2021 the following Energy Savings Initiatives were undertaken:

— Energy efficient HVAC was added to Windrush Court West Wing; and

— Energy efficient operations of air handling unit (AHU) – GMP clean room suite 1 has been split from GMP suite 2 at Harrow House. This has allowed for the AHU to be switched off to reduce any unnecessary energy consumption.

2021 ESG Environmental results

The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

— World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version);

— Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019); and

— UK office emissions have been calculated using the DEFRA 2021 issue of the conversion factor repository.

–14%

Environmental impact
The Group had an average impact of 6 tCO_2e per FTE, a 14% decrease to 2020.

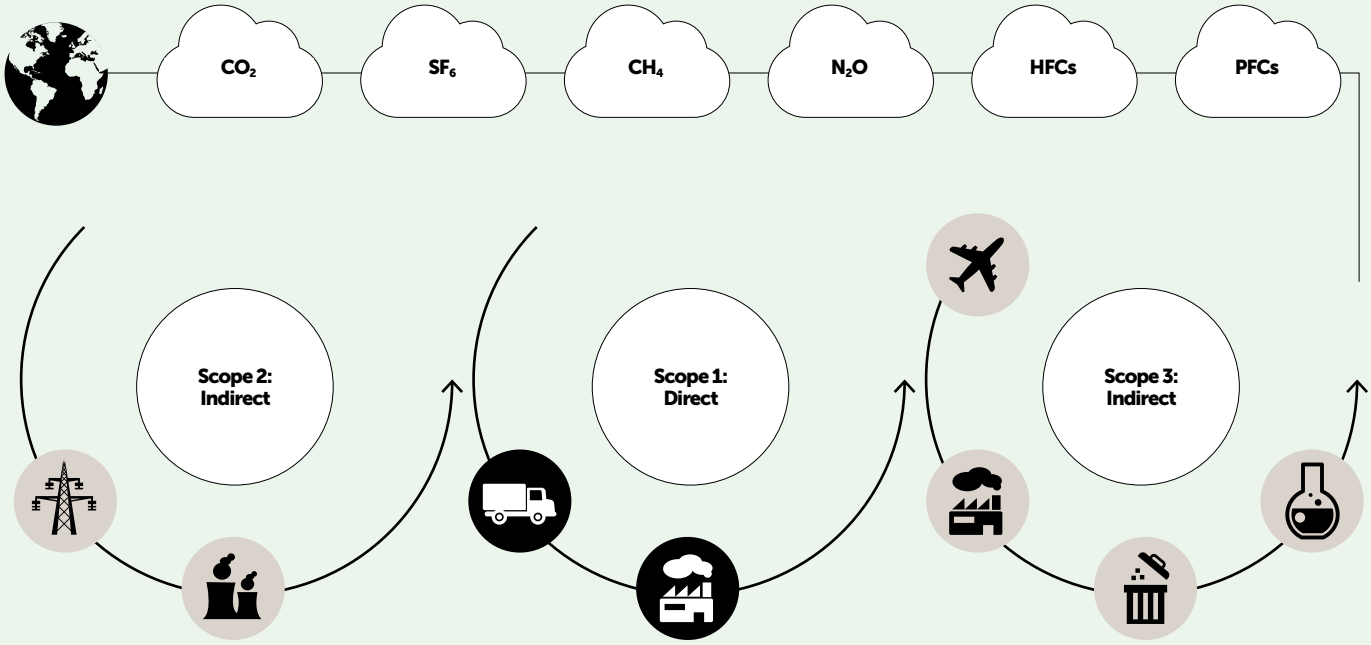
–55%

Business flights
Business flights have seen considerable reductions with a 55% decrease in related emissions between the two reporting periods.

Following an operational control approach to defining the Group's organisational boundary, the Group calculated GHG emissions from business activities falling within the reporting period of January 2021 to December 2021 and using the reporting period of January 2020 to December 2020 for comparison.

		Global Emissions tCO_2e		Percentage change to 2020
	Emissions Source	2020	2021	(%)
Scope 1	Natural gas	1,614	1,684	4
	Other fuel types	13	14	8
	Fleet	18	13	-28
Total Scope 1		**1,645**	**1,711**	**4**
Scope 2	Electricity	1,900	1,864	-2
Total Scope 2		**1,900**	**1,864**	**-2**
Scope 3	Electricity transmission and distribution	163	165	1
	Water	14	7	-50
	Employee cars	3	1	-67
	Rail	0.8	0.2	-75
	Public Transport	0.6	0.1	-83
	Business flights	212	96	-55
	Paper	6	4	-33
	Waste and Recycling	152	173	14
Total Scope 3		**552**	**446**	**-19**
Total (Market Based)		**2,647**	**2,358**	**-11**
Total (Location Based)		**4,097**	**4,021**	**-2**
Total Energy Usage (kWh)[2]		**17,058,312**	**18,084,620**	**-6**
Nomaliser	tCO_2e per FTE	7	6	-14

1 Emissions have been rounded to one decimal place when less than 1 tCO_2e to allow for more accurate comparisons year on year.
2 Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only (as required by the SECR regulation).



Indirect emissions ❷ ❸

Indirect emissions result from a company's activities but from sources owned or controlled by another company. The most prominent example is electricity.

Direct emissions ❶

Direct emissions are emissions within a company's organisational boundary from sources that the company owns or controls, like business travel in a company car or the combustion of fuel in a company's boilers or furnace.

Taskforce for Climate-related Financial Disclosure (TCFD)

The TCFD was established to help identify the information needed by investors, lenders, and insurance underwriters to assess and price climate related risks and opportunities appropriately. The Taskforce structured its recommendations around four thematic areas that represent core elements of how organisations operate: Governance; Strategy; Risk Management; and Metrics and Targets.

The Group supports the TCFD framework and the Group have made disclosures consistent with the four TCFD recommendations and the 11 recommended disclosures. The table on pages 69 to 70 sets outs the required disclosures and explains where in this Annual report and accounts the various disclosures can be found. The Group first adopted the TCFD framework in the 2020 Annual report and accounts and continues to apply it this year to describe activities conducted in the year to 31 December 2021.

11

Recommended disclosures
The Group have made disclosures consistent with the four TCFD recommendations and the 11 recommended disclosures.

Climate change and strategy for physical risks

Understanding the potential impact of future climate scenarios, together with proactive mitigation, and intervention plans the Group looks to build resilience to ensure its long-term financial sustainability and continued supply of product to the Group's customers. It is critical to understand the physical climate change risks posed to the workforce, local communities, assets, and supply to customers. Working in a preventive way, the Group would like to minimise reactive behaviour and minimise interruptions from extreme weather events across the Group's operations.

In 2020, the Group screened climate impacts across its operations/facilities and strategic suppliers (defined by cost of interruption and strategic role to the Group) and reported the outcome in the 2020 Annual report and accounts. In 2022/2023 the Group will assess what a worst-case scenario will look like in the short, medium, and long term.

As the work progresses, the Group will increase its knowledge base about the potential financial impact of extreme weather events, and appropriate mitigation and intervention plans. Financial impacts, such as stranded assets, cost of interruptions of supply, and capital investments, will be further assessed and, where material, they will be disclosed.

Net-zero

Greenhouse gas (GHG) emissions target
The Group is committed to achieving net-zero greenhouse gas (GHG) emissions by maximising our energy efficiency, shifting to renewable energy sources, and investing in nature-based removals to compensate for any residual GHG footprint by 2040.

Climate change and strategy for transition risks and opportunities

The nature of the risks and opportunities the Group faces depends not only on the physical aspects of climate change, but also regulatory and commercial changes in the markets in which the Group operates, pressures to reduce the carbon footprints of the Group's manufacturing business, and the ability to shape a culture of climate action focused on de-carbonising the value chain. To respond to the identified climate risks and opportunities, the Group is taking enterprise-wide actions, and is committed to:

— Achieving net-zero greenhouse gas (GHG) emissions by maximising energy efficiency, shifting to renewable energy sources, and investing in nature-based removals to compensate for any residual GHG footprint by 2040; and

— Building resilience by managing the physical (sites, supply chain) and transitional (regulatory, market and product) risks and opportunities from climate change in the value chain through adaptation and business continuity planning.

Through the Group's plan to reduce to net zero by 2040 the Group looks to reduce GHG emissions from operations by 10% by the beginning of 2027 and to halve emissions by 2032, on the way to achieve net zero by 2040.

"A strategic group has been established to support the delivery of sustainability and climate strategies."

Near-term targets (short to medium)

— Become paper neutral by off-setting through investing in tree planting in 2022;

— Increase waste recycling targets by 5% in 2022;

— Gain affiliation to an external agency to assist with the Group's long term sustainability plan in 2022;

— 5% reduction in packaging waste, and 20% increase in plastic recycling by 2027;

— Achieve 10% reduction in Scope 1 and Scope 2 GHG emissions by the beginning of 2027 from 2020 baseline;

— 10% of electric energy to be fully renewable (non-carbon based) by 2027; and

— Switch to 100% fully electric vehicles used on site and carbon off-setting by the end of 2027.

Long-term targets

— 100% of electric energy to be renewable by 2032;

— 10% reduction in packaging waste by 2032;

— Achieve 50% reduction in Scope 1 and Scope 2 GHG emissions by the beginning of 2032 from 2020 baseline;

— Aim to be "plastic neutral" by off-setting plastics used with plastics recycling by 2040; and

— Achieve 100% reduction (net zero) in Scope 1 and Scope 2 GHG emissions by the beginning of 2040 from 2020 baseline.

Governance

The Group has an established Environmental, Social and Governance (ESG) Committee to monitor the execution of its sustainability strategy, oversee communication of its sustainability activities with stakeholders and provides input to the Board and other Committees on sustainability matters. During 2021, the Committee was chaired by John Dawson in his capacity as CEO, providing a link to the Board for regular review of ESG issues. Following Mr Dawson's decision to step down as CEO in January 2022, the Committee is chaired by Nick Page, Chief Operating Officer until the new Chief Executive Officer is appointed. The ESG Committee met every quarter during 2021 for an update on progress regarding the Group's Climate Strategy, TCFD and other ESG targets.

The Group's CEO is responsible to the Board for the management, development, and performance of the business, including the Group's Ambition Zero Carbon and climate-related risks and opportunities.

A strategic group has been established to support the delivery of sustainability and climate strategies. The sustainability group meets on a regular basis and makes suggestions, publicises sustainability actions to be taken within Oxford Biomedica.

In the future, the Group intends to establish a TCFD steering group with cross-functional membership (expected to comprise representatives from Corporate Affairs, Investor Relations, Finance Risk and Reporting, R&D, Operations and ESG) to identify and proactively manage the physical and transition risks and opportunities posed to the Group by climate change. It is anticipated that this steering group would report to the Audit Committee and the Board.

Remuneration

In 2022, to incentivise delivery of the Group's ESG priorities, and delivery of the Zero Carbon commitment was included in the Executive incentive arrangements for the Performance Share Plan (PSP) as part of the Corporate objectives, with a weighting of 10%. This underlines the importance we place on reducing the Group's Scope 1 and Scope 2 GHG emissions.

Identifying and managing climate risk and opportunity

To inform the wider enterprise risk management process of any specific risks and opportunities posed by climate change and/or the transition to a low-carbon economy, the Group has integrated climate assessments into the overall enterprise risk management process.

Assessment of physical risks

In 2020, the Group's facilities services conducted a screening study of future climate scenarios to explore the Group's physical climate-related risks (floods, water scarcity, extreme heat, strong winds and wildfires). These scenarios were applied to material Oxford Biomedica sites and key suppliers with predictions out to the medium/long term. The evaluated sites include all business-critical operations sites and the Group's strategic suppliers. The outcome of these screening studies was combined with a revenue-based assessment for each site to identify mid- to long-term risks.

Priorities for 2022/23 include an updated review of the climate risk screening of the Group's sites including the Boston, US, facility and the screening will incorporate detailed site level physical climate impact assessments.

Assessment of transition risks and opportunities

To meet the Paris Agreement commitments to be net-zero and restrict global warming to 1.5ºC, the Group needs to take a product and company perspective to proactively manage the risks and opportunities posed by the transition to a low-carbon economy.

To deliver the Group's 2040 carbon neutral ambition, the products the Group produces, as well as the Group's business will need to become carbon neutral.

To better understand the financial consequences of the transition into a low-carbon economy to the Group's business, the Group will need to work with expert advisors to assist us in this area. Risks and opportunities will need to be further assessed.

Priorities for 2022 include identifying an expert advisor to assist us in refining the methodology, ensuring that the climate risks associated with the Group are fully integrated into business planning and to assist us in defining a pathway for net zero by 2040.

Carbon neutral
To deliver the Group's 2040 carbon negative ambition, the products the Group produces, as well as the Group's business will need to become carbon neutral.

Outcome of the physical and transitional assessments

In many cases mitigation measures are already in place to address the risks and opportunities presented by climate change, including those posed by the transition to a low-carbon economy.

Monitoring progress

The climate emergency is a public health emergency. It is changing the planet irreversibly, with warming reaching critical tolerance thresholds for health. Human health and the health of the planet are deeply interconnected. The Group has an opportunity now to reset how we live and create a more sustainable world – together and without delay.

The Group reports on its greenhouse gas (GHG) emissions and actions taken to reduce emissions and is disclosed on pages 64 and 65 of this Annual report and accounts.

Recommendation	The Group's approach	Further information
Governance Disclose the organisations governance around climate-related risks and opportunities. – Describe the Board's oversight of climate-related risks and opportunities described – Describe management's role in assessing and managing climate-related risks and opportunities	The Board is accountable for overseeing the delivery of the Group's climate-related risk and opportunities. The SET is responsible for delivering on these objectives within their functional areas. The Board and the SET are supported by a cross-functional ESG Committee which was chaired by the CEO in 2021 and is currently chaired by Nick Page, until such time as a new CEO is appointed, who work to define the Group's ESG strategy and to set objectives and targets related to climate related risks and opportunities.	Corporate Governance (pages 77 to 137). Environmental, Social and Governance Report (page 54 to 75). TCFD report (pages 66 to 69).
Strategy Disclose the actual and potential impacts of climate related risks and opportunities on the Group's business, strategy and financial planning where information is material. – Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term – Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning – Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or or lower scenario	The Group's environmental strategy and objectives are described in the Group's Environmental, Social and Governance Report and the TCFD report. The Group is committed to minimise the impact of its operations on the environment by adopting responsible environmental practices and complying with applicable environmental legislation. The Group, during 2022, is looking to develop a strategy to reach net zero by 2040 and details of current actions are described in the Annual report and accounts in the ESG and TCFD reports.	Environmental, Social and Governance Report (pages 54 to 75). TCFD report (pages 66 to 69).

Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks. – Describe the organisation's processes for identifying and assessing climate-related risks; – Describe the organisation's process for managing climate-related risks; and – Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	The Group has assessed the impact of climate change as part of its normal risk management process and concluded that there is likely to be minor future financial risks that would need to be managed and none that would materially impact its business model. These are described in the Risk section and the TCFD report in this Annual report and accounts. This assessment is consistent with the Sustainability Standards Board's (SASB) Materiality Map, which indicates that the issue is not likely to be material for the biotechnology and pharmaceutical sector.	Risks (pages 78 to 85). TCFD report (pages 66 to 69).
Metrics and Targets Disclose the metrics and targets to assess and manage relevant climate-related risks and opportunities where such information is material. – Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process; – Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks; and – Describe the targets used to manage climate-related risks and opportunities and performance against targets.	The Group's environmental metrics and targets are described in its Environmental, Social and Governance Report. The key targets are: – Minimise waste disposal from laboratories and manufacturing suites; – Reduce carbon emissions by optimising the Group's energy usage; – Reduce packaging materials (plastics used); and – Use sustainable suppliers. The Group's Scope 1, Scope 2 and Scope 3 Green House Gas emissions are disclosed in the Environmental, Social and Governance report. The targets that the Group uses to manage climate-related risks and opportunities and the Group's performance against targets are disclosed in the TCFD report in this Annual report and accounts.	Environmental, Social and Governance Report (pages 54 to 75). SECR report on GHG (pages 64 to 65). TCFD report (pages 66 to 69).

Innovation

The Group is committed to delivering life-changing cell and gene therapies to patients in an ethical and responsible way. This will be achieved by practicing and delivering ethical, relevant and sustainable innovation. The Innovation pillar has three key strategic aims:

— To ensure all research and innovation by the Group maintains the highest ethical standards;

— To deliver innovation that is relevant and understandable so its implications can be easily assessed; and

— To foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community.

Ensure all research and innovation at the Group maintains the highest ethical standards

The Group's commitment to achieving the highest ethical standards has historically been embedded in all research and development activities and has continued to shape the Group's platform innovation in 2021. This objective underpins the Group's overall ESG mission to deliver life-changing gene therapies to patients in an ethical and socially responsible way.

An ethical review process for the New Technology and New Product Committees has been drafted and will be implemented in 2022. Ethical review already takes place as part of the Group's review of research and innovation activities, however this represents a formalised inclusion of ethical review considerations. In 2022, an additional focus of the New Technology Committee will be on identifying and prioritising innovation around process intensification to produce therapeutic viral vectors in sufficient quantities to meet clinical and commercial demands in a more economical and environmentally sustainable way.

Deliver innovation that is relevant and understandable so its implications can be easily assessed

In 2020, the Group developed three new tools for innovation to aid the innovation process. During the course of 2021, the Group implemented these tools:

— A technology roadmap designed to ensure the smooth and timely progression of new technologies to commercialisation;

— A new technology profile (NTP) to document the key stages and decision points of the technology development process; and

— A decision matrix scoring which will evaluate promising technologies and to officially transition them to governance by the New Technology Committee.

These tools have been used to prioritise and expedite the process of commercialising new programmes and technologies and allow the Group to track the development process with greater clarity and granularity. This has resulted in the formation of coordinated cross functional project teams focused on the delivery of technologies from research and development to commercial application.

2021 ESG Innovation objectives – what we achieved:

- ✓ Ensure research and innovation maintains highest ethical standards by the formal inclusion of ethical review within the New Technology and New Product Committees. 80%
- ✓ To deliver innovation that is relevant and understandable so its implications can be easily assessed. 100%
- ✓ Foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community. 100%

2022 ESG Innovation objectives:

— Promote science and increase knowledge sharing through increased public engagement

— Deliver greater economy by maximising productivity at scale and reducing environmental impact

— Continue to build strong academic collaborations through support for the ABViP programme

Foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community

In 2021, the Group continued to work with In2Science who help children from disadvantaged backgrounds enter STEM subjects in higher education. The group sponsored five students during the year with Oxford Biomedica employees also participating in mentoring sessions to offer insights and guidance on pursuing a career in STEM industries.

The Group has committed to support PhD studentships through the Biotechnology and Biological Sciences Research Council (BBSRC) Collaborative Training Partnership (CTP) in Advanced Bioscience of Viral Products (ABViP). This multidisciplinary training programme will help foster the next generation of bioscience leaders and advance research in the area of viral vectors for future gene therapies and vaccines. The programme is led by Oxford Biomedica and involves both UCL and University of Oxford as academic institutions. Over the course of three years, 24 students will start on the ABViP CTP (18 CTP-funded studentships, six partner-funded studentships).

The primary focus of the Group's ESG innovation objectives for 2022 will be on continuing to foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community. The Group intends to continue to support outreach programmes such as In2Science, to promote STEM careers as a viable route for school children from demographics that have a low representation in higher education, particularly in STEM subjects. The Group is also committed to ensuring the BBSRC CTP programme is a success and fully engage with academic partners and the research council to ensure the best support is provided for the next generation of research leaders coming through the programme.

"The primary focus of the Group's ESG innovation objectives for 2022 will be on continuing to foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community."

Studentships
The group has committed to support a multidisciplinary training which will help foster the next generation of bioscience leaders and advance research in the area of viral vectors for future gene therapies and vaccines.

Supply chain

The Group is committed to building a supply chain that delivers commercial benefit to the business, while meeting its goal of sustainability. It is intended that this will continue to be achieved through establishing and maintaining robust supplier relationships and ensuring that their conduct supports the Group's principles for openness, ethics and resilience in the face of environmental changes.

The Group looks to pay all its suppliers within 30 days of the invoice being received. In 2021, the Group managed to pay 95% of suppliers' invoices within 30 days, continuing its positive track record since 2020, where this figure was 94%.

The Group has two main ESG supply chain objectives for 2022, which build on the progress made during 2021 on these areas. The objectives comprise the launch of a code of conduct for suppliers and the creation of a supplier page on the Group's website www.oxb.com.

In 2021, the Group successfully sourced new ethical GMP grade suppliers for PPE, amidst a challenging environment with unprecedented global demand for PPE during the pandemic. New supplier relationships were formed to support the production of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine, enabling the Group to increase bioreactor capacity from 200L to 1000L at short notice to accelerate vaccine rollout.

Launch a code of conduct for suppliers working with the Group and create a supplier page for the Group's website

The Group is committed to ensuring that its suppliers adhere high standards of safe working conditions, fair and respectful treatment of employees, and ethical practices. As part of its due diligence process for new suppliers, the Group refers to ethical supply chain, environmental impact, slave and child labour and sustainability issues.

Significant progress was made towards a formalised code of conduct for suppliers in 2021. The Group undertook market research, including consulting with industry leaders and reviewing their codes of conduct, in order to identify best practices. The new formal code of conduct for suppliers has been developed and reviewed internally, and is expected to be approved and published on a new supplier page on the Group's website www.oxb.com in 2022.

A review of existing supplier relationships is planned to take place and the new code of conduct to be incorporated into all new contractual supply relationships moving forwards.

Benchmark suppliers

The Group has Quarterly Strategic Supplier Reviews in place for key suppliers. This built on the existing procurement and supply chain management processes and provides a formal supplier feedback programme, providing suppliers with feedback on their performance against expectations. The Group has elected to introduce a further level of review by benchmarking the Group's suppliers and creating a ranking system, which scores suppliers against four key performance indicators (KPIs); delivery time, quality of products, number of supply complaints and price.

2021 ESG Supply chain objectives – what we achieved:

- ✔ To launch a code of conduct for suppliers. 50%
- ✔ To create a supplier page on the Group's website. 10%
- ✔ To benchmark the Group's suppliers and provide suppliers with feedback. 100%

2022 ESG Supply Chain Objectives:

- To incorporate the new code of conduct for suppliers into all new contractual supply relationships
- To publish the new code of conduct on the Group's website including the Group's supply chain requirements

Governance

Integrity and Ethics

Oxford Biomedica is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas.

Anti-bribery

Oxford Biomedica's policy on preventing and prohibiting bribery is in full accordance with the UK Bribery Act 2010 as well as other relevant overseas legislation and all employees receive training in this matter. Oxford Biomedica does not tolerate any form of bribery by, or of, its employees, agents or consultants or any person or body acting on its behalf. This prohibition includes the prohibition of facilitation payments made to government officials for carrying out or speeding up routine procedures. Senior management is committed to implementing effective measures to prevent, monitor and eliminate bribery.

During 2021, an anti-bribery and anti-corruption review was undertaken by an independent external consultant. The consultant reviewed the current policies and procedures and met with the Board and 17 members of the senior management team within Oxford Biomedica to understand how such policies and procedures were implemented. The consultant found that there was a strong culture of "doing the right thing" within Oxford Biomedica. Following the review, it was agreed that, in order to reinforce the current policies and procedures, additional training would be arranged for employees during the course of 2022.

Oxford Biomedica Solutions is committed to complying with the U.S. Foreign Corrupt Practices Act (the "FCPA") and other applicable anti-corruption laws and has an employee-facing policy to maintain compliance with such laws.

Whistleblowing

Oxford Biomedica's compliance activities include the prevention and detection of misconduct through policy implementation, training and monitoring. As part of this effort, Oxford Biomedica employees are encouraged to report suspected cases of misconduct in confidence and without fear of retaliation. Concerns and allegations are thoroughly investigated with disciplinary action taken where necessary, up to and including dismissal and reporting to relevant authorities.

An anonymous confidential reporting channel is provided for both UK and US-based employees, and there are procedures to protect whistle-blowers.

Clinical trials

Oxford Biomedica instils transparency, safety and ethics in all aspects of its business, including the design and conduct of its clinical trials. Oxford Biomedica's trials are designed with patient safety as a paramount concern and the protocols are agreed with the relevant national regulatory authorities, as well as local ethics committees and institutional review boards at clinical trial sites, before any patients are treated. Oxford Biomedica has standard operating procedures in place under a controlled Quality Management System to ensure compliance with appropriate legislation for Good Clinical Practice (GCP) as well as the internationally accepted guidelines for the conduct of ethical clinical trials, specifically ICH-GCP and the Declaration of Helsinki.

Quality Assurance (QA) audits are undertaken to give independent assurance that the practices and procedures undertaken for Oxford Biomedica's clinical trials are in accordance with the relevant legislation and guidelines thereby providing assurance that the data and reported

"During 2021, an anti-bribery and anti-corruption review was undertaken by an independent external consultant. The consultant found that there was a strong culture of 'doing the right thing'."

Clinical trials
Oxford Biomedica's clinical trials are in accordance with the relevant legislation and guidelines thereby providing assurance that the data and reported results are credible and accurate, and that the rights, integrity, and confidentiality of trial patients are protected.

results are credible and accurate, and that the rights, integrity, and confidentiality of trial patients are protected. The QA function at Oxford Biomedica puts in place an annual GCP risk-based audit strategy which is reviewed on a quarterly basis.

Oxford Biomedica's standard operating procedures and the legislative framework also covers the risk assessment procedures of the company's trials. These assessments include consideration of any specific risks to the patient population proposed for the clinical trials especially if any trial were to include vulnerable patients.

Oxford Biomedica is committed to transparency, and information on ongoing clinical trials is provided on the website. Relevant trials in the EU and EEA are automatically posted on the EU Clinical Trials Register (www.clinicaltrialsregister.eu) and Oxford Biomedica discloses its trials on a US government-sponsored website (www.clinicaltrials.gov).

"The Group's principles ensure that animal testing is only employed when necessary and where there are no alternatives."

Human rights and anti-slavery

Oxford Biomedica fully respects human rights and conducts its business in accordance with the letter and spirit of UK Human Rights legislation and the UK Modern Slavery Act 2015. The Board of Directors has approved a Modern Slavery Transparency Statement in compliance with section 54 of the UK Modern Slavery Act, which can be downloaded from the Group's website www.oxb.com. Many of Oxford Biomedica's facilities are located in the UK, where its policies accord with human rights regulations and its supply chain operates in territories with strong commitments to human rights safeguarding. Oxford Biomedica Solutions is based in the US and is committed to ensuring its business practices are conducted in compliance with all applicable federal and state legislation in relation to the preservation of human rights and prevention of human trafficking.

Animal testing

It is a regulatory requirement that all new therapeutic products must be appropriately tested for safety before they are administered to patients, and there is currently no alternative to using animal models as part of this process.

Oxford Biomedica is committed to following the principles of the three "Rs" in safety testing: replacement, refinement, and reduction of animal testing. These principles ensure that animal testing is only employed when necessary and where there are no alternatives. This includes the following strategies:

(i) Minimising the use of animal models by cross-referring LentiVector® platform data packages for regulatory authorities.

(ii) Optimising in vitro work with models with multiple configurations, with only the best candidates being moved to *in vivo*.

(iii)Maximising the use of cell lines, human organoids and making use of primary tissue where possible in R&D work to reduce the need for *in vivo* testing.

In addition to this, Oxford Biomedica only works with Contract Research Organisations (CROs) that are accredited to international ethical bodies. Each institution has an internal ethical review of the preclinical work to be conducted (Institutional Animal Care and Usage Committee), and the CROs have international accreditation with AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care).

The New Product Committee approves preclinical projects reviewing design and animal numbers, and includes ethical review considerations. A formalised ethical review process for the New Product Committee has been drafted and will be implemented in 2022.

Non-financial statement

The Group aims to comply with the Non-Financial Reporting requirements contained in section 414CA and 414CB of the Companies Act 2006. The table below, and information it refers to, is intended to help stakeholders understand the Group's position on key non-financial matters.

Requirement	Policies and standards which govern the Group's approach	Risk management and additional information
Environment	– Environment statement – Environmental, Society and Governance policy – Health and safety policy	Health and Safety disclosures on page 57; Stakeholders pages 18 to 19; Environment, greenhouse gas emissions on page 65.
Employees	– Equal opportunities policy	Stakeholders pages 18 to 19; People page 57; Employee numbers by gender page 59; Board engagement with the business page 58; Diversity page 59; CEO's remuneration compared to employees page 120; Gender pay gap report page 59 and published on the Group's website.
Human rights	– Privacy Notice – Whistleblowing policy – IT and information security policy	Review and approval of the Group's modern slavery and human trafficking statement page 75; Stakeholders pages 18 to 19; Whistleblowing page 74.
Social matters	The Group has an Environmental, Society and Governance Policy (previously known as the Responsible Business policy), which covers the Group's way of working with employees, customers/suppliers, patients, the local community and the environment.	Stakeholders pages 18 to 19; engaging with the local community and charitable work page 62; Environmental, Society and Governance pages 54 to 75.
Anti-corruption and anti-bribery	– Anti-bribery policy	Anti-corruption/anti-bribery page 74.
Policy embedding due diligence and outcomes		Governance framework and structure page 89; Board activity during the year page 91; Audit Committee report page 94.
Principal risks and impact on business activity		Principal risks and effective management pages 78 to 85; Audit Committee report page 94; Risk management and regulatory disclosure pages 78 to 85.
Description of business model		The Group's business model pages 16 to 17.
Non-financial key performance indicators		The Group at a glance pages 12 to 13; Operational highlights pages 22 to 23; Stakeholders pages 18 to 19.

The Strategic Report on pages 12 to 76 was approved by the Board on 20 April 2022 and signed on its behalf by

Dr. Roch Doliveux
Chair and Interim Chief Executive Officer

Principal risks, uncertainties and risk management

The Group is exposed to a range of risks. Some of them are specific to the Group's current operations, others are common to all development-stage biopharmaceutical companies. The Directors have carried out a robust assessment of the emerging and principal risks facing the Group, including those, which could threaten its business model, future performance, solvency or liquidity.

The Group operates in the cell and gene therapy biotechnology sector which, by its nature, is relatively high risk compared with other industry sectors. During 2021, there have only been a few additional cell and gene therapy products that have been approved for commercial use and, consequently, there are still significant financial and development risks in the sector, and the regulatory authorities have shown caution in their regulation of such products.

Risk assessment and evaluation is an integral and well-established part of the Group's management processes. The Group's risk management framework incorporates the implementation of a mitigation strategy, each tailored to the specific risk in question. The Group has taken the decision to disclose the steps it has taken to mitigate the risks facing its operations during the period as described in the prior year approach to the disclosure of risks.

Risk management framework

The Group's risk management framework is as follows:

— Board of directors – the Board has overall responsibility for risk management, determining the Group's risk tolerance, and for ensuring the maintenance of a sound system of internal control. The Board considers risk in the context of its agenda items at each of its formal meetings, of which there at least six annually. However, twice a year, in March and September, a full presentation to the Board on risk is provided by the Risk Management Committee. The risk management processes are the responsibility of the Senior Executive Team (SET) with emerging risks identified by horizon scanning and discussed at the Risk Management Committee. The Audit Committee monitors the processes and their implementation as well as reviewing the Group's internal financial controls and the internal control systems. The Audit Committee also monitors the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them.

— Senior Executive Team (SET) – During 2021, the SET generally met every week, with twice monthly-extended SET sessions to discuss current business issues and consider relevant risks. The SET also held regular COVID-19 update sessions. At least twice a year, the SET meets with representatives from the Risk Management Committee to consider the operational risk management processes and risks identified.

— Key management committees – the Group currently has three key management sub-committees which meet monthly and through which much of the day-to-day business is managed. These are the extended Operational Leadership Team (which incorporates the Quality and Manufacturing Operations Committee), the Product Development Committee and the Technical Development Committee. SET members attend these meetings and risk management is a key feature of each sub-committee.

— Risk Management Committee – the Group has a Risk Management Committee comprising senior managers from each area of the business and chaired by the Chief of Staff. This group meets quarterly with a remit to identify and assess risks in the business and to consider mitigation and risk management steps that can be taken. The risk register is regularly reviewed by the SET and key risks are highlighted to the Board at each formal meeting.

— Standard Operating Procedures – all areas of the business have well established Standard Operating Procedures (SOPs) which are required be followed to minimise the risks inherent in the business operations. Where these are required for GMP, GCP and GLP any deviations from the SOPs must be identified and investigated. Compliance with such SOPs are routinely subject to audit by the relevant regulators and customers. Other SOPs, such as financial processes, are also subject to audits.

Key risks specific to the Group's current operations

Pharmaceutical product development risks

To develop a pharmaceutical product, it is necessary to conduct pre-clinical studies and human clinical trials for product candidates to demonstrate safety and efficacy. The number of pre-clinical studies and clinical trials that will be required varies depending on the product candidate, the indication being evaluated, the trial results and the regulations applicable to the particular product candidate. In addition, the Group or its partners will need to obtain regulatory approvals to conduct clinical trials and bioprocess drugs before they can be marketed. This development process takes many years. The Group may fail to develop successfully a product candidate for many reasons, including:

— Failure to demonstrate long-term safety;

— Failure to demonstrate efficacy;

— Failure to develop technical solutions to achieve necessary dosing levels or acceptable delivery mechanisms;

— Failure to establish robust bioprocessing processes;

— Failure to obtain regulatory approvals to conduct clinical studies or, ultimately, to market the product; and

— Failure to recruit sufficient patients into clinical studies.

The failure of the Group to successfully develop a product candidate could adversely affect the future profitability of the Group. There is a risk that the failure of any one product candidate could have a significant and sustained adverse impact on the Group's share price. There is also the risk that the failure of one product candidate in clinical development could have an adverse effect on the development of other product candidates, or on the Group's ability to enter into collaborations in respect of product candidates.

The Group has accepted this risk but looks to mitigate via several product candidates in the pipeline and to collaborate with other larger more experienced partners on product development.

(i) Safety risks

Safety issues may arise at any stage of the drug development process. An independent drug safety monitoring board (DSMB), the relevant regulatory authorities or the Group itself may suspend or terminate clinical trials at any time. There can be no assurances that any of the Group's product candidates will ultimately prove to be safe for human use. Adverse or inconclusive results from pre-clinical testing or clinical trials may substantially delay, or halt, the development of product candidates, consequently affecting the Group's timeline for profitability. The continuation of a particular study after review by the DSMB or review body does not necessarily indicate that all clinical trials will ultimately be successfully completed. The Group has accepted this risk but looks to mitigate the impact as much as possible through careful assessment of any safety issues arising from the product early in the development process and to stop the development if required.

(ii) Efficacy risks

Human clinical studies are required to demonstrate efficacy in humans when compared against placebo and/or existing alternative therapies. The results of pre-clinical studies and initial clinical trials of the Group's product candidates do not necessarily predict the results of later stage clinical trials. Unapproved product candidates in later stages of clinical trials may fail to show the desired efficacy despite having progressed through initial clinical trials. There can be no assurance that the efficacy data collected from the pre-clinical studies and clinical trials of the Group's product candidates will be sufficient to satisfy the relevant regulatory authorities that the product should be given a marketing authorisation. The Group has accepted this risk but looks to mitigate the impact as much as possible through consultation with the regulatory authorities early in the development process to determine what is required for market authorisation.

(iii) Technical risks

During the course of a product's development, further technical development may be required to improve the product candidate's characteristics such as the delivery mechanism or the bioprocessing process. There is no certainty that such technical improvements or solutions can be identified. The Group continues to innovate in this area using its R&D expertise in collaboration with its customers to mitigate this risk.

(iv) Bioprocessing process risk

There can be no assurance that the Group's product candidates will be capable of being produced in commercial quantities at acceptable cost. The Group's LentiVector® and AAV platform product candidates use specialised bioprocessing processes for which there are only a few suitable bioprocessors including the Group itself. There can be no assurance that the Group will be able to bioprocess the Group's product candidates at an economically viable cost or that contractors who are currently able to bioprocess the Group's product candidates will continue to make capacity available at economic prices, or that suitable new contractors will enter the market. Bioprocessing processes that are effective and practical at the small scale required by the early stages of clinical development may not be appropriate at the larger scale required for later stages of clinical development or for commercial supply. There can be no assurance that the Group will be able to adapt current processes or develop new processes suitable for the scale required by later stages of clinical development or commercial supply in a timely or cost-effective manner, nor that contract bioprocessors will be able to provide sufficient bioprocessing capacity when required. The Group continues to monitor and review the platform and production processes to ensure that innovative steps are taken to increase production yields.

(v) Regulatory risk

The clinical development and marketing approval of the Group's product candidates and the Group's bioprocessing facility, are regulated by healthcare regulatory agencies, such as the FDA (USA), EMA (Europe) and MHRA (UK). During the development stage, regulatory reviews of clinical trial applications or amendments can prolong development timelines. Similarly, there can be no assurance of gaining the necessary marketing approvals to commercialise products in development. Regulatory authorities may impose restrictions on a product candidate's use or may require additional data before granting approval. If regulatory approval is obtained, the product candidate and bioprocessor will be subject to continual review and there can be no assurance that such an approval will not be withdrawn or restricted. The Group's laboratories, bioprocessing facility and conduct of clinical studies are also subject to regular audits by the MHRA and the FDA to ensure that they comply with GMP, GCP and GLP standards. Failure to meet such standards could result in the laboratories or the bioprocessing site being closed or the clinical studies suspended until corrective actions have been implemented and accepted by the regulator. The Group consults with the regulator early in the development process to understand any concerns identified and looks to remedy these before they become a major issue.

(vi) Failure to recruit sufficient patients into clinical studies

Clinical trials are established under specific protocols which specify how the trials should be conducted. Protocols specify the number of patients to be recruited into the study and the characteristics of patients who can and cannot be accepted into the study. There is a risk that it proves difficult in practice to recruit the number of patients with the specified characteristics, potentially causing delays or even abandonment of the clinical study. This could be caused by a variety of reasons, such as the specified characteristics being too tightly defined resulting in a very small population of suitable patients, or the emergence of a competing drug, either one that is approved or another drug in the clinical stage of development.

The threats from the above product development risks are inherent in the pharmaceutical industry. The Group aims to mitigate these risks by employing experienced staff and other external parties, such as contract research organisations, to plan, implement and monitor its product development activities and to review progress regularly in the Group's Product Development Committee.

Bioprocessing revenue risk

The Group receives significant revenues from bioprocessing lentiviral vectors, AAV vectors and adenovirus-based vaccines for third parties. Bioprocessing of lentiviral vectors, AAV vectors and adenovirus-based vaccines is complex and bioprocessing batches may fail to meet the required specification due to contamination or inadequate yield. Failure to deliver batches to the required specification may lead to loss of revenues. Furthermore, the Group relies on third parties, in some cases sole suppliers, for the supply of raw materials and certain out-sourced services. If such suppliers perform in an unsatisfactory manner, it could harm the Group's business. The Group's bioprocessing and analytical facilities are subject to regular inspection and approval by regulators and customers. Failure to comply with the standards required could result in production operations being suspended until the issues are rectified with the potential for loss of revenue.

As the Group's revenues from bioprocessing continue to grow, the risk to the Group has increased as a result in the last twelve months. The Group mitigates the risk of failing to meet required specifications by investing in high quality facilities, equipment and employees and, in particular, in quality management processes. In addition, the Group mitigates the supply chain issues in the UK with looking to source second suppliers and stockpile three months of critical material supplies. The Group plans to mirror its approach of mitigating supply chain risk in the US by ensuring that Oxford Biomedica Solutions continues to stockpile several months' worth of critical material supplies and source back-up sources of supplies The Group has also asked key suppliers to hold stocks in UK warehouses to cover any immediate supply issues. Outsourcing of fill and finish has also been seen as a risk but the Group is looking to bring this in-house to have more control on the process.

Collaborator and partner risk

The Group has entered several collaborations and partnerships, involving the development of product candidates by partners in which the Group has a financial interest through IP licences. Failure of the Group's partners to continue to develop the relevant product candidates for any reason could result in the Group losing potential revenues. The Group looks to mitigate this risk through having a close relationship with its partners via steering group meetings that look at candidate selection and progression.

Business development

The Group may seek to out-license or spin out its in-house product development programmes into externally funded vehicles and may seek to develop strategic partnerships for developing certain of the Group's other product candidates. The Group may not be successful in its efforts to build these third-party relationships, which may cause the development of the products to be delayed or curtailed. The Group has enhanced the commercial development function within the Group and is thus putting significant resources behind the effort to find good strategic partners to assist in developing the Group's other product candidates.

The Group has looked to mitigate its dependency and the associated risk of its partnerships being lentiviral dependent by expanding into other viral vector areas including adenovirus and AAV. This mitigation was exemplified via the Group's establishment in early 2022 of Oxford Biomedica Solutions a new US based subsidiary AAV manufacturing and innovation business, based near Boston, Massachusetts, US.

The Group is building a revenue generating business by providing its LentiVector® and AAV platform to third parties in return for revenues derived from process development, bioprocessing and future royalties. The Group may be unsuccessful in building this business for reasons including:

a) Failing to maintain a leadership position in lentiviral vector technology or failing to develop a leading position in AAV technology;

b) Becoming uncompetitive from a pricing perspective; and

c) Failure to provide an adequate service to business partners and collaborators.

The Group is continuing to invest in its LentiVector® and AAV technology to reduce this risk, and takes customer relationship management extremely seriously to ensure that customers and partners receive the service they expect, as indicated by the Group on pages 30 to 33 of the Annual report and accounts.

Attraction and retention of highly skilled employees

The Group depends on recruiting and retaining highly skilled employees to deliver its objectives and meet its customers' needs. The market for such employees is increasingly competitive, especially in the Boston area in the US, and failure to recruit or to retain employees with the required skills and experience could adversely affect the Group's performance. The Group mitigates this risk by creating an attractive working environment and conducting benchmarking reviews to ensure that the remuneration package offered to employees is comparable with competing employers in the relevant jurisdiction as indicated by the Group on pages 58 to 60 of the Annual report and accounts.

Principal risks, uncertainties and risk management

Broader business risks which are applicable to the Group

The broader business risks, which the Group face as outlined below are important and the Group looks to identify these risks early through a horizon scanning project with the assistance of external healthcare consultants and then outlines actions for the business development team, the SET and ultimately the Board to follow by way of mitigation.

Cell and gene therapy risk

The Group's commercial success, both from its own product development and from supporting other companies in the sector, will depend on the acceptance of cell and gene therapy by the medical community and the public for the prevention and/or treatment of diseases. To date there are only a small number of gene therapy products which have been approved either in Europe and/or in the US. Furthermore, specific regulatory requirements, over and above those imposed on other products, apply to cell and gene therapies and there can be no assurance that additional requirements will not be imposed in the future. This may increase the cost and time required for successful development of cell and gene therapy products. The Group looks to mitigate this risk through market assessments of the product development pathway and conducts pricing and reimbursement studies for the cell and gene therapy product.

Rapid technical change

The cell and gene therapy sector is characterised by rapidly changing technologies and significant competition. Advances in other technologies in the sector could undermine the Group's commercial prospects. The Group looks to mitigate this risk through a horizon scanning project to identify the competition and technology advances in the sector and to develop either in-house or via in-licensing, new technologies for the Groups products and platform.

Longer-term commercialisation risks

In the longer term, the success of the Group's product candidates and those of its partners will depend on the regulatory and commercial environment several years into the future. Future commercialisation risks include:

— The emergence of new and/or unexpected competitor products or technologies. The biotechnology and pharmaceutical industries are subject to rapid technological change which could affect the success of the Group's product candidates or make them obsolete;

— Regulatory authorities becoming increasingly demanding regarding efficacy standards or risk averse regarding safety;

— Governments or other payers being unwilling to pay for/reimburse gene therapy products at a level which would justify the investment. Based on clinical studies to date, the Group's LentiVector® platform product candidates have the unique potential to provide permanent therapeutic benefit from a single administration. The pricing of these therapies will depend on assessments of their cost-benefit and cost effectiveness; and

— The willingness of physicians and/or healthcare systems to adopt new treatment regimes.

Any or all of these risks could result in the Group's future profitability being adversely affected as future royalties and milestones from commercial partners could be reduced. The Group looks to mitigate this long term commercialisation risk through a horizon scanning project in order to identify the competition and technology advances early, consult with regulatory authorities on a regular basis and perform pricing and reimbursement studies on the Group's products to identify any serious issues in advance.

Intellectual property and patent protection risk

The Group's success depends, amongst other things, on maintaining proprietary rights to its products and technologies and the Board gives high priority to the strategic management of the Group's intellectual property portfolio, with the Board monitoring actions to bolster the intellectual property portfolio as appropriate from time to time. However, there can be no guarantee that the Group's product candidates and technologies are adequately protected by intellectual property. Furthermore, if the Group's patents are challenged, the defence of such rights could involve substantial costs and an uncertain outcome.

Third party patents may emerge containing claims that impact the Group's freedom to operate. There can be no assurance that the Group will be able to obtain licences to these patents at reasonable cost, if at all, or be able to develop or obtain alternative technology. Where copyright, design right and/or "know how" protect the Group's product candidates or technology, there can be no assurance that a competitor or potential competitor will not independently develop the same or similar product candidates or technology.

Rights of ownership over and rights to license and use intellectual property depend on a number of factors, including the circumstances under which the intellectual property was created and the provisions of any agreements covering such intellectual property. There can be no assurance that changes to the terms within licence agreements will not affect the entitlement of the Group to the relevant intellectual property or to license the relevant intellectual property from others.

Financial risks

(a) Product liability and insurance risk

In carrying out its activities the Group potentially faces contractual and statutory claims or other types of claim from customers, suppliers and/or investors. The Group monitors these potential claims on an ongoing basis and undertakes mitigating actions, which include taking expert advice on the validity of the claim and using insurance coverage against the claim to cover any loss as required. In addition, the Group is exposed to potential product liability risks that are inherent in the research, pre-clinical and clinical evaluation, bioprocessing, marketing and use of pharmaceutical products. While the Group is currently able to obtain insurance cover, there can be no assurance that any future necessary insurance cover will be available to the Group at an acceptable cost, if at all, or that, in the event of any claim, the level of insurance carried by the Group now or in the future will be adequate, or that a product liability or other claim would not have a material and adverse effect on the Group's future profitability and financial condition.

(b) Foreign currency exposure

The Group records its transactions and prepares its financial statements in pounds sterling, but some of the Group's income from collaborative agreements and patent licences is received in US dollars and the Group incurs a proportion of its expenditure in US dollars and the Euro. Following the establishment of Oxford Biomedica Solutions, the Group expects that the proportion of income received in US dollars and expenditure incurred in US dollars will increase significantly. During 2021, the Group's cash balances were predominantly held in pounds sterling, although the Group's Treasury Policy permits cash balances to be held in other currencies to hedge foreseen foreign currency expenses. The Group keeps this unhedged position under constant review. To the extent that the Group's foreign currency assets and potential liabilities are not matched, fluctuations in exchange rates between pounds sterling, the US dollar and the Euro may result in realised and unrealised gains and losses on translation of the underlying currency into pounds sterling that may increase or decrease the Group's results of operations and may adversely affect the Group's financial condition, each stated in pounds sterling. In addition, if the currencies in which the Group earns its revenues and/or holds its cash balances weaken against the currencies in which it incurs its expenses, this could adversely affect the Group's future profitability.

Loan facility

The Group entered into a $85 million short term loan facility in March 2022 provided by Oaktree Capital Management, secured on the Group's assets. Failure to comply with the terms of the loan agreement could potentially place the Group in default, which could adversely affect the Group's business operations, financial position and prospects.

Special interest groups and adverse public opinion

During 2021, the Group continued to perform large-scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine. Such work can be subject to adverse public opinion and has attracted the attention of special interest groups, including those opposed to vaccination programmes, also referred to as "anti-vaxxers". To date, the Group has not been targeted by anti-vax campaigners, but there can be no assurance that such groups will not, in the future, focus on the Group's activities, or that any such public opinion would not adversely affect the Group's operations. Adverse publicity about the Group, its role in the manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine, or any other part of the industry may hurt the Group's public image, which could harm its operations, cause its share price to decrease or impair its ability to gain market acceptance for its products. The Group has looked to mitigate this risk through assistance from the UK government (Centre for Protection of National Infrastructure) on the protection of its facilities/infrastructure and scenario planning with its external public relations agency with regard to strategic communications.

Oxford Biomedica Solutions

In early 2022, together with Homology Medicines, the Group established Oxford Biomedica Solutions, a new US based subsidiary AAV manufacturing and innovation business, based near Boston, Massachusetts, US. The Group has identified risks associated with the successful transaction and proposed mitigation actions.

There is a risk that the Group fails to integrate Oxford Biomedica Solutions successfully into the Group. The Group is mitigating this risk through implementation of a detailed alignment plan, with advice from advisors. The Group is aware that the employment market in the Boston area is highly competitive and has sought to ensure that it has a competitive compensation package in place and is able to offer additional non-financial benefits to employees such that Oxford Biomedica Solutions can continue to retain and attract current and prospective employees. The potential for significant risk to the Group associated with moving into the AAV manufacturing sector has been reduced based on the AAV experience and track record of Oxford Biomedica Solutions. There is a risk to the Group that it now has an interest in another jurisdiction outside of the UK, which is the US. The Group has looked to mitigate this through use of professional advisors to provide appropriate guidance and advice tailored to the US market and applicable laws and regulations, so as to minimise any resulting risk that may arise.

Cyber security

Cyber-attacks seeking to compromise the confidentiality, integrity and availability of IT systems and the data held on them are a continuing risk to the Group. Indeed, with the Group operating in the manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine, this has increased the risk of cyber-attack to the Group. Compromised confidentiality, integrity and availability of the Group's assets resulting from a cyber-attack would impact the Group's ability to deliver to customers and, ultimately, its financial performance and damage the Group's reputation. The Group has looked to mitigate this risk through implementing robust security monitoring to provide early detection of hostile activity on the Group's networks and has sought assistance from the UK government (National Cyber Security Centre) to protect the Group's IT systems. Following the establishment of Oxford Biomedica Solutions, the Group has worked to ensure that its US-based IT systems are subject to equally robust levels of security monitoring.

War in Ukraine

The Group has no operations, clients or suppliers arising in Russia or Ukraine and, therefore, the war in Ukraine has no commercial consequences for the Group. Following discussion, the SET has assessed that the only possible effect the war in Ukraine may have on the Group could be an increase in transportation costs as result of the increase in global oil prices.

COVID-19

As a result of the COVID-19 pandemic during 2021, the Group assessed the potential financial and operational risks to the business. While the Group is yet to experience any significant impact from the virus on revenues, the Group continually monitors the potential impact on the Group's supply chain, with a particular focus on key manufacturing and process development inventories.

The Group complies with government COVID-19 safe working practices. During 2021, the Group continued to hold weekly senior management working group meetings to monitor current COVID-19 developments and GOV.UK guidance, to risk assess the Group's supply chain and to direct the Group's phased response. The Group has worked with employees, customers and suppliers to monitor any potential disruption and, so far, the Group has not experienced any, and does not currently expect to experience, significant supply issues or any changes in overall customer demand. The Group recognises that COVID-19 restrictions and working practices will differ outside of the UK and it is expected that Oxford Biomedica Solutions will similarly monitor and comply with all relevant COVID-19 developments and all applicable US federal and state guidance for the purposes of risk assessing supply chain risk in the US and directing a tailored response.

The Group is aware that there is the potential for global shortages in certain inventories especially in the UK. As part of its mitigation strategy, the Group has increased, where possible, the level of incoming materials and components held in warehouses in the UK, which will mitigate the risk in the short term against labour shortages and subsequent production delays at its key suppliers. These mitigations have been successful to date but there is no guarantee against future disruption. The Group is also seeking to mirror its approach of increasing the level of incoming materials and components held by Oxford Biomedica Solutions in the US as part of its mitigation strategy.

The Group has a duty of care towards all employees, and therefore the Group expects some of its employees to be required to self-isolate to prevent the possible spread of infection. There is also a risk that there could be disruption to production in the event of employees becoming ill due to COVID-19. As a result, the Group has taken action to provide a COVID-19 secure workplace and to mitigate the spread of infection at the Group's facilities through enhanced cleaning processes, staggering of shifts, regular lateral flow testing, the provision of hand sanitiser in common areas and the recommendation that employees work from home if possible.

The Board is updated on positive COVID-19 cases amongst the workforce at every Board meeting and the SET receives weekly updates. There have not been any employee fatalities resulting from COVID-19.

Climate change

The Group's governance and approach to climate change, including its voluntary disclosure using recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) is set out on pages 64 to 70 of the Strategic Report.

The Group has assessed the impact of climate change and concluded that there is likely to be some minor future financial risks, which would need to be managed, but none that would materially impact the Group's business model. This assessment is consistent with the Sustainability Accounting Standards Board's (SASB) Materiality Map, which indicates that the issue is not likely to be material for the biotechnology and pharmaceutical sector. The Group will keep this assessment under review with reference to any future work prepared on the Materiality Map by SASB or others. The Group expects that the impacts are likely to be weather-related disruption at internal manufacturing sites and to the Group's suppliers, with the prospect of increased costs of resources and fuels. The Group plans to continue to develop its business continuity plans with alternative manufacturing sites and a second sourcing strategy, if possible, to mitigate these impacts.

Corporate Governance
Board of Directors

At the end of 2021 the Board comprised the following 10 Directors:

Dr. Roch Doliveux 1

Chair

Dr. Roch Doliveux was appointed to the Board as Non-Executive Chair in June 2020. Dr. Doliveux also became Interim Chief Executive Officer in January 2022, following the Company's announcement of John Dawson's intention to retire as Chief Executive Officer. Dr. Doliveux is currently Chair of the Board of Directors at Pierre Fabre S.A. He was previously the Chief Executive Officer of UCB S.A. for ten years during which time he transformed the company from a diversified chemical group into a global biopharmaceutical leader. Prior to this Dr. Doliveux worked at Schering-Plough International, Inc. from 1990–2003 and at Ciba-Geigy AG (now Novartis) from 1982–1990. Dr. Doliveux is a Veterinary Surgeon by training and has an MBA from INSEAD.

Appointment:
— Appointed as Non-Executive Director and Chair in June 2020.
— Appointed as Interim Chief Executive Officer in January 2022.

Committee membership:
— Nomination Committee (Chair).
— Remuneration Committee. (Dr. Doliveux will not be a member of the Remuneration Committee whilst he serves as Interim Chief Executive Officer).

Relevant skills:
— Corporate strategy.
— Corporate governance.
— Investor relations.

Stuart Henderson 2

Deputy Chair and Senior Independent Non-Executive Director

Stuart Henderson was appointed to the Board as a Non-Executive Director and Chair of the Audit Committee in June 2016. He became Deputy Chair and Senior Independent Director in June 2020. Previously, Mr Henderson was a partner at Deloitte, where he was Head of European Healthcare and Life Sciences. Prior to this he was a Partner at Arthur Andersen. Mr Henderson has extensive audit and transaction experience and has worked with life sciences businesses for 35 years. Mr Henderson is a former Director of the Babraham Institute, Biocity Group Limited and Norwich Research Partners LLP and a Non-Executive Director at OneNucleus (the Life Sciences trade body for Cambridge and London), Cell Therapy Catapult Limited and The Theatre Royal Bury St Edmunds Management Ltd.

Appointment:
— Appointed a Director in June 2016.

Committee membership:
— Audit Committee (Chair).
— Remuneration Committee.
— Nomination Committee.

Relevant skills:
— Audit.
— Corporate governance.
— Corporate finance.

Dr. Heather Preston 3

Independent Non-Executive Director

Dr. Heather Preston was appointed to the Board as a Non-Executive Director in March 2018 and was appointed Chair of the Remuneration Committee in June 2020. Dr. Preston is a Partner and Managing Director of TPG Biotech. She has over 25 years of experience in healthcare, as a scientist, physician and management consultant and she has been an investor in life sciences and biotechnology for the last 19 years. Dr. Preston holds a degree in Medicine from the University of Oxford.

Appointment:
— Appointed a Director in March 2018.

Committee membership:
— Remuneration Committee (Chair).
— Audit Committee.
— Nomination Committee.
— Scientific and Technology Advisory Committee.*

Relevant skills:
— Scientific advisory.
— Corporate finance.
— Investor relations.

John Dawson 7

Chief Executive Officer (during 2021)

John Dawson joined the Board as a Non-Executive Director in August 2008 and was appointed Chief Executive Officer in October 2008 until January 2022, when the Company announced his intention to retire. Previously, Mr Dawson held senior management positions in the European operations of Cephalon Inc., including Chief Financial Officer and Head of Business Development Europe. While at Cephalon Mr Dawson led many deals building the European business to over 1,000 people and to a turnover of several hundred million US dollars. In 2005, Mr Dawson led the $360 million acquisition of Zeneus by Cephalon. Prior to his time at Cephalon, Mr Dawson was Director of Finance and Administration of Serono Laboratories (UK) Limited.

Appointment:
— Appointed a Director in August 2008 and became Chief Executive Officer in October 2008.
— Retired as Chief Executive Officer January 2022 and continues as an Executive Director.

Committee membership:
— None.

Stuart Paynter 8

Chief Financial Officer

Stuart Paynter joined the Board as Chief Financial Officer in August 2017. Mr Paynter has 17 years' experience in the pharmaceutical and healthcare sectors. He qualified as a chartered accountant with Haines Watts before moving to EDS. Mr Paynter subsequently joined Steris, and worked in a variety of roles within the healthcare and life sciences divisions prior to becoming the European Finance Director. Mr Paynter then moved to Shire Pharmaceuticals where he became the Senior Director of Finance Business Partnering for all business outside of the US, transitioning to a corporate finance role before becoming the Global Head of Internal Audit. Prior to joining Oxford Biomedica Mr Paynter was Head of Finance Business Partnering at De La Rue plc. He is a member of the Institute of Chartered Accountants in England and Wales.

Appointment:
— Appointed a Director and Chief Financial Officer in August 2017.

Committee membership:
— None.

Dr. Siyamak Rasty 9

Independent Non-Executive Director

Dr. Siyamak (Sam) Rasty was appointed to the Board as a Non-Executive Director in December 2020. Dr. Rasty was most recently President, Chief Executive Officer and Board Director at PlateletBio, a US-based pioneering cell therapy company. Previously, he served as Chief Operating Officer at Homology Medicines, Inc., a genetic medicines company that he helped launch in 2016 and transform into an established, fully integrated public gene therapy and gene editing company. Prior to joining Homology Medicines, he held senior positions at Shire Pharmaceuticals, Endo Pharmaceuticals and at GlaxoSmithKline. Dr. Rasty holds a Ph.D. in Biochemistry from Louisiana State University, where he focused on transcriptional regulation of lentiviruses, completed a postdoctoral fellowship at the University of Pittsburgh School of Medicine, and received an MBA from Villanova University.

Appointment:
— Appointed a Director in December 2020.

Committee membership:
— Audit Committee (until December 2021).
— Scientific and Technology Advisory Committee.*

Relevant skills:
— Cell and gene therapy.
— Scientific advisory.

Post period-end, the Board was delighted to welcome Namrata P Patel to the Board as an [Independent] Non-Executive Director in April 2022.

Dr. Michael Hayden 4

Non-Executive Director

Dr. Hayden was appointed to the Board as a Non-Executive Director in July 2021. He was previously the President of Global R&D and Chief Scientific Officer at Teva Pharmaceuticals Industries Ltd. and has co-founded five biotechnology companies: Prilenia Therapeutics B.V., NeuroVir Therapeutics Inc., Xenon Pharmaceuticals Inc., Aspreva Pharmaceuticals Corp and 89bio, Inc. He currently serves as CEO of Prilenia Therapeutics and represents various private biotech companies at board level. Dr. Hayden has focused his research primarily on translational medicine, including genetics of diabetes, lipoprotein disorders, Huntington's disease, predictive and personalised medicine, and drug development, and has authored approximately 900 peer-reviewed publications and invited submissions.

Appointment:
— Appointed a Director in July 2021.

Committee membership:
— Science and Technology Advisory Committee.*

Relevant skills:
— Cell and gene therapy.
— Scientific advisory.

Robert Ghenchev 5

Non-Executive Director

Robert Ghenchev was appointed to the Board as a Non-Executive Director in June 2019. Mr Ghenchev is currently Head of Growth Equity at Novo Holdings. Prior to joining Novo Holdings, he was an investment banker at Moelis & Company and Deutsche Bank in London. Mr Ghenchev has deep corporate finance experience advising life science companies on a wide range of issues. He holds a J.Hons. B.A. degree in Finance and Economics from McGill University and a M.Sc. degree in Financial Economics from the University of Oxford.

Appointment:
— Appointed a Director in June 2019.

Committee membership:
— None.

Relevant skills:
— Corporate finance.
— Investor relations.

Catherine Moukheibir 6

Independent Non-Executive Director

Catherine Moukheibir was appointed to the Board as a Non-Executive Director in December 2021. Over the course of her career Ms Moukheibir, has served in senior executive roles and board positions including at Kymab Limited, Innate Pharma S.A, Ablynx N.V, Genkyotex S.A, MedDay Pharmaceuticals, Zealand Pharma A/S, Zeltia S.A., and Creabilis. Prior to that, she was the CFO of Movetis N.V, overseeing the company's IPO on Euronext and subsequent sale to Shire Pharmaceuticals. She started her career in investment banking and capital markets working in the US and London. She holds an MBA and a Masters in Economics from Yale University. Ms Moukheibir has extensive international experience in finance, capital markets and life sciences and is currently serving as a non-executive board member with various companies, both listed (Biotalys, Ironwood Pharmaceuticals, Inc), and privately-owned (CMR Surgical Limited, Asceneuron SA. DNA Script and Noema Pharma).

Appointment:
— Appointed a Director in December 2021.

Committee membership:
— Audit Committee.

Relevant skills:
— Corporate finance.
— Investor relations.

Professor Dame Kay Davies 10

Independent Non-Executive Director

Professor Dame Kay Davies was appointed to the Board as a Non-Executive Director in March 2021. Professor Davies is a world-leading human geneticist with a research focus on the molecular analysis of neuromuscular and neurological disease. She is currently Dr. Lee's Professor of Anatomy Emeritus and Co-Director of MDUK Oxford Neuromuscular Centre at the University of Oxford. She was co-founder of Summit Therapeutics Plc, a spinout from her research activities. Professor Davies also sits on the Board of UCB S.A. and was appointed a governor of the Welcome Trust in 2008, serving as Deputy Chair between 2013 and 2017. Professor Davies was a former director of the Biotech Growth Trust. Professor Davies has a BA in Chemistry and a D.Phil. in Biochemistry from the University of Oxford.

Appointment:
— Appointed a Director in March 2021.

Committee membership:
— Remuneration Committee.
— Nomination Committee.
— Science and Technology Advisory Committee (Chair).*

Relevant skills:
— Cell and gene therapy.
— Scientific advisory.

* The Science and Technology Advisory Committee (STAC) is a committee comprising four external scientific advisors, SET members and Board members. The STAC is chaired by Professor Dame Kay Davies.

Corporate Governance Report

Dear Shareholder

I am pleased to present the Oxford Biomedica's Corporate Governance Report for 2021.

The COVID-19 pandemic has again hindered the Board's ability to engage as fully as usual with some of its stakeholders this year. In line with government guidelines, we held a closed AGM in 2021, encouraging shareholders to vote by proxy in advance and inviting questions to be submitted to the Board in advance by post or email. These questions and our responses were made available on our website. In light of public health guidance and legislation issued by the UK Government in relation to the COVID-19 pandemic, together with the uncertainty as to any additional and/or alternative measures that may be put in place by the UK Government, and in order to protect the health and safety of our shareholders and Directors, the Company is proposing to hold its AGM as a combined physical and electronic meeting. This means that attendance in person is likely to be restricted in terms of numbers and shareholders and other attendees are encouraged not to attend the AGM in person, save for such persons nominated by the Chair of the meeting in order to establish a quorum. Shareholders will be able to attend the meeting via the online meeting platform and will be able to ask questions and submit their votes during the meeting. The Board is looking forward to returning to a more normal level of engagement with shareholders, employees and other stakeholders as soon as it is safe to do so in 2022.

Corporate Governance continues to be an important area of focus for the Board. The Board believes that good corporate governance is essential for the long-term success of the business and this is ultimately the responsibility of the Board and its Committees. Following the commitments given by the Board last year, the Company are pleased to report that from February 2021, the Board was in compliance with Provision 11 of the Corporate Governance Code, meeting the requirement for at least half of the Board, not including the Chair, to comprise Independent Non-Executive Directors.

In addition, the Board previously made a commitment to comply with the FTSE Women Leaders Review (formerly the Hampton-Alexander recommendations) that the Board comprise at least one third women by the AGM in 2022. The Board are delighted to announce that as at the end of 2021, the Board comprised 30 % women, with the appointments of Professor Dame Kay Davies and Catherine Moukheibir during the year. Whilst the Board note that as at the end of the year the one third FTSE Women Leaders Review had not been met, the Board has taken steps to address this. The Board initiated a search for an additional Independent Non-Executive Director targeting the selection of female and ethnically diverse candidates and in April 2022, we were pleased to welcome Namrata P Patel to the Board as an Independent Non-Executive Director. Ms Patel brings extensive international experience in manufacturing and product supply and ESG. Following Ms Patel's appointment, the Board comprises 36% women and is in compliance with the recommendations of the FTSE Women Leaders Review.

During the year, Martin Diggle stepped down from the Board after serving nearly nine years and Dr. Andrew Heath retired from the Board at the AGM after serving more than 11 years. Due to the length of his tenure as a Director, Dr. Heath was not considered to be independent for the purposes of the Corporate Governance Code during his period as a Non-Executive Director during 2021. In July 2021, the Board also welcomed Dr. Michael Hayden. In January 2022, John Dawson notified the Group that he intended to retire as a Director and stepped down as CEO. Mr Dawson has provided more than 13 years of dedicated service and leadership to the Group and, on behalf of the Board and all of our employees, we thank him wholeheartedly. The Board has initiated a search for a successor to John Dawson and in the meantime, I am acting as Interim CEO whilst remaining in my position as Chair.

Oxford Biomedica has had a good year in what was a difficult period due to the COVID-19 pandemic, with an increase in headcount from around 670 to over 815 and an increase in the Group's revenues during the year. The Board paid particular attention to ensuring that the Group's strategy continues to be appropriate by holding a one-day strategy review meeting in September 2021. The strategy review ensured that management focused on delivering the Group's key priorities whilst managing the key risks facing the Group and considering how good corporate governance can contribute towards delivering the Group's strategy.

In November 2021, Deloitte LLP performed an external evaluation of the Board's performance covering the period from January 2021 to the fourth quarter of 2021. The review process comprised the completion of a questionnaire covering the various aspects of Board activities and Committees and interviews with each Director individually by the external evaluator. The resulting report was discussed at the Board meetings in January and March 2022 and the Board plans to implement appropriate changes based on the recommendations of the report.

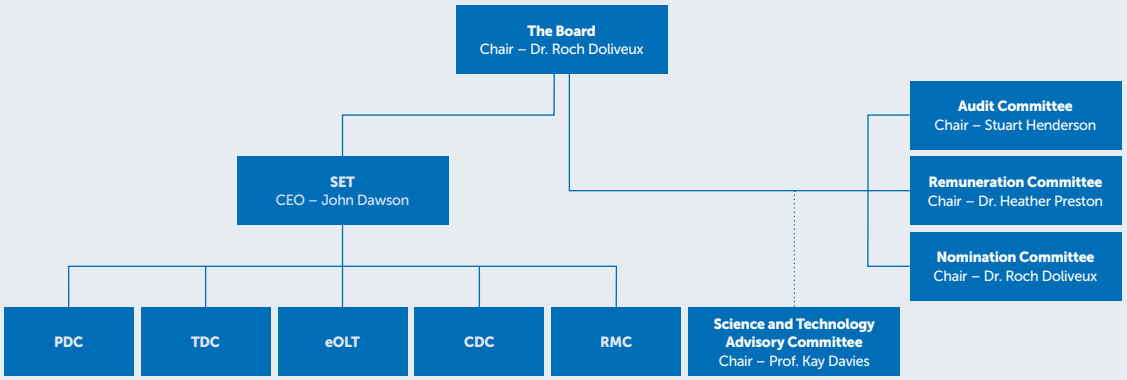
The following pages set out in more detail the activities and major matters considered by the Board in 2021.

Dr. Roch Doliveux

Chair and Interim Chief Executive Officer

Corporate Governance Framework

The current governance framework comprises the Board and the Senior Executive Team and their respective sub-committees which, during the period under review, were as set out below:



SET – Senior Executive Team
PDC – Product Development Committee
TDC – Technical Development Committee
eOLT – Extended Operations Leadership Team (incorporates the Quality, Manufacturing and Operations Committee)
CDC – Commercial Development Committee
RMC – Risk Management Committee

John Dawson notified the Group in January 2022 that he intended to retire as a Director and stepped down as CEO of the Group. The Board has initiated a search for a successor to Mr Dawson and in the meantime Dr. Roch Doliveux is acting as Interim CEO whilst remaining in his position as Chair and he will not be a member of the Remuneration Committee whilst he serves as Interim CEO. At the request of Dr. Doliveux, he will not be compensated for his interim CEO duties.

The Board

The Board is collectively responsible for promoting the success of the Group by directing and supervising the Group's activities to create shareholder value. In doing so, it ensures that there are robust corporate governance and risk management processes in place. The Board comprises both Non-Executive and Executive Directors and provides the forum for external and independent review and challenge to the Executives. Following Board changes during 2021, the Board comprised eight Non-Executive Directors and two Executive Directors at year end. Robert Ghenchev and Dr. Michael Hayden were considered not to be independent Non-Executive Directors.

The Board's powers and responsibilities are set out in the Company's articles of association and it has a formal schedule of matters reserved for the Board's approval.

The Board also takes a close interest in Quality, Health, Safety and Environment and Risk Management. Each of these areas prepare reports for the Board ahead of each Board meeting.

The Chair sets the agenda for the Board meeting in consultation with the Chief Executive Officer and the Company Secretary. Board papers, covering the agenda and taking into account items relating to the Board's responsibilities under s172 of the Companies Act 2006, are circulated several days ahead of each meeting. Regular Board papers cover Research; Quality; Process Research and Development; Client Programmes and Alliance Management; Analytical Services; Clinical Development and Regulatory; Digital Strategy and Business Change Projects; Business and Corporate Development; Finance; Investor Relations; HR; Operations; Safety, Health and Environment; and Risk Management.

Corporate Governance Report

Factoring stakeholder engagement into Board decisions

By thoroughly understanding the Group's key stakeholder groups, the Group can factor their needs and concerns into Boardroom discussions (further information on the Group's stakeholders is on pages 16 to 21). The Board's procedures have been updated to require a stakeholder impact analysis to be completed for all material decisions requiring its approval that could impact on one or more of its stakeholder groups. The stakeholder impact analysis assists the Directors in performing their duties under s172 of the Companies Act 2006 and provides the Board with assurance that the potential impacts on its stakeholders are being carefully considered by management when developing plans for Board approval.

The stakeholder impact analysis identifies:

— Potential benefits and areas of concern for each stakeholder group;

— The procedures and plans being implemented to mitigate against any areas of concern; and

— Who is responsible for ensuring the mitigation plans are being effectively implemented.

As shown by way of example in the Homology Medicines transaction case study, the Board considers the potential impact of decisions on each stakeholder group as well as stakeholder needs and concerns, in accordance with s172 of the Companies Act 2006 (see pages 20 and 21).

During the period under review there was a clear division of responsibilities between the Chair and Chief Executive Officer. Following John Dawson's decision to step down, Dr. Roch Doliveux is acting as Interim Chief Executive Officer whilst the Company undertakes a search for a new Chief Executive Officer and it is expected that there will once again be a clear division of responsibilities between the Chair and Chief Executive Officer once John Dawson's successor is appointed.

Certain responsibilities are delegated to three Board Committees – the Audit, Nomination and Remuneration Committees. These Committees operate under clearly defined terms of reference, which are disclosed on the Group's website (www.oxb.com). In addition, the Company has an advisory committee, the Science and Technology Advisory Committee (STAC) which comprises four external scientific advisors, members of the SET and of the Board. The STAC is chaired by Professor Dame Kay Davies and has clearly defined terms of reference, which are disclosed on the Group's website (www.oxb.com).

Reports from the Audit and Nomination Committees are included in this section and the Directors' Remuneration Report is on pages 104 to 109 incorporating the Remuneration Committee report.

At the end of 2021, the Board comprised the following Directors, whose biographies are set out on pages 86 and 87.

— Dr. Roch Doliveux was appointed Non-Executive Chair of the Board and Chair of Nomination Committee in June 2020. Dr. Doliveux met the independence criteria recommended by the Corporate Governance Code at the time of his appointment.

— Stuart Henderson was appointed Senior Independent Director following the 2021 AGM. Stuart Henderson is also Chair of the Audit Committee and designated Non-Executive Director for the Workforce Engagement Panel and also acts as Deputy Chair. He is considered to be independent.

— Dr. Heather Preston was appointed Chair of Remuneration Committee following the 2021 AGM and is considered to be independent;

— Robert Ghenchev is Senior Partner and Head of Growth Equity at Novo Holdings, which is a 10.0% investor in the Group, and as such he is not considered independent under the Corporate Governance Code;

— Dr. Sam Rasty was appointed to the Board in December 2020 and is considered to be independent;

— Professor Dame Kay Davies was appointed to the Board in March 2021 and is considered independent. Professor Davies also acts as Chair of the Science and Technology Advisory Committee, an advisory committee to the Board;

— Dr. Michael Hayden was appointed to the Board in July 2021 and is not considered to be independent, having previously provided consultancy services to the Board; and

— Catherine Moukheibir was appointed to the Board in December 2021 and is considered to be independent.

During the year, Martin Diggle and Dr. Andrew Heath retired from the Board.

Each Director is provided with an appropriate induction on appointment.

All Directors and the Board and its Committees have access to advice and the services of the Company Secretary, and also to external professional advisers as required. The appointment and removal of the Company Secretary is a matter for the Board as a whole to consider.

Board meetings

The Board meets regularly with meeting dates agreed for each year in advance. During 2021, there were seven regular Board meetings (on two occasions the meeting took place over two days). The attendance of individual Directors at Board and Committee meetings was as follows:

	Regular Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
John Dawson	6	6						
Professor Dame Kay Davies[1]	5	5			11	11	14	14
Martin Diggle[2]	1	1						
Dr. Roch Doliveux	6	6			15	15	19	19
Robert Ghenchev	6	6					2*	2*
Dr. Andrew Heath[3]	2	2	1*	1*	1*	1	7*	8*
Dr. Michael Hayden[4]	3	3					1*	1*
Stuart Henderson	6	6	3	3	15	15	19	19
Catherine Moukheibir[5]	0	0	0	0				
Stuart Paynter	6	6						
Dr. Heather Preston	6	6	3	2	15	15	19	18
Dr. Sam Rasty	6	6	3	3			2*	2*

1 Professor Dame Kay Davies was appointed in March 2021.
2 Martin Diggle retired from the Board in February 2021.
3 Dr. Andrew Heath retired from the Board in May 2021 Dr. Heath was not considered to be independent for the purposes of the Corporate Governance Code during his period as a Non-Executive Director during 2021.
4 Dr. Michael Hayden was appointed in July 2021.
5 Catherine Moukheibir was appointed in December 2021.
* attended as an observer

In addition to the above regular meetings, the Board (or an appointed sub-committee of the Board) met on 5 other occasions to consider specific *ad hoc* matters including, *inter alia*, the approval of the 2020 financial statements, the interim 2021 financial results and the acquisition of an 80% ownership interest in a newly formed AAV focused manufacturing and innovation business, Oxford Biomedica Solutions LLC, established in March 2022 with Homology Medicines.

The Chair holds meetings after each regular Board meeting with Non-Executive Directors, without the Executive Directors in attendance.

Board activity during 2021

Board matters during 2021 included:

— Routinely recurring items such as the approvals of the 2021 financial budget and objectives; the 2020 preliminary results and Annual report and accounts, the 2021 interim results announcement; and review of the basis for the Group's related going concern disclosures;

— A review of the Group's strategy, conducted in September;

— Monitoring the progress of the Group's priority product development programmes;

— Reviewing business development opportunities including partnering and collaboration transactions;

— The appointment of Professor Dame Kay Davies, Dr. Michael Hayden and Catherine Moukheibir as Directors;

— Ongoing reviews of the Group's risk management processes and key risks;

— Reports on Health, Safety and Environment;

— The Group's activities surrounding workforce engagement;

— Completion of an external evaluation on Board effectiveness; and

— Preparedness for the implications of the COVID-19 pandemic, ESG and climate change.

Corporate Governance Report

Re-election of Directors

In accordance with the articles of association and to ensure compliance with the Corporate Governance Code all Directors are subject to annual re-election.

At the AGM in 2022, Dr. Michael Hayden, Catherine Moukheibir and Namrata P Patel will stand for appointment having been appointed to the Board since the last AGM. In line with the Corporate Governance Code, Dr. Roch Doliveux, Stuart Henderson, Dr. Heather Preston, Robert Ghenchev, Dr. Sam Rasty, Professor Dame Kay Davies and Stuart Paynter will retire and be subject to re-election at the AGM in 2022. John Dawson will be retiring from the Board and therefore will not stand for re-election at the AGM in 2022.

Communication with shareholders

The Board recognises the importance of effective communication with shareholders and potential investors. The primary points of contact are the Chief Executive Officer and Chief Financial Officer but the Chair, Senior Independent Director and Chair of the Remuneration Committee are also available for meetings with investors, if required. Novo Holdings (10.0% shareholder), continues to be represented on the Board by Robert Ghenchev, which ensured a clear channel of communication with Novo Holdings during the year.

The Group has engaged with shareholders and potential investors through the various channels below:

Meetings with existing shareholders	John Dawson and Stuart Paynter met with major shareholders during 2021. Dr. Roch Doliveux, Stuart Henderson and Dr. Heather Preston also met with major shareholders.
2021 Annual General Meeting	The 2021 AGM was held on 27 May 2021. Shareholders were not allowed to attend the AGM in person in light of the COVID-19 situation and the Stay at Home measures that were implemented by the UK Government. Shareholders were invited to attend the AGM virtually, which lasted around 30 minutes and which, as well as the formal business, included a Q&A session after the meeting closed with the answers posted on the Group's website (questions to the Group were submitted in advance of the meeting).
Meetings with potential investors	John Dawson and Stuart Paynter regularly make presentations and meet potential investors on a one-to-one basis at investor conferences in Europe and the US. The Group also conducts investor roadshows periodically, which provide further opportunities to meet potential investors.
Results announcements and presentations	The Group announced its 2020 full year performance and financial results in April 2021, and its 2021 half year interim results in September 2021, through RNS announcements accompanied by analyst conference calls which are accessible to all shareholders and recordings of which were made available on the Group's website.
2020 Annual report	The Group published its 2020 Annual report and accounts in April 2021.
Website	The Group's website http://www.oxb.com contains details of the Group's activities as well as copies of regulatory announcements and press releases, copies of the Group's financial statements, and terms of reference for the Board Committees. Investors and others can subscribe to an e-mail alert service, which provides notifications of announcements.
Investor relations	The Group endeavours to respond to all enquiries from shareholders and potential investors received through its enquiry inbox ir@oxb.com
Social media	The Group uses LinkedIn and Twitter to alert followers to Company news flow.

The Senior Executive Team (SET) and its committees

Operational management is conducted by the Executive Directors who, together with Dr. James Miskin, Dr. Kyriacos Mitrophanous, Nick Page, Dr. Jason Slingsby, Helen Stephenson-Ellis, Natalie Walter, Matthew Treagus and Dave Backer formed the Senior Executive Team (SET) during 2021. The Chief Executive Officer during 2021 was John Dawson. During 2021, the SET met every week, had daily update meetings and had an extended SET meeting every two weeks, with the agenda covering the full range of activities of the Group, including financial performance, organisational and employment matters, risk management and Safety, Health and Environment.

There are three SET sub-committees covering the major business operational areas. During 2021, these sub-committees met monthly and were attended by SET members and other relevant senior managers from the business. These sub-committees are:

— Product Development Committee (PDC) – covering the development of new cell and gene therapy products from initial concept through to clinical development;

— Technical Development Committee (TDC) – covering the development of new and improved assays and production and other processes, including cell and vector engineering; and

— Extended Operational Leadership Team (eOLT) – incorporates the Quality and Manufacturing Operations Committee and covers quality, operational and manufacturing matters.

Within their area of responsibility these committees cover objective and target setting, monitoring performance against targets, ensuring compliance with GxP and other relevant requirements, monitoring expenditure against budget and risk management.

There are three other important committees:

— Commercial Development Committee (CDC) – which covers the external opportunities to out-license and in-license technology or product candidates and to generate partnership opportunities for manufacturing and product development;

— Risk Management Committee (RMC) – this committee comprises senior managers from all parts of the business. The committee meets at least quarterly to identify and assess risks facing the business and to propose risk mitigation and management actions; and

— Science And Technology Committee (STAC) – this committee is Chaired by Professor Dame Kay Davies and comprises four external scientific advisors, SET members and Board members. The committee met as required to review and assess new technology and product opportunities. STAC provides an external independent view of assets to SET and the Board.

Important matters from all of these committees are referred to the SET.

Risk management

The Board is responsible for determining the nature and extent of the risks it is willing to take in achieving the objectives of the Group and it reviews current key risks at every Board meeting. The Audit Committee monitors the conduct of the risk management processes within the Group whilst the SET is accountable for those processes, identifying the risks facing the Group and formulating risk mitigation plans. The active involvement of the Executive Directors in the management sub-committees allows them to monitor and assess significant business, operational, financial, compliance and other risks.

The Board's assessment of the prospects of the Board, its expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, and the viability statement, are set out on page 133.

Board committee reports

Audit Committee report

During 2021, the Audit Committee comprised Stuart Henderson (Chair), Dr. Heather Preston and Dr. Sam Rasty. In December 2021, Dr. Sam Rasty stepped down from the Audit Committee and Catherine Moukheibir was appointed to the Audit Committee. The Corporate Governance Code requires the Audit Committee to comprise at least three Independent Non-Executive Directors and the Company complied with provision 24 of the Corporate Governance Code during 2021.

Stuart Henderson, Dr. Heather Preston, Dr. Sam Rasty and Catherine Moukheibir all have relevant experience, which qualified them for membership of the Audit Committee and, in Stuart Henderson's case, to be Chair of the Audit Committee. Their experience is set out in their brief biographies on pages 86 and 87.

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

— The integrity of the financial and narrative statements and other financial information provided to shareholders;

— The internal controls and risk management for the Company and its subsidiaries (together the Group);

— The internal and external audit process and auditors; and

— The processes for compliance with laws, regulations and ethical codes of practice.

Key activities:

Statutory reporting

In relation to the financial statements, the Audit Committee ensures that the Group provides accurate and timely financial results that reflect the relevant accounting standards and judgements appropriately. This includes the Group's status as a going concern and longer-term prospects and viability. The Audit Committee reviewed and recommended the approval of the 2020 preliminary results and 2020 Annual report and accounts, the 2021 interim financial statements, the Group's 2021 preliminary results and this Annual report and accounts.

The Audit Committee is responsible for assisting the Board's oversight of the quality and integrity of the Group's financial reporting and accounting policies and practices. The Audit Committee considered the viability and going concern statements, their underlying assumptions and the longer-term prospects, including the appropriateness of a three-year period assessment reflecting the dynamic and changing environment in which the Group operates (see pages 131 to 132). As part of its review of the financial statements, the Audit Committee considered, and challenged as appropriate, the accounting policies and significant judgements and estimates underpinning the financial statements. Details regarding the significant financial reporting matters and how they were addressed by the Audit Committee are set out later in this report.

Risk and control

On behalf of the Board, the Audit Committee oversees the risk management strategy and appetite, the appropriateness and effectiveness of internal control processes, and Corporate Governance Code compliance. The Audit Committee reviews the significant current and emerging risks (including climate change and the current war in Ukraine) and their associated mitigations via updates from the Risk Committee. Further details of these risks can be found on pages 78 to 85 of the Annual report and accounts.

The Audit Committee also reviews and approves insurance levels and strategy, tax strategy, treasury policy, and performs an annual review of the risk of fraud and misstatement within the financial statements and the related controls to mitigate this risk. During the year, the Audit Committee oversaw the progression of the finance function transformation programme. Significant steps were taken to progress the evolution of its internal control environment and its evaluation of control procedures, with the project expected to be completed during 2022.

Compliance

The Audit Committee supports the Board in discharging its responsibilities in relation to whistleblowing, ethical behaviour, and the prevention of bribery, fraud, and adherence to modern slavery legislation.

External audit

The Audit Committee considers the audit scope and auditor's fees, auditor independence and non-audit fees, as well as update reports, management letter observations and effectiveness reviews.

Internal audit

The Corporate Governance Code recommends that the Audit Committee should review the effectiveness of the Group's internal audit function. The Audit Committee considers that, upon completion of the finance function transformation referred to above, it will be appropriate to commission an annual third-party internal audit review of the effectiveness of key controls on a cyclical basis.

Other governance matters

The Audit Committee considers its effectiveness on a stand-alone basis, as a detailed sub-set of the Board effectiveness review. Each year the Audit Committee considers its terms of reference and recommends any changes it deems necessary or beneficial to the Board.

Meetings held

The Audit Committee met three times in 2021:

— 8 April 2021 – to review the 2020 audit findings and consider the auditors' report. The auditors' opinion, letter of independence and representation letter were reviewed and were deemed to be satisfactory. The Audit Committee reviewed all the material accounting and estimation judgments likely to have a material impact on the financial statements. The auditors reported on their key areas of audit focus including going concern, bioprocessing and process development revenue percentage of completion, and the out of specification provision. The Audit Committee discussed the quality of the audit, and no significant concerns arose. The Audit Committee discussed and agreed the wording of the going concern and the viability statement. Internal controls relating to operations under the COVID-19 situation and remote working were discussed. Risk actions relating to the status of operations in response to COVID-19, the risk process and risk disclosures in the Annual report and accounts were reviewed. The timeline for the Preliminary Results and the publication of the Annual report and accounts was also discussed.

— 8 September 2021 – to review the 2021 audit strategy, and also the 2021 interim results. The significant risks in the audit strategy included revenue fraud (increased due to larger and more complex contractual customer arrangements) and contract revenue recognition. As a result of the Group's operating resilience during the year to date and the successful equity fundraise, going concern risk had been significantly mitigated. The FRC focus on climate change was noted by the auditors. The auditors reported on their key areas of review focus including contract revenue recognition and the related licence fees. Progress on strategy to enhance internal controls was discussed.

— 8 November 2021 – risk management, insurance strategy, tax strategy, treasury policy and the financial control environment and related controls were tabled and reviewed. The Risk Management Committee presented key risks identified to the Audit Committee following an update of the risk register. The 2021/2022 insurance strategy was discussed and agreed, including discussions around directors and officers and errors and omissions insurance. The Audit Committee also agreed with the current tax strategy. The Audit Committee approved the current treasury policy and discussed the progress on the Group's strategy of enhancing its financial control environment and related controls.

Correspondence with the Financial Reporting Council

During the year, the Financial Reporting Council (FRC) communicated with the Directors regarding the Group's Annual report for the year ended 31 December 2020. The FRC raised a limited number of matters for which, on some, the Directors undertook to make additional disclosures in the financial statements for the year ended 31 December 2021. Following the review by the FRC it was recognised that the movement in the loan to subsidiary of £13.9 million within the Company only cash flow statement was incorrectly presented within cash flows from financing activities rather than cash flows from investing activities. The Group has therefore restated the prior year financial statements to present the movement in the loan to subsidiary within cash flows from investing activities in the Company only cash flow statement. This change has no effect on the cash position of the Group or Company and has no further impact on the Group or Company Financial Statements. The FRC have now concluded its review.

The scope of a FRC review is limited as it is based merely on what is included in the Group's Annual report and accounts. The FRC does not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions, and their review is limited to certain aspects of the Group's Annual report and accounts. Therefore, there are inherent limitations relating to their review and as such it provides no assurance that the Group's Annual report and accounts is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

Significant issues

The issues considered by the Audit Committee that are deemed to be significant to the Group are alternative performance measures, going concern, contract revenue recognition and related licence fees, the percentage of completion of bioprocessing and fixed price commercial development revenues, intangible asset received in lieu of cash payment for bioprocessing services, customer contracts with varying bioprocessing batch prices and the bioprocessing out of specification provision.

The Board has considered the Group's going concern status and future viability of the business, the outcome of which is detailed in the Directors Report on pages 130 to 136.

Alternative performance measures

Oxford Biomedica reports APMs to provide helpful supplementary information to the IFRS measures to enable a better understanding of the Group's financial performance and position. Management carefully analyses the presentation of various items to ensure it is fair and balanced, and follows guidelines issued by ESMA and the SEC, as well as FRC thematic reviews.

The Group evaluates its performance by making use of alternative performance measures as part of its Key Financial Performance Indicators (refer page 47). The Group believes that these Non-GAAP measures, together with the relevant GAAP measures, provide a comprehensive, accurate reflection of the Group's performance over time. The Board has taken the decision that the Key Financial Performance Indicators against which the business will be assessed are Revenue, Operating EBITDA and Operating profit/(loss).

The Audit Committee reviewed proposed disclosures for non-GAAP items in line with the various regulatory guidance, and concurred with management that the presentation enabled additional helpful guidance.

Going concern

Management and the Directors have had to make estimates and important judgements when assessing the going concern status of the Group.

At year-end, management provides to the Audit Committee an accounting paper on the going concern status and future viability of the Group which is assessed by the Audit Committee as a sub-committee of the Board. The paper is based on a detailed cash flow forecast, taking into consideration both a base case and a downside scenario where specific sensitivities are stress tested, and a long-range plan prepared by management.

In the preparation of the downside scenario detailed cash flow forecast, management assessed the impact of the risks currently facing the business. The Audit Committee also considered further potential downside risks to this forecast, as well as the mitigating actions which could be required if these downside risks were to occur. This was to stress test an aggregation of the worst scenario occurring that would represent the greatest potential financial impact in the short term and over the longer term (currently assessed as three years) considered within the Group's viability statement.

Having provided appropriate challenge to management and the external auditor, the Audit Committee has concluded that the going concern status and future viability of the Group has been appropriately assessed. This is further explained in the going concern note on page 96.

The Board concluded on the going concern status and future viability of the business, the outcome of which is detailed in the Directors Report on page 132.

The Group's external Auditor has reported to the Audit Committee that they have reviewed the going concern status and future viability of the Group, as well as performing detailed testing of the cash flow forecast and found the going concern status and future viability of the Group to be appropriately reflected in the 2021 Annual report and accounts.

Contract revenues: Identification of performance obligations, allocation of revenue and timing of revenue recognition

The Group has identified three key areas of judgement within the collaboration agreements entered into during the year. Firstly, in relation to the number of distinct performance obligations contained within each collaboration agreement; secondly, the fair value allocation of revenue to each performance obligation; and thirdly, the timing of revenue recognition based on the achievement of the relevant performance obligation. The sales royalties contained within the collaboration agreements qualify for the royalty exemption available under IFRS 15 and will only be recognised as the underlying sales are made.

Recognition of customer licence revenues

One of the key judgemental areas identified within the collaboration agreements is the timing of recognition of licence revenue based on the achievement of the relevant performance obligation. The individual factors and aspects relating to licence revenue is assessed as part of the IFRS 15 accounting paper prepared for each agreement and a judgement is made as to whether the licence fee performance obligation related to the granting of the licence to the customer has been achieved. If it was judged that the performance obligations on licences granted in 2021 had not been met, revenues would have been £5.9 million lower with the revenue expected to be recognised in the future when the performance obligations were deemed to have been met.

Percentage of completion of bioprocessing batch revenues

Bioprocessing of clinical/commercial product for partners is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the bioprocessing process. Revenues are recognised on a percentage of completion basis and as such require judgement in terms of the assessment of the correct stage of completion including the expected costs of completion for that specific bioprocessing batch. The value of the revenue recognised and the related contract asset raised with regard to the bioprocessing batches which remain in progress at the year end is £15.2 million. The contract assets related to these batches as at the year end was £6.4 million. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the year would have been £1,520,000 higher or lower.

Percentage of completion of fixed price process development revenues

As it satisfies its performance obligations the Group recognises revenue and the related contract asset with regard to fixed price process development work packages. Revenues are recognised on a percentage of completion basis and as such require judgement in terms of the assessment of the correct percentage of completion for that specific process development work package. The value of the revenue recognised and the related contract asset raised with regard to the work packages which remain in progress at year end is £8 million. The contract assets related to these work packages as at the year end was £2.5 million. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £802,000 higher or lower.

Customer contract with varying bioprocessing batch prices

During 2020, the Group entered into a supply agreement with a customer for the supply of bioprocessing batches where the batch price will vary across the period of the contract. The Group has deemed that the series guidance within IFRS 15 applies and has therefore recognised revenue based on averaging the batch price over the period of the contract for those bioprocessing batches. If the revenue had been recognised based on an actual batch price, revenues would have been £0.3 million higher with a corresponding decrease in revenues in future years.

Provision for out of specification bioprocessing batches

Bioprocessing of clinical/commercial product for partners is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the process.

As the Group has now been bioprocessing product across a number of years, increasingly in a commercial supply environment, the Group has assessed the need to include an estimate of bioprocessed product for which revenue has previously been recognised and which may be reversed should the product go out of specification during the remaining period over which the product is bioprocessed. In calculating this estimate the Group has looked at historical rates of out of specification batches across the last four years, and has applied the percentage of out of specification batches to total batches produced across the assessed period to the revenue recognised on batches which have not yet completed the bioprocessing process at year end. This estimate, based on the historical percentage, may be significantly higher or lower depending on the number of bioprocessing batches actually going out of specification in future. If the historical percentage had been 10% higher or lower, the estimate would be £67,000 higher or lower. The estimate will increase or decrease based on the number of bioprocessing batches which go out of specification over the historic assessment period, but also the number of bioprocessing batches which have not yet completed the bioprocessing process at year end.

Consequently, bioprocessing revenue of £0.7 million (2020: £1.4 million) has not been recognised during 2021 with the corresponding credit to contract liabilities (note 20). This unrecognised revenue will be recognised as those batches complete bioprocessing.

Bioprocessing contract modification

On 13 December 2021, the Group announced an update to its commercial supply agreement with Novartis. The changes to the agreement have been determined to be a licence modification under IFRS 15. The contract has been accounted for prospectively as if it were terminated and a new contract created; with the remaining unrecognised transaction price allocated to remaining performance obligations. This resulted in breakage revenue of £4.8 million being recognised at modification from batch reservations to be manufactured in 2021, as there was no longer an expectation that remaining batches would be ordered.

Actions and conclusion on significant issues identified

Upon identification of these significant issues, management provided the Audit Committee with a detailed update on the nature, reasoning behind and risk of misstatement of these key accounting items, estimates and judgements, including any related accounting papers and other supporting documents. Any significant change to the method of calculation of these issues, or the judgement or estimates involved, is flagged to the Audit Committee, with regular updates being provided until such time as these are finalised prior to release of the year end or interim results.

The Group's external auditor has reported to the Audit Committee that they have reviewed the assumptions and methods used in calculating these key accounting items, estimates and judgements, as well as performing detailed testing of the year end position, and found these significant issues to be appropriately accounted for.

Having provided appropriate challenge to management and the external auditor, the Audit Committee has concluded that these significant issues identified during 2021 have been appropriately accounted for.

Internal control

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Audit Committee annually reviews the effectiveness of all significant aspects of internal control, including financial, operational and compliance controls, and risk management. The review for 2021 prepared by the Chief Financial Officer and the Group Financial Controller, was further reviewed at the November 2021 Audit Committee meeting. Based on its review the Audit Committee has concluded that the system of internal control provides a reasonable basis for signing off the Annual report and accounts.

Currently the main features of the internal control and risk management processes which apply to the Group's financial reporting processes include:

— A detailed review process of the Annual report and accounts, including review by the Senior Executive Team and the Board;

— Preparation of accounting papers for significant accounting and judgemental issues and review by the Group Financial Controller, Chief Financial Officer and the Audit Committee;

— Performance of an annual assessment of the risk of financial fraud and misstatement within the financial statements and accounting records, and assessment of the appropriateness of controls in place to mitigate the risks identified to an acceptable level;

— Preparation of detailed going concern and viability assessment papers and cash flow forecasts by the Head of Financial Planning and Analysis, with subsequent detailed review and approval by the Chief Financial Officer and the Board; and

— Organisation of the finance function such that monthly management results and externally reported financial statements are subject to thorough review by the Group Financial Controller, Head of Financial Planning and Analysis and the Chief Financial Officer.

— Performance of control procedures over revenues, journals and key statement of financial position accounts which have been assessed to have the greatest risk of misstatement.

— Clear separation of duties and detailed authorisation limits within the financial processes such as approval of invoices, purchase orders, payroll and disbursements.

At the October 2020 Audit Committee meeting, it was agreed that the Group should develop a finance function transformation strategy to enhance the internal control environment. During 2021 the Group, led by the Audit Committee, took firm steps to progress the finance function transformation strategy ahead of expected corporate governance reforms published in the UK Government's Department for Business, Energy & Industrial Strategy (BEIS) White Paper "Restoring trust in audit and corporate governance". The implementation of the transformation strategy is underway and the Group has achieved the following:

- Appointment of a Director, Financial Controls to:
  - Oversee the finance transformation projects;
  - Work with the finance team to update and improve internal control policies, procedures, process flows and flow chart and risk registers;
  - Design and continually monitor the Group's financial control framework; and
  - Ensure appropriate monitoring and escalation is in place on key operating financial controls and metrics.
- Creation of a roadmap to achieve the Group's goal of improving its internal control environment and internal control systems, and to reduce the risk of failure to achieve business objectives (both financial and operational);
- On track to positioning the Group to achieve compliance with the expected internal control reforms set out in the BEIS White Paper;
- Increased financial control headcount from 11 to 16, strengthening the finance function to reflect the growth and complexity of the business, but also to implement and improve our financial control procedures;
- Partnered with a professional services firm to review and update our internal control policies, procedures, process flows and flowcharts;
- Created a risk and controls library, capturing the key risks and mitigating controls across the end-to-end financial reporting process;
- Performing monthly monitoring and testing of the Group's financial control framework, with escalation in place on key operating financial controls and metrics; and
- Reporting regularly to the Audit Committee on progress of the transformation strategy.

Over the course of the next 12 months, the Group will establish a relationship with an external firm to provide independent assurance over the Group's internal control environment and systems, looking at various key risks and controls on a rotational basis, and reporting to the Audit Committee twice per year.

COVID-19

Due to the continued impact of COVID-19, the Group has continued encouraging working from home by some of its employees where possible. As most of the internal controls implemented by the business are system based, this has not had a detrimental impact on the control environment. The Group already has extensive remote working facilities in place for its employees, including functionally limiting access from users' own devices. Proactive monitoring of remote usage is performed as a precaution.

External audit

KPMG continued as the Group's external auditor for the 2021 financial year. It is the Group's intention to put the external audit out to tender every 10 years and to rotate the lead partner at least every five years. Will Smith has been the lead partner on the audit for the last three years after Charles Le Strange Meakin retired after one year following KPMG's initial appointment in 2018.

The Audit Committee regularly reviews the role of the external auditor and the scope of their audit. The Audit Committee considers the effectiveness of the external auditor on an ongoing basis during the year, considering, among other things, its independence, objectivity, appropriate mindset and professional scepticism, through its own observations and interactions with the external auditor, and having regard to the:

— Experience and expertise of the external auditor in their direct communication with, and support to, the Audit Committee;

— Content, quality of insights and value of their reports;

— Fulfilment of the agreed external audit plan;

— Robustness and perceptiveness of the external auditor in their handling of key accounting and audit judgements;

— The interaction between management and the external auditor, including ensuring that management dedicates sufficient time to the audit process;

— Provision of non-audit services, as set out below; and

— Other relevant UK professional and regulatory requirements.

KPMG contributed a further independent perspective on certain aspects of the Group's financial control systems arising from their work and reported these to the Audit Committee. The process for approving all non-audit work provided by the external auditor is overseen by the Audit Committee in order to safeguard the objectivity and independence of the auditor, and in compliance with regulatory and ethical guidance. If KPMG were to be chosen to provide non-audit services it would be the result of their demonstrating the relevant skills and experience to make it an appropriate supplier to undertake the work in a cost-effective manner. The Group's policy for non-audit services reflects the regulations that prohibit the provision of certain non-audit services, such as payroll services, by the external auditor and introduces a cap on non-audit fees. In line with the regulations, the Group is required to cap the level of non-audit fees paid to its external auditor and has done this at 10% of the audit fees paid in the previous financial year.

With the exception of fees paid in respect of the auditor's review of the Group's interim financial statements, there were no non-audit fees received by KPMG in 2021. The non-audit fees policy is compliant with ethical Standards for Auditors. In 2021, KPMG received total fees of £0.5 million (2020: £0.4 million) which is an increase of £0.1 million versus the previous period. Fees paid to KPMG are set out in Note 8 to the financial statements.

Fair, balanced and understandable statement

The Audit Committee considered this Annual report and accounts, taken as a whole, and concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate and recommended to the Board that the Annual report and accounts is fair, balanced and understandable while providing the necessary information to assess the Group's position and performance, business model and strategy.

Stuart Henderson
Audit Committee Chair

20 April 2022

Nomination Committee report

The Nomination Committee, which is chaired by Dr. Roch Doliveux, the Company's Chair, leads the process for making appointments to the Board and succession planning, and comprises Stuart Henderson, Dr. Heather Preston and Professor Dame Kay Davies, all of whom are deemed Independent Non-Executive Directors. The primary duties of the Nomination Committee are set out in its written terms of reference, which is available on the Group's website.

Whilst the Board acknowledged in the 2020 Annual report and accounts that it was not in compliance with Provision 11 of the Corporate Governance Code during 2020, it confirmed that the Nomination Committee had initiated a search for additional Independent Non-Executive Directors. The Nomination Committee met 19 times in 2021 on an *ad hoc* basis in order to discuss searches for additional Non-Executive Directors and succession planning.

During the year, the Company was pleased to announce that the Board had been further strengthened by the appointment of Professor Dame Kay Davies in March 2021, Dr. Michael Hayden in July 2021 and Catherine Moukheibir in December 2021 as Non-Executive Directors. In addition, Martin Diggle stepped down from the Board in February 2021 after serving nearly nine years and Dr. Andrew Heath retired from the Board in May 2021 after serving more than 11 years. As such, from February 2021, the Board was in compliance with Provision 11 of the Corporate Governance Code, meeting the requirement for half the Board, not including the Chair, to comprise Independent Non-Executive Directors.

In January 2022, John Dawson notified the Group that he intended to retire as a Director and stepped down as CEO. John has provided more than 13 years of dedicated service and leadership to the Group. The Board has initiated a search for a successor to John and in the meantime, Dr. Roch Doliveux is acting as Interim CEO whilst remaining in his position as Chair.

In addition, the Board previously made a commitment to comply with the recommendations that the Board comprise at least one third women by the AGM in 2022. As at the end of 2021, the Board comprised 30% women, following the appointments of Professor Dame Kay Davies and Catherine Moukheibir during the year. Whilst the Board note that as at the end of the year the recommendation of the FTSE Women Leaders Review that one third of Board members should be female had not been met, the Board had already initiated a search for an additional Independent Non-Executive Director targeting the selection of female and ethnically diverse candidates and was delighted to welcome Namrata P Patel to the Board as an Independent Non-Executive Director in April 2022. Ms Patel brings extensive international experience in manufacturing and product supply and ESG. Following this appointment, the Board comprises 36% women and is in compliance with the recommendations of the FTSE Women Leaders Review and the recommendations of the Parker Review, relating to ethnic diversity in senior leadership.

Workforce Engagement Panel and Designated Non-Executive Director

In compliance with Corporate Governance Code, the Group has an established Workforce Engagement Panel (WEP) comprising employees from all levels and functions across the Group. The purpose of the WEP is to enable employees to discuss issues of importance to them and ensure that senior leaders and the Board hear the views of the workforce. Stuart Henderson was appointed as the designated Non-Executive Director, to oversee engagement between the Board and the workforce (further information on the WEP can be found on page 58). The WEP met eight times during 2021 and Stuart Henderson attended two of those meetings during 2021. The topics covered by the WEP during 2021 included discussion of the Equality, Diversity and Inclusion (EDI) practices and strategy within the Group and the resulting three-year action plan; employee benefits package; the impact of COVID-19 on working; future ways of working; employee training programmes; wellbeing practices; how Executive pay aligns with the wider Group pay policy; and the review of results of the employee engagement survey.

Board evaluation

The Board complied with the Corporate Governance Code guidance that the Board evaluation should be externally facilitated at least every three years, with the Company Secretary commissioning an external evaluation of the Board's performance by Deloitte LLP covering the period from January 2021 to the fourth quarter of 2021. The review process comprised the completion of a questionnaire covering the various aspects of Board activities and Committees and interviews with each Director individually by the external evaluator. The resulting report was discussed at the Board meetings in January and March 2022 and the Board plans to implement appropriate changes based on the discussions of the report.

The Company has also engaged the services of Deloitte LLP to advise the Board and the Remuneration Committee on matters relating to remuneration however, the evaluation of the Board's performance was undertaken by a separate team within Deloitte LLP. Stuart Henderson, Deputy Chair and Senior Independent Non-Executive Director, was formerly a partner at Deloitte LLP until 2016. Aside from the foregoing, the Company and the Directors have no connections with Deloitte LLP.

Corporate Governance Report

Board succession planning

During 2021, the Board reviewed the succession plans for both its composition and that of its Committees and the continued development of the Board. In light of John Dawson's decision to retire as CEO, announced in January 2022, the Board initiated a search for a successor with an external search consultancy, Egon Zehnder. The Company and the Directors have no connections with Egon Zehnder. The Board also initiated a search for additional Independent Non-Executive Directors in 2021 to address the Corporate Governance Code requirement that half the Board should consist of Independent Non-Executive Directors. Professor Dame Kay Davies was appointed in March 2021 and Dr. Michael Hayden in July 2021, following introductions from Dr. Roch Doliveux. Catherine Moukheibir was appointed in December 2021, following an introduction from Spencer Stuart. The Board engaged Spencer Stuart to conduct a search for additional Independent Non-Executive Directors to further strengthen and diversify the Board and, post-period end, was delighted to welcome Namrata P Patel to the Board in April 2022. The external search consultancy, Spencer Stuart, has no connection with the Company or its individual Directors.

Professor Dame Kay Davies was appointed a member of both the Nomination and Remuneration Committees, as well as chairing the Science and Technology Advisory Committee. Catherine Moukheibir was appointed a member of the Audit Committee. Following his decision to retire as CEO, John Dawson will not be standing for re-election as a Director at the forthcoming AGM.

Diversity and Inclusion

The Group recognises the importance of diversity and is committed to encouraging equality and diversity among its workforce. The Group aims to create an inclusive working environment based on merit, fairness and respect to enable it to attract and retain the most talented people from all backgrounds and cultures. The Group is also working to achieve a diverse Board and, just as importantly, diverse management teams. Appointments to the Board are based on merit taking into account suitability for the role, composition and balance of the Board to ensure that the Group has the right mix of skills, experience, independence, knowledge and consideration of the Group's strategic objectives.

The Nomination Committee has a formal and rigorous appointment process involving most if not all Board members and makes recommendations based on the capabilities of individual candidates, having due regard for the benefits of diversity with no restrictions on age, gender, religion, ethnic background, whose competencies will enhance the Board.

The Group supports the principles of the FTSE Women Leaders Review (formerly the Hampton Alexander Review) on gender balance. During 2021, the Board comprised three woman and seven men (30%) and, therefore, did not meet the FTSE Women Leaders' recommendation that 33% of the Board for FTSE350 companies consists of women by the end of 2021. In order to strengthen and diversify the Board to meet compliance requirements, the Board initiated a search for an additional Independent Non-Executive Director targeting the selection of female and ethnically diverse candidates and was delighted to welcome Namrata P Patel to the Board as an Independent Non-Executive Director in April 2022. Following Ms Patel's appointment, the Board comprises 36% women and is in compliance with the recommendations of the FTSE Women Leaders Review. The Remuneration Committee and the Nomination Committees comprised 50% women during 2021 and the Audit Committee, following Catherine Moukheibir's appointment in December 2021, now comprises 66% women. In addition, both the Remuneration Committee and the Science and Technology Advisory Committee are chaired by women.

The Group believes that members of the Board and senior management should collectively possess a diverse range of skills, expertise and should come from a diverse range of ethnic and societal backgrounds. In terms of the next level of management, during 2021, the SET, excluding the Executive Directors, totalled seven, of which there were two female members. In the gender pay gap report for 2021, (for the full report see the Group's website www.oxb.com) the Group had more females than males at the Head of Department level and senior management level, thereby meeting the FTSE Women Leaders Review's recommendation that 33% of senior leadership roles (defined as the SET and their direct reports) be held by women at the end of 2021. Part of the Group's strategy will be to maintain and improve on the targets, so that the objectives of the FTSE Women Leaders Review will be continued to be met during 2022/2023.

The Board is aware of the recommendations of the Parker Review on Ethnic Diversity. The Parker Review set a target for companies to have at least one Board member from an ethnic minority background by 2021. Whilst during 2021 none of the serving Board members identified as belonging to an ethnic minority, the Nomination Committee had initiated a search with external search consultants, Spencer Stuart, for an additional Independent Non-Executive Director targeting female and ethnically diverse candidates whilst taking into account suitability for the role to ensure that the Group has the right mix of skills, experience, independence and knowledge for the Group's strategic objectives. In April 2022, the Board welcomed Namrata P Patel to the Board, further strengthening and diversifying the Board and aligning the Board's composition with the recommendations of the Parker Review.

In addition, the Group has in place an internal management development programme which provides a structured training programme for the purposes of identifying and progressing talent across all areas of the Group to senior management level and beyond. At a more junior level, as part of its ESG objectives for 2022, the Group has included the goal of fostering and encouraging a culture of innovation within the Group and the wider community promoting STEM careers for school children through sponsorship and mentoring. The Group will work with partners, such as In2Science, to promote STEM careers as a viable route for schoolchildren from demographics that have a low representation in higher education particularly in STEM subjects. Through sponsorship, mentoring and support for careers workshops and other activities, the Group aims to encourage these individuals to enrol in higher education and/or apprenticeships to study STEM subjects and embark on careers in the field. For further information on the Group's ESG objectives for 2022, please refer to pages 57 to 73.

Compliance with the Code

The Group considers that it was largely in compliance with the terms of the Corporate Governance Code during 2021 but acknowledges that it did not comply in full throughout the year. The Group has set out in this Corporate Governance Report how it has applied the principles of the Corporate Governance Code and was in full compliance with the Corporate Governance Code, save as set out below (with reference to the Corporate Governance Code provisions):

Corporate Governance Code Provision	Explanation
Provision 11 – At least half the Board, excluding the Chair, should comprise Independent Non-Executive Directors	The Company acknowledges that it was not in compliance with the requirements of Provision 11 of the Corporate Governance Code for a period of two months at the beginning of 2021. However, the Board initiated searches for additional Independent Non-Executive Directors during the course of 2021 which, due to the COVID-19 pandemic, took slightly longer than expected. In February 2021, the Board announced the appointment of Professor Dame Kay Davies as an Independent Non-Executive Director following which, the Board became compliant with the requirements of Provision 11. In December 2021, the Board announced the appointment of Catherine Moukheibir as an Independent Non-Executive Director. At the end of 2021, there were seven Non-Executive Directors (excluding the Chair), two of whom were deemed not to be independent. In April 2022, the Board announced the appointment of Namrata P Patel as an Independent Non-Executive Director, further strengthening and diversifying the Board.
Provision 38 – The pension contribution rates for Executive Directors should be aligned with those available for the workforce	The Executive Directors currently receive a 15% pension contribution (or cash allowance) unlike the wider workforce who currently receive a 7.5% pension contribution. In line with Provision 38 of the Corporate Governance Code, the Executive Directors have received written notification that, from 31 December 2022, their pension contribution will be reduced to align with the wider workforce.
Provision 41 – Engagement with the workforce to explain how Executive pay aligns with the wider Company pay policy.	Although the Group was not in compliance with Provision 41 of the Corporate Governance Code at the beginning of 2021, the Group engaged with the workforce at the WEP in September 2021 to explain how Executive pay aligns with the wider Group pay policy. In particular, the WEP received a briefing on the role of the Remuneration Committee and the key highlights from the 2021-2024 Remuneration Policy, including the underlying context for increases in base pay and adjustments to the maximum bonus and long term incentive (share based) opportunity. In addition, WEP members received information relating to recent trends in executive pay and the WEP members were given the opportunity to provide feedback and discuss the topic with their respective wider teams.

Share capital

The information about the share capital required by Article 10 of the Takeover Directive is in the Directors' Report on page 131.

Annual statement from the Remuneration Committee Chair

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2021.

This report, which is subject to an advisory shareholder vote at the 2022 AGM, explains the work of the Remuneration Committee, how we have implemented our Remuneration Policy (the Policy) in 2021 and how we intend to apply it in 2022.

For ease of reference, a summary of the key elements of the Policy is included on pages 123 to 125. The full Policy as approved at the AGM on 27 May 2021 is included in the Directors' Remuneration Report for the year ended 31 December 2020, which is available on the Company's website at www.oxb.com.

2021 remuneration in the context of our business performance and outcomes for our key stakeholders

2021 was another year of strong progress for Oxford Biomedica, reflected by the exceptional financial results we have reported as we continue to demonstrate our world leading expertise in cell and gene therapy. As detailed in our Strategic Report, Oxford Biomedica is in a strong position to enable our customers to bring their life-changing therapies to more patients. Key achievements include:

- Large-scale commercial manufacture of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine with Oxford Biomedica now having successfully manufactured over 100 million doses of vaccine. Cumulative revenues from AstraZeneca by the end of 2021 were in excess of £100 million, contributing to significant growth in Group Operating EBITDA in 2021;
- New customer partnerships and expanded collaborations with partners including Boehringer Ingelheim, Immatics and Arcellx;
- An equity investment of £50 million by Serum Life Sciences in September 2021 which will allow us to expand capacity at Oxbox, creating new highly skilled jobs at a time when we have a strong development pipeline;
- Extension of the commercial supply agreement with Novartis for the manufacture of lentiviral vectors for several Novartis CAR-T products to the end of 2028, with Oxford Biomedica regaining the rights to three CAR-T targets, including CD19 targeted therapies;
- Following the year end we announced the broadening of our leading viral vector offerings by incorporating Homology Medicines AAV capabilities into a newly formed AAV manufacturing and innovation business in the US with Homology Medicines as 20% owner (Homology Transaction). This is a major advancement in our goal to become an innovative global viral vector leader and allows Oxford Biomedica to offer global pharmaceutical and biotechnology clients innovative manufacturing expertise in AAV as well as lentiviral-based cell and gene therapies. This transaction also provides the Group a physical footprint in the US, located close to customers, talent, innovation in academia and pools of capital;
- In addition to the above, in 2021 we offered an additional 16 apprenticeships and launched the Collaborative Training Partnership (CTP) programme with Oxford University and University College London (UCL); and
- We have continued the roll-out of the management development programme and our Rewards and Talent programme and have recruited in excess of 200 new colleagues.

The Remuneration Committee considers that the incentive outcomes summarised below are a fair reflection of the Group's performance achieved during 2021 and the past three years, and are appropriate in the context of the stakeholder experience. As a result, the Remuneration Committee determined the outcomes to be appropriate.

2021 Executive Director Remuneration and Variable Pay Outcomes

The table below summarises the implementation of the Policy for Executive Directors for the year ended 31 December 2021.

	John Dawson	Stuart Paynter
Base salary	£455,000	£310,000
Pension	15% of salary	15% of salary
Bonus (maximum)	150% of salary	150% of salary
LTIP (maximum)	200% of salary	175% of salary
Single Figure Total for 2021	**£1,828,000**	**£1,091,000**

As set out in the Remuneration Report last year, the 2021 base salary increases for John Dawson and Stuart Paynter, reflected the third year of a phased base salary increase. In the case of Stuart Paynter, the increase also reflected that he has been in role since August 2017 and that his performance and contribution have been exceptional. Specifically, this has included several successful fundraises, the transition to FTSE250 status, and ensuring growth has been managed in a financially positive way, prioritising OPEX and CAPEX expenditure appropriately, resulting in a healthy balance sheet and strong cash position. These achievements have strongly positioned the Group to take advantage of strategic opportunities. The 2021 increases positioned base salaries for both John Dawson and Stuart Paynter in the lower quartile for comparable UK companies.

The maximum annual bonus and LTIP opportunities for 2021 are aligned with market practice for UK companies of a similar size and complexity.

The 2021 annual bonus was subject to a financial and non-financial performance measures aligned with key strategic priorities. John Dawson's bonus was based solely on Group objectives. Stuart Paynter's bonus was based 80% on Group objectives and 20% on personal objectives.

Reflecting the strong performance over the year, John Dawson earned a bonus of 126% of salary and Stuart Paynter earned a bonus of 125% of salary. 50% of the bonus earned will be deferred into shares. Further details are set out on page 115.

In line with the requirements of the reporting regulations, the total single figure of remuneration for 2021 includes the vesting outturn for the following LTIP awards:

— The LTIP award granted on 7 August 2018 was subject to share price growth targets assessed over the three year period to 6 August 2021. The 2018 award vested at 30.6% of the maximum award for John Dawson and 35% of the maximum award for Stuart Paynter. The different vesting levels reflect the fact that the amount which John could earn at threshold was 25% of salary (or 20% of the total award granted). The maximum Stuart could earn at threshold was also 25% of salary (which equated to 25% of the total award granted); and

— The LTIP award granted on 18 April 2019 was subject to revenue growth targets measured over the three years ending 31 December 2021 for 50% of the award and growth in share price targets assessed over the three year period to 17 April 2022 for 50% of the award. Although the 2019 LTIP awards will not vest until April 2022, the total single figure of remuneration for 2021 includes the revenue growth performance element of the 2019 LTIP awards. This is because this element of the 2019 LTIP vests by reference to revenue performance over the three financial year period to 31 December 2021. Over the three year performance period the compound annual growth rate of the Group's revenue was 28.8% resulting in an estimated vesting outturn of 100% of this element. The vesting value of the share price performance element of the 2019 LTIP award will be included in the single total figure of remuneration for 2022.

Further details of the performance targets and outturns are set out on pages 116 to 117. In line with the Corporate Governance Code, the 2019 LTIP awards are subject to a further two year holding period following the three year vesting period before they can be exercised.

For the LTIP awards granted in 2021, the performance measures were weighted 40% relative Total Shareholder Return (TSR); 40% revenue growth; and 20% strategic goals. Further details are set out on page 117. As noted in the Remuneration Report last year, the Remuneration Committee was mindful of the need to ensure that the increases in incentive quantum for 2021 were commensurate with appropriately stretching targets for maximum vesting. As detailed on page 100 of the Annual report and accounts, the revenue growth measure for the 2021 LTIP awards requires a 30% CAGR for maximum vesting, compared to a 24% CAGR for the 2020 awards.

Board changes

In January 2022, we announced that after more than 13 years of service John Dawson had signalled his intention to retire. He remained in post as CEO for the full duration of 2021 and his remuneration for 2021 is reported in the usual way in this report.

John Dawson stepped down as CEO and Dr. Roch Doliveux assumed the role of Interim CEO on 28 January 2022. He will remain an Executive Director until the AGM in 2022 and an employee and advisor to Oxford Biomedica throughout 2022. His final day of employment will be 17 January 2023 (12 months after the date of the formal Company announcement communicating his intention to retire as CEO). The approach to John Dawson's remuneration for 2022 is summarised on the next page.

At the request of Dr. Roch Doliveux, no changes have been made to his remuneration arrangements in connection with his taking on the Interim CEO role. A process to appoint a new CEO is underway, as previously announced.

Dr. Andrew Heath stepped down from the Board on 27 May 2021.

Professor Dame Kay Davies was appointed to the Board with effect from 1 March 2021. Dr. Michael Hayden was appointed to the Board with effect from 15 July 2021. Catherine Moukheibir was appointed to the Board with effect from 14 December 2021.

Our approach to Directors' Remuneration in 2022

The Directors' Remuneration Policy approved at the 2021 AGM will continue to apply in 2022. We have summarised below the way in which it will be implemented.

Executive Directors

Base salary	As noted above, no change to Dr. Roch Doliveux's remuneration arrangements have been made in connection with his taking on the Interim CEO role. Dr. Roch Doliveux will continue to receive a fee of £225,000 for 2022. With effect from 1 January 2022: – John Dawson's salary was increased £468,650 (a 3% increase). This increase was agreed before his intention to retire was announced. – Stuart Paynter's salary has been increased to £341,000 (a 10% increase). The 10% increase for Stuart Paynter is aligned with the base salary increases for the Senior Executive Team. The base salary increases for the wider workforce for 2022 (excluding promotions) ranged from circa. 3% to over 10% depending on the individual's performance in the role and base salary positioning against the market. The increase for Stuart Paynter also takes into account the permanent increase in the scope and complexity of Stuart Paynter's role in light of the establishment of Oxford Biomedica Solutions (which materially expands our geographic presence in the US). Stuart Paynter's base salary continues to be positioned below median when compared to companies of a similar size and complexity. The Remuneration Committee is mindful of the impact of base salary increases on the value of the overall total package. In line with the commitment made last year we will continue to ensure that stretching targets for annual variable and long term compensation are set commensurate with the overall level of total compensation. This will deliver alignment to shareholders' interests as we continue to grow.
Pension	Dr. Roch Doliveux will not receive an employer pension contribution or cash supplement for 2022. The maximum employer pension contribution or cash supplement will continue to be 15% of salary for John Dawson and Stuart Paynter up to 31 December 2022. With effect from 1 January 2023, the contribution will be aligned with the contribution available to the wider workforce (currently 7.5%).
Annual bonus	Dr. Roch Doliveux has waived any entitlement to an annual bonus in respect of 2022. For 2022, John Dawson and Stuart Paynter will be eligible to earn a bonus of up to 150% of salary. The intention is that John Dawson's bonus opportunity will be on a pro-rata basis for the period he is in active employment for 2022. Any bonus earned will be paid at the usual time. 50% of any bonus earned will be delivered in the form of deferred shares. The performance measures and targets will be disclosed in the 2022 Directors' Remuneration Report to the extent they are not commercially sensitive.
LTIP	Neither Dr. Roch Doliveux nor John Dawson will receive an award under the LTIP in respect of 2022. The Remuneration Committee are aware that, in line with sector peers, the Company's share price has fallen over the last 12 months and is lower than when the 2021 LTIP awards were granted. It is intended that the 2022 LTIP awards will be granted in the 42 days following the announcement of the Group's full year results. The Remuneration Committee will finalise the quantum of the grants at that time having regard to share price performance and market conditions at that time. In line with best practice and investor guidance it is the Remuneration Committee's intention is to scale back the quantum of the 2022 LTIP to be granted to Stuart Paynter from 175% of salary to 155% of salary. The performance conditions are summarised below. A two year holding period will to apply following the three-year performance period.

Performance conditions and targets for 2022 Performance Shares Award under the LTIP

For the grants to be made in 2022, it is intended that the performance measures will be weighted 40% Relative TSR; 40% revenue growth; and 20% strategic goals.

Measure	Weighting	Approach
Relative TSR	40%	Vesting based on the Company's TSR over a three-year performance period relative to the TSR performance of companies in the NASDAQ Biotechnology Index. – Threshold vesting 25%: Median performance – Maximum vesting: Upper quartile performance TSR will be assessed over a three-year period from the date of grant of the awards, consistent with our current approach to the share price measure, with a three month averaging period applied, again consistent with our current approach to the share price measure.
Revenue Growth	40%	Threshold vesting 25%: 15% CAGR per annum over a three-year performance period Maximum vesting: 30% CAGR per annum over a three-year performance period. The Revenue Growth targets for the 2022 award have been reviewed taking into account the Homology transaction and the replacement of transitory revenue of the COVID-19 pandemic with long term, strategic growth potential. These stretching targets require continued double digit growth from the strong performance delivered in 2021.
Product related strategic milestones	20%	The strategic measure and targets are commercially sensitive and will be disclosed when this is no longer the case, and no later than when the awards vest. The measure will be aligned with the Group's strategy with the level of vesting determined by reference to the achievements, with 25% vesting for delivery of a threshold milestone.
Underpin	Applies to the whole award	Consistent with previous awards, the whole award will be subject to an underpin such that it will only vest to the extent that the Remuneration Committee considers the overall performance of the business over the performance period justifies it.

As disclosed in the Remuneration Report last year, in future years, the share price/TSR measure may be substituted for a measure based on the profitability of the CDMO, once we have further refined our segmental reporting. It is our current intention that up to 30% of the overall long term incentive opportunity may be based on the delivery of specific strategic milestones in the future.

Remuneration arrangements in connection with John Dawson's retirement

As noted above, John Dawson will remain an Executive Director until the 2022 AGM, at which point he will step down from the Board. He will remain an employee and advisor to the Group until the 17 January 2023 (the end of his 12 month notice period). During this period he will continue to receive his base salary, pension and benefits.

Existing share awards

John Dawson has provided exceptional service to Oxford Biomedica and under his leadership the Group has grown into an industry leader in lentiviral vectors. Having regard to his service and that he is retiring, the Remuneration Committee determined that John Dawson shall be treated as a "good leaver" as regards his existing share awards. Therefore:

— Any awards under Group's share plans which are fully vested but remain unexercised at 17 January 2023 can be exercised for up to twelve months, following which they will lapse and no longer be capable of exercise;

— In relation to deferred share awards or awards under the LTIP plan which remain unvested at 17 January 2023:

  – Unvested deferred share awards will be retained. These awards will continue to be subject to the normal vesting schedule and exercisable for a period of twelve months following the relevant vesting date (after which they will lapse and no longer be capable of exercise);

  – Unvested LTIP awards will be retained, with performance to be assessed at the normal time following the end of the applicable three-year performance period and time pro-ration for the proportion of the three-year period he was employed by the Group. LTIP awards will be released following the end of the two year holding period following the end of the applicable three-year performance period;

  – All awards shall continue to be subject to malus and clawback provisions in line with the Policy; and

  – For deferred share awards and LTIP awards granted after 1 January 2019, the post-employment shareholding requirement applies in line with the Policy.

In addition, we will seek to facilitate ongoing BUPA coverage at preferential rates (but at John's cost) for a period of five years after the termination of his employment.

Non-Executive Directors

No increases are proposed to Non-Executive Director fees for 2022.

Fee element	2022 level
Base fee	£65,000
Additional fee for holding the office of Senior Independent Director	£10,000
Additional fee for holding the position of Chair of the Remuneration Committee	£10,000
Additional fee for holding the position of Chair of the Audit Committee	£10,000
Base fee uplift for Non-Executive Directors based outside the UK to recognise the additional time commitment (including but not limited to the additional expected time commitment for travel to the UK as well as the additional time commitment where the Non-Executive Director is based in a different time zone).	£15,000

In line with the Policy approved by shareholders at the 2021 AGM, Non-Executive Directors recruited from or based in the United States each receive an additional fee of £50,000 per annum. This additional fee is payable subject to their agreement that the after tax amount of this additional fee will be applied in the acquisition of shares at market value which must be retained for at least 12 months from acquisition. This seeks to address the significant gap to market practice in the United States that we face when attracting and retaining Non-Executive Directors in competition with, or from NASDAQ listed businesses where equity awards are an ongoing feature of the overall package. This also provides alignment with shareholders whilst ensuring that our Non-Executive Directors continue to be independent. This additional fee is currently paid to Dr. Heather Preston, Dr. Michael Hayden, Sam Rasty and Catherine Moukheibir.

Other matters

The Remuneration Committee reviewed the Group's Gender Pay Gap Report for 2021 and was pleased to see the Group's gender pay gap has reduced for a third year in a row, and the Group is now aligned with the Government benchmark and is lower than others in the same industry. Over the last few years, we have instigated a number of projects which have already contributed, and continue to contribute, to the reduction in the gender pay gap.

It had been recognised that one of the main disparities in pay between the Senior Executive Team together with the leadership and senior management teams seen against the rest of the business, was the extent to which bonus eligibility was available throughout the business. In 2020, the Group announced that all employees would be eligible to receive a bonus, payable for the first time in 2021. Following the first year of bonus payment to all levels of roles in 2021, the Group has seen a 22.7% reduction in its bonus pay gap. Oxford Biomedica will continue to review its bonus eligibility across the business for opportunities to further reduce the bonus pay gap in the coming years.

Our focus on development and progression in 2020 and 2021 has had an impact on the male to female ratio in each pay quartile. The proportion of female employees in the lowest pay quartile has reduced, while the proportion of female employees in the upper-middle and upper quartiles has increased. The male to female ratio in each quartile now closely reflects the male to female ratio across the Group, resulting in a more equitable balance of both men and women at all pay levels across the Group following the progression and development of those at the lower pay quartiles.

Alongside the Oxford Biomedica Management Development Programme which has been running since 2019 we have introduced informal mentoring across all levels in 2021, which allows for both men and women to take ownership of their development, and gain valuable knowledge and skills from others within the Group.

We have also introduced our new Ways of Working Policy which introduced flexible working hours and hybrid working as the norm for all employees where possible. A three year Equality, Diversity and Inclusion (EDI) action plan is being created and will be implemented in 2022.

Stakeholder engagement

As detailed on page 19, the Group has an established Workforce Engagement Panel ("WEP") comprising employees from all levels and functions across the Group. The WEP sessions have provided an upward channel for views, comments and debate, as well as an opportunity to provide feedback on our ED&I practices, reward principles and employee benefits package, future ways of working, employee training programmes, wellbeing practices and how Executive pay aligns with the wider Group pay policy.

We also engage directly with major shareholders and their representative bodies, where the Remuneration Committee considers there to be material changes to the Policy or our Executive remuneration framework. Some shareholders and proxy firms raised concerns regarding the increase in opportunity for any future overseas Executives. However, others acknowledged that the changes to the Policy last year were beneficial in terms of the Company's Executive succession planning and noted that the maximum opportunities are at the lower end compared with opportunities available for Executives at NASDAQ listed biotechnology businesses. Overall we were pleased that the majority of our shareholders voted in favour of the Policy at the 2021 AGM. Given the US market is critical to the Group we firmly believe that the ability to adequately incentivise overseas Executives will be beneficial to the Group and its shareholders.

Conclusion

The decisions made as regards remuneration earned in respect of 2021 and the proposals for 2022 demonstrate our commitment to ensuring that Executives' reward is aligned with performance and the outcomes for all our stakeholders.

We look forward to receiving your support at our 2022 AGM, where I will be available to respond to any questions that shareholders may have on this report, or our intended approach to reward for 2022.

Dr. Heather Preston

Chair, Remuneration Committee

Alignment of the Directors' Remuneration Policy with the 2018 Corporate Governance Code

(not audited)

In determining the Directors' Remuneration Policy, the Remuneration Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture, as set out in the Corporate Governance Code.

Principle	
Clarity: Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Remuneration Committee engages regularly with Executives, shareholders and their representative bodies in order to explain the approach to Executive pay.
Simplicity: Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The purpose, structure and strategic alignment of each element of pay has been clearly laid out in the Remuneration Policy.
Risk: Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Remuneration Committee to have appropriate regard to risk considerations. Annual bonus deferral and the application of the two-year holding period to awards under the LTIP provide longer term alignment with shareholders' interests. The Remuneration Committee also has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group.
Predictability: The range of possible values of rewards to individual directors and other limits or discretions should be identified and explained at the time of approving the policy.	Details of the range of possible values of rewards and other limits or discretions can be found in the full Directors' Remuneration Policy included in the 2020 Annual report and accounts.
Proportionality: The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	The Remuneration Committee believes total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience. The Remuneration Committee considers the approach to wider workforce pay and policies when determining Directors' remuneration to ensure that it is appropriate in this context.
Alignment to Culture: Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	The Group's values are: 'Have integrity', 'Be inspiring' and 'Deliver innovation'. These three values govern the way that the Group does business, how the Group works together and the interactions the Group has with all its stakeholders. The Group's values are an important factor in measuring performance, and the Group recognises and rewards adherence to the values. Executive Directors are rewarded on both what they deliver and how that is delivered, which reinforces the Group's purpose and values.

Annual report on remuneration

In this report:

— Nil or nominal cost shares awards under the Company's LTIP are referred to as "Performance Shares Awards"; and

— An "Overseas Executive Director" means any Executive Director appointed after 1 January 2021 in respect of which appointment, in the opinion of the Remuneration Committee, the Company is competing for talent with US competitors (including NASDAQ listed US biotechnology businesses) including but not limited to Executive Directors recruited from or based in the US and having regard to the fact that over 80% of cell and gene therapy is based in the United States, that United States' regulatory requirements are critical to the future success of the Group and that the United States' market has the largest commercial potential for the Group.

Remuneration Committee role and members

The responsibilities of the Remuneration Committee are set out in its terms of reference which are available on the Group's website and include:

— Recommending to the Board the policy and framework for the remuneration of the Executive Directors. The remuneration of the Non-Executive Directors is a matter for the Board;

— Approval of individual remuneration packages for the Chair, the Executive Directors and the Senior Executive Team (including the Company Secretary);

— Approval of annual performance incentive plans and bonuses payable;

— Approval of Performance Shares Awards for Executive Directors and the Senior Executive Team (including the Company Secretary); and

— Approval of awards granted to all employees under the Group's share plans.

The Remuneration Committee members during 2021 comprised Dr. Heather Preston (Chair), Stuart Henderson, Dr. Roch Doliveux (Dr. Roch Doliveux will not be a member of the Remuneration Committee whilst he serves as Interim CEO during 2022) and Professor Dame Kay Davies (with effect from 1 March 2021). Other Directors are invited to attend meetings on an agenda driven basis.

Remuneration Committee activities during 2021

During 2021, the Remuneration Committee met 15 times. The main activities and decisions were as follows:

— 19 January 2021 – the Remuneration Committee considered whether or not bonuses should be paid to the Executive Directors in respect of 2020 in light of the performance against the Group's 2020 objectives. The outcome of these discussions was reported in the 2020 Annual report and accounts. The objectives for 2021 were also discussed and approved;

— 5 February 2021 – the Remuneration Committee reviewed the proposed new Remuneration Policy to be proposed to shareholders for approval at the 2021 AGM;

— 1 March, 8 March, 16 March and 13 April 2021 – the Remuneration Committee reviewed and considered feedback from shareholders in relation to the proposed new Remuneration Policy and made amendments to the Policy as appropriate;

— 22 April 2021 – the Remuneration Committee approved the 2021 salary adjustments in line with the wider workforce increases and the 2020 bonuses for SET members, excluding Executive Directors;

— 27 May 2021 – the Remuneration Committee considered the granting of options to employees under the Group's Long Term Incentive Plan (including both Performance Shares Awards and, for below Board members of staff, Restricted Stock Awards) and Deferred Bonus Plan;

— 11 August 2021 – the Remuneration Committee considered the extent to which the share price performance conditions for the August 2018 grants of options had been met and whether vesting was appropriate by reference to the performance underpin. The outcome was that 35% of the options granted in August 2018 would vest for Stuart Paynter and 30.6% for John Dawson, more information is included on page 105; and

— 9 September 2021 – the Remuneration Committee approved an invitation to all employees to participate in the 2021 offer under the Group's Sharesave scheme.

Single total figure of remuneration

(audited)

The following tables show a single total figure of remuneration for 2021 for each Director and comparative figures for 2020.

2021	Salary £'000	Benefits[1] £'000	Bonus £'000	LTIP[2] £'000	Pension[4] £'000	Total £'000	Total fixed remuneration	Total variable remuneration
John Dawson	455	11	573	721	68	1,828	534	1,294
Stuart Paynter	310	11	387	336	47	1,091	368	723
Total	**765**	**22**	**960**	**1,057**	**115**	**2,919**	**902**	**2,017**

2020	Salary £'000	Benefits[1] £'000	Bonus £'000	LTIP[3] £'000	Pension[4] £'000	Total £'000	Total fixed remuneration	Total variable remuneration
John Dawson	431	11	457	294	65	1,258	507	751
Stuart Paynter	239	11	263	533	36	1,082	286	796
Total	**670**	**22**	**720**	**827**	**101**	**2,340**	**793**	**1,547**

1 Benefits comprise medical insurance and the provision of a car allowance.
2 This comprises:
(a) the Performance Shares Awards granted under the LTIP in 2018 which vested on 11 August 2021; and
(b) the portion of the Performance Share Awards granted in 2019 which vest by reference to performance to 31 December 2021.
The performance criteria, performance against them and details of the calculations of the values included in the single total figure of remuneration table are set out on pages 112 to 115.
3 This comprises the Performance Shares Awards granted under the LTIP in 2017 which vested on 13 July 2020 (in the case of John Dawson) and on 25 September 2020 (in the case of Stuart Paynter). The relevant performance criteria and the performance against them are set out on pages 108 and 109 of the 2020 Directors' Remuneration Report. The values are calculated by reference to the share price at the last day of the period over which the share price was averaged to determine the extent of vesting (751p in the case of John Dawson and 819p in the case of Stuart Paynter).
4 Pension contributions are made into the Group's defined contribution scheme, or at the election of the Director, as a cash allowance in lieu of a company pension contribution – John Dawson and Stuart Paynter elected to receive such a cash allowance.

2021 Annual Bonus

Each Executive Director was eligible to earn a bonus of up to 150% of salary for 2021, subject to the satisfaction of performance objectives.

John Dawson's bonus was based solely on Group objectives. Stuart Paynter's bonus was based on Group objectives as regards 80% of the opportunity and personal objectives as regards 20% of the opportunity.

In January 2022, the Remuneration Committee met to consider the achievement of the 2021 objectives and the extent to which bonuses were earned for 2021. The performance of the business in 2021 is set out in detail in the Strategic Report from pages 12 to 76.

Group objectives element

Performance against the applicable Group objectives for 2021 was as follows:

Objective	Weighting	Performance assessed	Assessment against objective	% of bonus awarded
CDMO To service the Group's customers to achieve agreed milestones/ decision gates, along with improvements in net promoter score (customer satisfaction) from baseline To launch a client process that reduces the on-boarding time from project initiation to batch start To sign agreements with new partners for CDMO projects (late-stage and early-stage projects) To initiate six additional new viral vector projects (to include new and current partners) To target the initiation of one project for commercial manufacture To gain approval for one Fill & Finish suite at Oxbox by the third quarter of 2021	25%	– Whilst the Remuneration Committee recognised the strong service provided to customers to achieve agreed milestones/decision gates, as there was no improvement in the net promoter score (customer satisfaction) from baseline, no bonus was earned by reference to this objective (0% earned from maximum of 5%) – The Group launched a process that reduced the onboarding time from project initiation to batch start, so this objective was met (2.5% of bonus earned from maximum 2.5%) – The objective of signing new partners for CDMO projects was met, with projects for Boehringer Ingelheim and Arcellx announced in 2021 (5% of bonus earned from maximum 5%) – Although six new additional viral vector projects inititated in 2021 cannot be disclosed for confidentiality reasons, the Remuneration Committee noted that this objective was achieved with projects initiated with both new and current partners (5% of bonus earned from maximum 5%) – This objective was achieved by the commercial manufacture of the adenovirus-based Oxford AstraZeneca vaccine for AstraZeneca (2.5% of bonus earned from maximum 2.5%) – As the Fill & Finish A suite at Oxbox was not MHRA licensed by third quarter 2021,this objective was not achieved(0% earned from maximum of 5%)	Partially met equivalent to target performance	15%
Platform To achieve four new inventions To apply a Group invention into a GMP setting To in-license technology for the platform To use analytical automation in a GMP or R&D setting To establish a partnership for the *in vivo* CAR-T programme	15%	— The Group successfully filed six new patent applications so that this objective was achieved (4% of bonus earned from maximum 4%) — The application and/exemplification of a Group invention in a GMP setting was met, with the Process C: U1 and perfusion USP exemplified in second half of 2021 (3% of bonus earned from maximum 3%) — The objective to bring in new technology for the platform was not met in 2021 (0% of bonus earned from maximum 3%) — R&D automation was exemplified as a service across PR&D/R&D in the second half of 2021 and initiation of GMP automation for integration assay towards the end of 2021. Accordingly, this objective was achieved in full (3% earned from maximum of 3%) — The objective of establishing a partnership to enable *in vivo* CAR-T platform development was met with agreements signed with a biopharmaceutical company (whose identity cannot be disclosed for confidentiality reasons) and an academic partner (whose identity cannot be disclosed for confidentiality reasons) (2% earned from maximum of 2%)	Largely met – equivalent to performance between target and maximum	12%
Products To establish one new academic relationship focused on product identification To engage with a company on product discussions To advance an internal product to a meaningful milestone	15%	— One new academic relationship focused on product identification was successfully established with a UK university (not disclosed for confidentiality reasons) and two projects have been agreed at the end of 2021 (2.5% of bonus earned from maximum of 2.5%) — The Group successfully engaged with several companies (undisclosed for confidentiality reasons) for clinical products and, therefore, this objective was fully met (10% of bonus earned from maximum 10%) — The objective to advance an internal product candidate to a meaningful milestone was not achieved (0% of bonus earned from maximum of 2.5%)	Largely met – equivalent to performance between target and maximum	12.5%

Objective	Weighting	Performance assessed	Assessment against objective	% of bonus awarded
Financial objectives To achieve revenue To achieve Operating EBITDA To achieve cash flow targets as set by the budget approved by the Board	35%	— The Group outperfomed the revenue targets, with the budget of £125.4m set and £142.8m achieved (20% of bonus earned from maximum of 20%) — The Group significantly exceeded the Operating EBITDA target set in the budget, with the budget of £8.9m set and £35.9m achieved (10% of bonus earned from maximum of 10%) — The Group completed a £50 million capital raise in September 2021, achieving stretch cash flow targets in the budget (5% earned from maximum of 5%)	Met in full – equivalent to maximum performance	35%
Organisational development To deliver on digitalisation projects planned for 2021 to ensure that the Group remains effective for its size To focus on stakeholder engagement in various ways, including through the Workforce Engagement Panel to deliver on year one of the employee engagement strategy To ensure the Group's ESG goals are set for 2021 and are met effectively To implement the Group's learning and development strategy To develop a strategic workforce plan	10%	— The digitalisation projects including the Laboratory Information Management System (LIMS), the Human Resources (HR), system and iManage were delivered during 2021 (2% of bonus earned from maximum of 2%) — Stakeholder engagement under section 172 such as the Workforce Engagement Panel (WEP) being embedded into the business and adding significant value was achieved. The employment engagement strategy was rolled out to include Pulse surveys, Team talk and a full employment engagement survey completed in November 2021 (2% of bonus earned from maximum of 2%) — The Group's ESG objectives for the five pillars (People; Community; Environmental; Innovation and Supply Chain: see ESG report on pages 57 to 73) were effectively set in 2021 and targets set were mainly met (1.5% earned from maximum of 2%) — The learning and development strategy for the Group was successfully developed and delivered and as a result this objective was met in full (2% of bonus earned from maximum of 2%) — The Group developed a strategic workforce plan for the HR team as a pilot and successfully planned a strategic workforce plan and organisation design to reflect the strategy review in 2021, therefore this objective was met in full (2% of bonus earned from maximum of 2%)	Largely met – equivalent to performance between target and maximum	9.5%

In aggregate, the Group objectives were achieved as to 84%.

Personal objectives element – Stuart Paynter

The personal element of the bonus for Stuart Paynter was assessed by reference to the achievement of clear personal objectives and targets, which supported the strategic objectives of the business. The objectives and targets are considered by the Group to be commercially sensitive, as they will give our competitors insight into our strategic plans, and so are not disclosed in detail. However, the principal areas of the personal objectives were related to leading a successful fundraise, optimising the financial strategy for the Group, enhancing the internal controls within the financial function of the Group, establish business partnering organisation for the finance function and improve the timeframe for the audit sign off for the annual accounts.

The Remuneration Committee undertook a robust assessment of the achievements of Stuart Paynter with respect to his personal objectives, and based on achievements against those objectives determined that they were satisfied as to 80% such that a bonus of 24% of salary was earned by reference to these objectives.

Overall bonus outturn

Accordingly, bonuses earned by the Executive Directors in respect of 2021 were:

— John Dawson: £573,000 (126% of salary); and

— Stuart Paynter: £387,000 (125% of salary).

The Remuneration Committee reviewed performance against the annual bonus out-turn and concluded the overall bonus payments to be appropriate. The bonuses will be paid 50% in cash and 50% in deferred share awards.

The deferred share awards are not subject to further performance targets and will become exercisable in three equal instalments on the first three anniversaries of the award date.

The single total figures of remuneration for Non-Executive Directors are shown in the table below. Because the Non-Executive Directors do not receive any remuneration other than fees, no separate totals are included in the table below. Both Martin Diggle (who left the Board on 3 February 2021) and Robert Ghenchev elected to receive no fees for their services as Directors.

Fees (audited)	2021 £'000	2020 £'000
Dr. Roch Doliveux[1]	225	119
Dr. Andrew Heath[2]	26	65
Stuart Henderson	85	67
Dr. Heather Preston	140[4]	67
Dr. Sam Rasty	130[4]	7
Professor Dame Kay Davies[3]	54	n/a
Dr. Michael Hayden[3]	83[4]	n/a
Catherine Moukheibir[3]	4	n/a
Lorenzo Tallarigo	–	72
Total	747	397

1 Dr. Roch Doliveux's 2020 fees was for seven months.
2 Dr. Andrew Heath stepped down from the Board on 27 May 2021. In the table above his fees for 2021 are his fees to the date on which he stepped down from the Board.
3 Professor Dame Kay Davies was appointed to the Board with effect from 1 March 2021. Dr. Michael Hayden was appointed to the Board with effect from 15 July 2021. Catherine Moukheibir was appointed to the Board with effect from 14 December 2021.
4 This includes the additional fee of £50,000 payable to Non-Executive Directors recruited from or based in the United States. The after tax amount of this additional fee was used to acquire shares at market value.

Aggregate Directors' emoluments (audited)	2021 £'000	2020 £'000
Salaries	765	670
Benefits	22	22
Pension/cash alternative	115	101
LTIP	1,057	827
Bonuses	960	720
Non-Executive Directors fees	747	397
Total	3,666	2,737

Performance Shares Awards granted under the LTIP and vesting during 2021

(audited)

2018 Awards

Performance Shares Awards were granted under the LTIP on 7 August 2018 to John Dawson and Stuart Paynter when the share price was 904p. The performance conditions were as follows:

Average annual compound share price growth over the three-year period starting with the date of grant	Percentage of the awards that will vest
Less than 10%	0%
10% (i.e. 33.1% over 3 years)	John Dawson: 20% Stuart Paynter: 25%
Between 10% and 17.5%	Calculated on a straight-line basis between 20% (in the case of John Dawson) or 25% (in the case of Stuart Paynter) and 100%
17.5% or more (i.e. 62.2% over 3 years)	100%

These Performance Shares Awards vested during 2021. The share price was averaged across three months prior to the end of the applicable assessment period. Over the three-year performance period, the annual compound share price growth was 11.05% resulting in a vesting outturn of 30.6% for John Dawson and 35% for Stuart Paynter.

For the purposes of the single total figure of remuneration table the value of these awards is calculated as follows.

Executive Director	Shares subject to award	Vesting outturn	Vested shares	Value attributable to share price at grant[1]	Value attributable to the growth in share price vesting[2]	Total value
John Dawson	52,555	30.6%	16,081	145,375	73,009	218,384
Stuart Paynter	23,647	35%	8,276	74,819	37,575	112,394

1 Share price at grant: 904p.
2 Share price at vesting: 1358p.

The awards were also subject to a performance underpin, such that they would vest only to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it. The Remuneration Committee reviewed performance against this underpin and concluded the overall payments to be appropriate. Clawback and malus provisions will apply to the awards.

2019 Awards

Performance Shares Awards were granted under the LTIP on 18 April 2019 to John Dawson and Stuart Paynter when the share price was 704.6p. The performance conditions were based on growth in revenue between 2018 and 2021 as regards 50% of the award and growth in share price over the three years starting with the date of grant as regards 50% of the award.

The share price performance condition will be assessed in April 2022 and the vesting outturn in respect of that element will be confirmed in the 2022 Directors' Remuneration Report. The revenue growth performance condition was as follows:

Compound annual growth rate of the Group's revenue between 2018 and 2021	Percentage of the award subject to the revenue measure that vest
Less than 15%	0%
15% (i.e. 52.1% over three years)	25%
Between 15% and 24%	Calculated on a straight-line basis between 25% and 100%
24% or more (i.e. 90.7% over 3 years)	100%

Over the three-year performance period, the compound annual growth rate of the Group's revenue was 28.8% resulting in an estimated vesting outturn of 100%.

For the purposes of the single total figure of remuneration table the value of these awards is calculated as follows.

Executive Director	Shares subject to award	Shares subject to the revenue performance condition[1]	Estimated vesting outturn of the elements of the awards subject to the revenue performance condition	Estimated number of shares that will vest by reference to the revenue performance condition[1]	Value attributable to share price at grant[2]	Value attributable to the growth in share price to vesting[2,3]	Total value
John Dawson	72,736	36,368	100%	36,368	256,394	247,302	503,696
Stuart Paynter	32,358	16,179	100%	16,179	114,062	110,017	224,079

1 As noted above, the share price performance condition will be assessed in April 2022 so that only the element of the award subject to the revenue performance condition is included in this table.
2 Share price at grant: 704.6p.
3 The awards will not vest until the share price performance condition has been assessed. In line with the applicable regulations, the share price for these purposes is taken to be the average share price over October, November and December 2021, being 1,384.94p.

The awards are also subject to a performance underpin, such that they would vest only to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it. The Remuneration Committee will review performance against this underpin following the end of the share price performance period.

Performance Shares Awards granted under the LTIP during 2021

(audited)

On 8 June 2021, the Executive Directors were awarded the following Performance Shares Awards under the LTIP:

	Basis of award (% of salary)	Number of shares under award	Face value of grant
John Dawson	200%	80,460	£910,000
Stuart Paynter	175%	47,966	£542,495

The number of shares under award was calculated by reference to the average share price of 1131p in the five business days prior to the date of the award.

The awards are nil cost options and are subject to a three-year vesting period. They are subject to the achievement of the performance conditions based on relative Total Shareholder Return, growth in revenue and strategic milestones set out below.

TSR and Revenue performance conditions

Vesting amount	TSR[1] – relative TSR performance (40% of the award)	Revenue[2] – compound annual growth rate (40% of the award)
0%	Below median	Less than 15%
25%	Median	15%
100%	Upper quartile	30%

1 Company's TSR over a three-year performance period relative to the TSR performance of companies in the NASDAQ Biotechnology Index. TSR will be assessed over a three-year period from the date of grant of the awards, with a three-month averaging period applied.
2 Assessed over the three financial-year performance period 2021 – 2023.

Strategic milestones performance conditions (20% of the award)

The measures and targets relating to these performance conditions are commercially sensitive and will be disclosed when this is no longer the case, and no later than when the awards vest. The measures are aligned with the Group's strategy with the level of vesting determined by reference to the achievements, with 25% vesting for delivery of a threshold milestone and 50% vesting for delivery of a target milestone.

A performance underpin also applies, such that the awards will only vest to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it.

Although the awards will vest following the assessment of the performance period (subject to satisfaction of the performance conditions), they cannot be exercised until the end of a further holding period of two years.

Statement of Directors' shareholding and share interests

(audited)

The Remuneration Committee has adopted a shareholding guideline for the Executive Directors, which specifies a shareholding equivalent to 200% of base salary.

The value of the shares as at 31 December 2021 has been determined based on a share price of 1,230p (being the prevailing closing share price on 31 December 2021). Under this criteria John Dawson meets the shareholding guideline, with Stuart Paynter working towards meeting this guideline.

The interests in shares of the Directors who served during the year as at 31 December 2021 were as follows:

	Shares held outright		Vested but unexercised options		Deferred bonus plan not yet exercisable		Unvested Performance Shares Awards subject to performance conditions	
Executive Directors	2021	2020	2021	2020	2021	2020	2021	2020
John Dawson	90,343	90,343	553,820	476,249	46,349	51,251	155,139	196,096
Stuart Paynter	10,742	10,742	101,462	65,115	26,582	26,382	130,254	89,620
Non-Executive Directors								
Dr. Roch Doliveux	125,000	125,000						
Martin Diggle[1]	9,768,615	10,738,616						
Dr. Andrew Heath[3]	11,628	11,628						
Stuart Henderson	8,862	8,862						
Dr. Heather Preston	2,235	–						
Robert Ghenchev[2]	–	–						
Dr. Sam Rasty	2,235	–						
Professor Dame Kay Davies	–	–						
Dr. Michael Hayden	1,910	–						
Catherine Moukheibir	–	–						

1 Includes the interest of Vulpes Life Science Fund, Vulpes Testudo Fund and other parties connected to Martin Diggle, as at 3 February 2021 when Martin Diggle stepped down from the Board.
2 Robert Ghenchev is Head of Growth Equity at Novo Holdings which has a holding of 8,253,000 shares.
3 Dr. Andrew Heath stepped down from the Board on 27 May 2021 and his 2021 numbers of shares is at that date.

Reflecting best practice, the Remuneration Committee has adopted, with effect from 1 January 2019, a post-cessation shareholding guideline, as set out in the Directors' Remuneration Policy.

During 2021 the following options have vested and lapsed:

LTIP	Unvested at 1 January 2021	Vesting during 2021	Lapsed during 2021	Awarded during 2021	Unvested at 31 December 2021
John Dawson	196,096	52,449	36,474	47,966	155,139
Stuart Paynter	89,620	24,455	15,371	80,460	130,254

Deferred bonus	Unvested at 1 January 2021	Vesting during 2021	Awarded during 2021	Unvested at 31 December 2021
John Dawson	51,251	25,122	20,221	46,350
Stuart Paynter	26,382	11,892	11,642	26,132

During 2020 and 2021, John Dawson and Stuart Paynter did not exercise any options.

In 2022, the share price performance criteria for the Performance Shares Awards granted in respect of 2019 will be assessed. The vesting outturn will be confirmed in the 2022 Directors' Remuneration Report.

Payment to past Directors and payments for loss of office

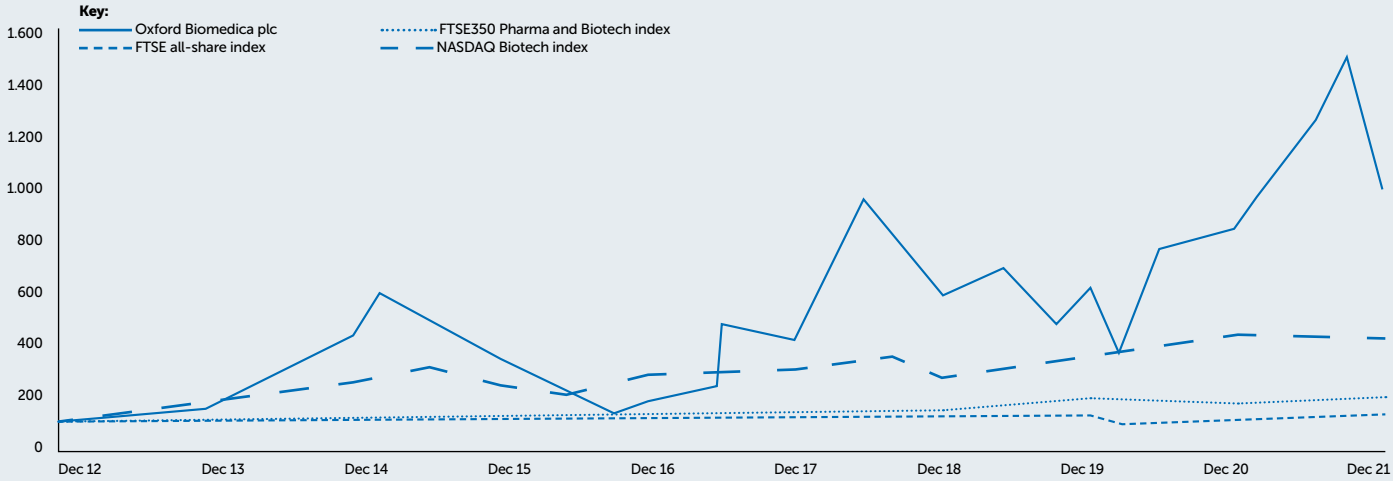
(audited)

No payments for loss of office or payments to past directors were made during 2021.

As announced on 17 January 2022, John Dawson signalled his intention to retire. Information in relation to the remuneration arrangements associated with his retirement is set out in the statement from the Remuneration Committee's Chair on page 105.

Performance graph and comparison with CEO's remuneration

The chart below illustrates the Company's TSR performance since January 2012 relative to the FTSE all-share index, the FTSE350 Pharma and Biotech index and the NASDAQ Biotech index. The FTSE all-share index has been selected because it represents a broad-based measure of investment return from equities. The FTSE350 Pharma and Biotech index, comprising Pharma and biotech companies listed in the UK and are constituents of the FTSE350 index, and the NASDAQ Biotech index in the United States (NASDAQ Biotech) market, provide further benchmarks that are more specific comparators.



CEO's remuneration in last ten years

Year		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CEO's total single figure of remuneration	£'000	401	468	680	732	653	811	1,311	1,220	1,258	1,828
LTIP vesting	% of maximum	40%	0%	0%	100%	50%	25%	80%	100%	62%	42%[1]
Annual bonus	% of maximum	17%	30%	75%	42%	50%	85%	92%	70%	85%	84%

1 The vesting percentage has been calculated by calculating the weighted average vesting percentage of the 2018 LTIP award and the revenue element of the 2019 LTIP award.

Percentage change in remuneration of Directors and employees

The table below shows the percentage change in salary/fees, benefits and bonus between 2019, 2020 and 2021 for the Directors. Professor Dame Kay Davies, Dr. Michael Hayden and Catherine Moukheibir were appointed during 2021 and, accordingly, they have been excluded from the table below. Neither Martin Diggle nor Robert Ghenchev received any remuneration for their role, and accordingly they have been excluded from the table below. The average percentage change in the same elements of remuneration over the same period are in respect of a comparator group of employees. The regulations require that the comparator group is all employees of the Company; however, as the Company (Oxford Biomedica plc) has no employees and for consistency with prior years the Remuneration Committee has chosen as the comparator group all those employees other than the Directors who were employed by Oxford Biomedica UK Ltd throughout the whole of the relevant years.

	Salary/Fees		Benefits		Bonus	
Year	2020 – 2021 % change	2019 – 2020 % change	2020 – 2021 % change	2019 – 2020 % change	2020 – 2021 % change	2019 – 2020 % change
John Dawson	6	5	0	0	25	27
Stuart Paynter	30	5	0	0	47	28
Dr. Andrew Heath[1]	(60)	0	–	–	–	–
Stuart Henderson	27	3	–	–	–	–
Dr. Heather Preston	109	3	–	–	–	–
Dr. Roch Doliveux[2]	89	N/A	–	N/A	–	N/A
Dr. Sam Rasty[3]	1,757	N/A	–	N/A	–	N/A
Comparator employee group	8	9	9	11	22	98

1 Dr. Andrew Heath retired from the Board on 27 May 2021. The reduction in his fees between 2020 and 2021 reflects that 2021 was a part year only.
2 Dr. Roch Doliveux was appointed as a Director in June 2020. The increase in his fees between 2020 and 2021 reflects that 2020 was a part year only.
3 Dr. Sam Rasty was appointed as Director in December 2020. The increase in his fees between 2020 and 2021 reflects that 2020 was a part year only.

CEO's pay ratio

The table below sets out the CEO's pay ratio at the 25th, median and 75th percentile employee within the organisation. The Group used Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as this calculation methodology for the ratios was considered to be the most accurate method. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent remuneration for all UK employees as at the end of 2018, 2019, 2020 and 2021 respectively. Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Share Option Scheme or the LTIP. From 2020 all eligible employees (previously only certain employees) may participate in discretionary bonus schemes. The Group aims to provide a competitive remuneration package which is appropriate to promote the long-term success of the Group and to apply this policy fairly and consistently to attract and motivate employees. The Group considers the median pay ratio to be consistent with the Group's wider policies on employee pay, reward and progression.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2018	Option A	1:48	1:37	1:27
2019	Option A	1:42	1:32	1:24
2020	Option A	1:40	1:30	1:23
2021	Option A	1:59	1:44	1:32

Pay details for the individuals are set out below:

2018	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£380	£25	£32	£44
Total remuneration (£'000)	£1,311	£27	£35	£48

2019	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£410	£26	£35	£45
Total remuneration (£'000)	£1,220	£29	£38	£50

2020	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£431	£28	£37	£47
Total remuneration (£'000)	£1,258	£31	£42	£55

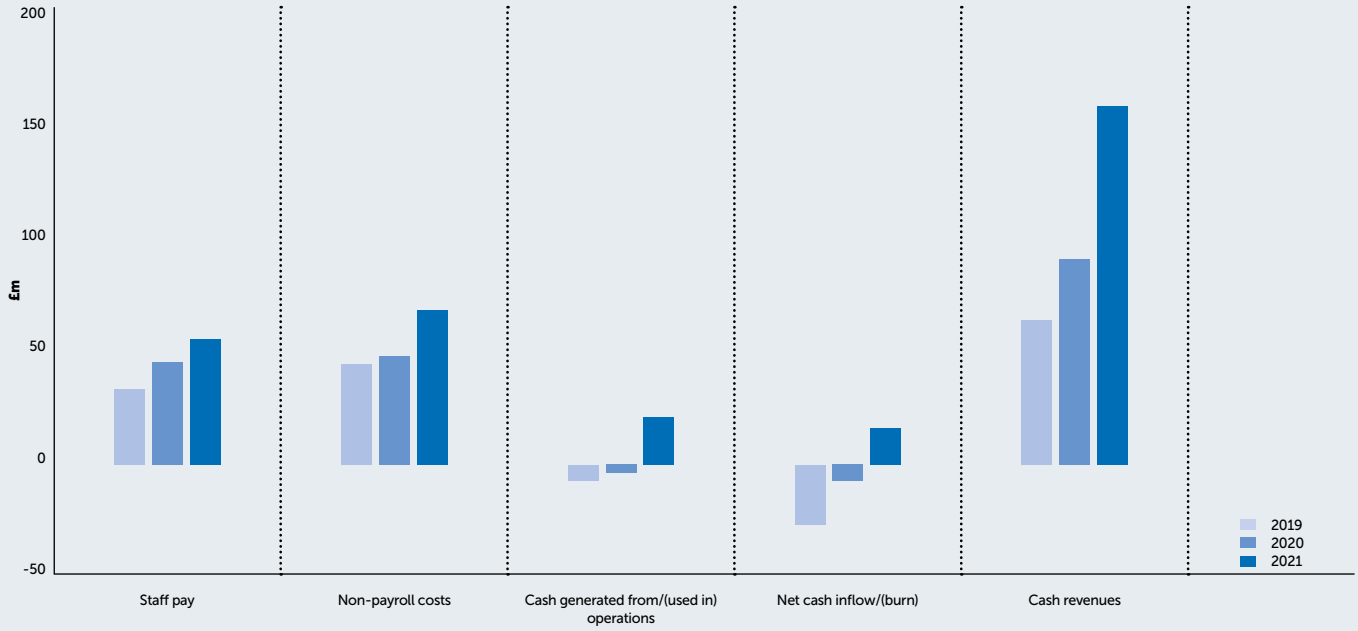
2021	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£455	£27	£36	£50
Total remuneration (£'000)	£1,828	£31	£42	£57

Relative importance of spend on pay

The chart below illustrates the spend on employee remuneration compared with the Group's key cash measures.

Since the Group does not make dividend or other distributions, these have not been included in the table.

The Group's key cash measures were chosen by the Directors because they illustrate very clearly the importance of employee remuneration as a fundamental element of operational spend and our activities, as well as the continued investment of the business in its people. The key cash measure amounts were identified as being:



Approach to Directors' Remuneration in 2022

The Company's approach to Directors' Remuneration in 2022 is set out in the statement from the Remuneration Committee Chair on pages 104 to 109.

Statement of voting at AGM

At the 2021 AGM, the 2020Directors' Remuneration Report was approved by shareholders as follows:

Resolution	Votes for (including discretionary)	% for	Votes against	% against	Total votes cast (excluding votes withheld)	Votes withheld (abstentions)
Approval of the Directors' Remuneration Report	57,042,439	98.73%	731,131	1.27%	57,773,570	630,076

At the 2021 AGM, the 2020 Directors' Remuneration Policy was approved by shareholders as follows:

Resolution	Votes for (including discretionary)	% for	Votes against	% against	Total votes cast (excluding votes withheld)	Votes withheld (abstentions)
Approval of the Directors' Remuneration Policy	46,437,980	80.95%	10,926,461	19.05%	57,364,441	1,039,205

Advisers to the Remuneration Committee

Deloitte LLP acted as adviser to the Remuneration Committee during 2021. Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code of Conduct in relation to Executive remuneration consulting in the UK. Deloitte's fees for advice to the Remuneration Committee during 2021 were £46,550 plus VAT. The advice received from Deloitte LLP was both objective and independent. Deloitte also advised the Group on below Board remuneration, on the operation of its share plans, on corporate tax matters, on internal controls, and on the tax treatment of non-UK resident Directors during 2021.

The Remuneration Committee reviewed the potential conflicts of interest and the safeguards against them and is satisfied that Deloitte does not have any such interests or connections with the Group that may impair independence.

Dr. Heather Preston

Chair, Remuneration Committee

20 April 2022

Directors' Remuneration Policy

(not subject to audit)

We have included below the parts of the Directors' Remuneration Policy that we think shareholders will find most useful, but with the table of service contracts updated to reflect the current circumstances. The full Policy as approved at the AGM on 27 May 2021 is included in the Company's Directors' Remuneration Report for the year ended 31 December 2020, which is available on the Company's website at www.oxb.com.

Policy table

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Executive Directors			
Base salary To provide a base salary which is sufficient to attract and retain Executive Directors of a suitable calibre.	Base salaries are initially set by reference to market information at the time of appointment and taking into account the experience and previous package of the new Executive Director. Base salaries are normally reviewed annually taking into account a number of factors which may include (but are not limited to): – underlying Group performance; – role, experience and individual performance; – competitive salary levels and market forces; and – pay and conditions elsewhere in the Group. Any changes are normally effective from 1 January.	While there is no maximum salary, increases will normally be in line with the level of salary increase awarded (in percentage of salary terms) to other employees in the Group. Salary increases above this level may be awarded in appropriate circumstances, such as, but not limited to: – where an Executive Director has been promoted or has had a change in scope or responsibility; – to reflect an individual's development or performance in role (e.g. to align a newly appointed Executive Director's salary with the market over time); – where there has been a change in market practice; or – where there has been a change in size and/or complexity of the business. Such increases may be implemented over such time period as the Remuneration Committee deems appropriate.	While no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase.
Benefits To provide benefits on a market competitive basis.	Benefits are provided in line with market practice and may include medical insurance (including for the Executive Director's spouse or partner and dependants), life assurance, permanent health insurance, provision of a company car or a car allowance, assistance with the preparation of tax returns, tax equalisation arrangements, other benefits consistent with those typically offered in their country of residence and other appropriate benefits determined by the Remuneration Committee. Additional benefits may be provided based on individual circumstances, including the location of the Executive Director. These may include, for example, travel expenses.	There is no predetermined maximum but the totals are reviewed annually by the Remuneration Committee.	Not applicable.
Retirement benefits To provide funding for retirement.	The Group operates a defined contribution scheme for all employees, including Executive Directors. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement instead of some or all of the contributions to a pension plan. Non-UK national Executive Directors may be permitted to participate in home country pension arrangements where appropriate.	**Any Executive Director appointed before 1 January 2021** A maximum employer contribution or cash supplement (or combination thereof): – of 15% of base salary up to 31 December 2022; and – with effect from 1 January 2023, not exceeding the contribution available to the wider workforce (currently 7.5%). **Any Executive Director appointed after 1 January 2021** A maximum employer contribution or cash supplement (or combination thereof) not exceeding the contribution available to the wider workforce (currently 7.5%).	Not applicable.

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Sharesave scheme To create alignment with the Group and promote a sense of ownership.	Executive Directors are entitled to participate in a tax qualifying all employee Sharesave scheme under which they may make monthly savings contributions over a period of three or five years linked to the grant of an option over the Company's shares with an option price which can be at a discount of up to 20% to the market value of shares at grant (or such other discount as may be permitted by the applicable legislation from time to time). Executive Directors will be able to participate on the same basis as other qualifying employees in any other all-employee share scheme adopted by the Group.	For the Sharesave scheme, participation limits and the level of discount permitted in setting the exercise price are those set by the UK tax authorities from time to time. For any other all-employee share plan, the maximum will be determined in accordance with the plan rules and will be the same as for other qualifying employees.	Not subject to performance measures in line with usual practice.
Annual bonus To incentivise and reward delivery of the Group's objectives. Delivery of part of the bonus in deferred shares aligns the incentive package with shareholders' interests.	Bonus targets and measures are typically reviewed annually and any pay-out is determined by the Remuneration Committee after the year end. The Remuneration Committee has discretion to amend the pay-out should: (1) any potential pay-out not reflect the Remuneration Committee's assessment of overall performance; (2) any potential pay-out be inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the performance period; or (3) there be any other reason why an amendment is appropriate. Ordinarily, 50% of the bonus is delivered as cash and 50% is delivered in deferred shares. The Remuneration Committee may permit or require the deferral of a greater proportion of any bonus earned. Deferred shares ordinarily become exercisable in three equal instalments on the first, second and third anniversaries of the award. The deferred shares are not subject to further performance targets. Additional shares may be awarded in respect of deferred shares to reflect the value of dividends over the deferral period. These dividend equivalents may assume the reinvestment of dividends into shares on a cumulative basis. Recovery provisions apply as summarised on the next page.	**Any Overseas Executive Director** The maximum bonus opportunity is 200% of base salary. **Any Executive Director appointed before 1 January 2021 and any Executive Director appointed after that date who is not an Overseas Executive Director** The maximum bonus opportunity is 150% of base salary.	The performance metrics may be based on financial or strategic objectives (which may include ESG metrics and individual objectives). Metrics and targets are set by the Remuneration Committee taking into account the strategic needs of the business. Financial objectives are typically assessed over a financial year, but may be assessed over part of the year. Given the nature of the business, these objectives and metrics may change significantly each year. There is no minimum bonus earned if threshold performance is not met. For financial metrics, up to 50% of the maximum which may be earned for a metric is earned for on-target performance, rising to 100% for meeting or exceeding the maximum level of performance. For strategic objectives, the bonus will be earned between 0% and 100% based on the Remuneration Committee's assessment of the extent to which the objective has been achieved.

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Long Term Incentives To augment shareholder alignment by providing Executive Directors with longer term interests in shares whilst requiring challenging performance before the awards vest.	At the discretion of the Remuneration Committee, annual grants of nil or nominal cost shares awards ("Performance Shares Awards") which vest subject to the achievement of performance targets, typically assessed over a three-year performance period. **Holding period** Vested shares will be subject to a holding period of two years after vesting before they are "released". The holding period will be structured either on the basis that: (1) the Executive Director is not entitled to acquire shares until the end of it; or (2) the Executive Director is entitled to acquire shares following vesting but that (other than as regards sales to cover tax liabilities and any exercise price) the Executive Director is not able to dispose of those shares until the end of it. **Dividend equivalents** Additional shares may be awarded in respect of any Performance Shares Award to reflect the value of dividends over the period between the grant and the date on which the Executive Director is first able to acquire the vested shares. These dividend equivalents may assume the reinvestment of dividends into shares on a cumulative basis. Recovery provisions apply as summarised below.	**Any Overseas Executive Director** The maximum Performance Shares Award in respect of a financial year is 500% of base salary. **Any Executive Director appointed before 1 January 2021 and any Executive Director appointed after that date who is not an Overseas Executive Director** The maximum Performance Shares Award is: – 175% of base salary in respect of a financial year for an Executive Director other than the CEO; and – 200% of base salary in respect of a financial year for the CEO.	Performance conditions will be based on financial measures or the achievement of strategic objectives (which may include ESG metrics). Financial measures may include (but are not limited to) share price and revenue measures. The Remuneration Committee has discretion to amend the formulaic vesting out-turn should: (1) any formulaic output not reflect the Remuneration Committee's assessment of overall performance; (2) any formulaic output be inappropriate in the context of circumstances that were unexpected or unforeseen at the date of grant; or (3) there be any other reason why an amendment is appropriate. For the achievement of threshold performance in respect of a financial measure, up to 25% of the award will vest rising to 100% of the award vesting for achieving or exceeding maximum performance; for below threshold performance, none of the award will vest. For strategic measures, vesting will be determined between 0% and 100% depending upon the Remuneration Committee's assessment of the extent to which the measure has been achieved.

Notes to the policy table

Recovery provisions

The annual bonus and long-term incentive awards are subject to malus and clawback provisions as follows:

Annual bonus:

For up to two years following the payment of an annual bonus award the Remuneration Committee may require the repayment of some or all of the cash award in the relevant circumstances (clawback). Deferred bonus awards which have not yet become exercisable may be cancelled or reduced in the relevant circumstances (malus). For up to one year following the first instalment of deferred shares becoming exercisable, the Remuneration Committee may require the repayment of some or all of the deferred shares in the relevant circumstances (clawback).

Long term incentive awards:

The Remuneration Committee has the right to reduce, cancel or impose further conditions on unvested awards in the relevant circumstances (malus). For up to two years following the vesting of a long term incentive award the Remuneration Committee may require the repayment of some or all of the award in the relevant circumstances (clawback).

Circumstances in which malus and/or clawback may be applied Malus or clawback may be applied in the event of:

— A material misstatement of the Group's financial results;

— An error in the information or assumptions on which the award was granted or vests including an error in assessing any applicable performance conditions;

— A material failure of risk management by the Group;

— Serious reputational damage to the Group;

— Material misconduct on the part of the participant; or

— Material corporate failure.

Share ownership guidelines

To align Executives with shareholders and provide an ongoing incentive for continued performance, the Remuneration Committee has adopted formal share ownership guidelines, which apply both during and after employment.

Shareholding guidelines during employment

Executive Directors are required to build and maintain a minimum level of shareholding equal to their normal annual LTIP opportunity. Executive Directors will be required to retain half of any post-tax (and if relevant, post exercise price) awards which vest under the long-term incentive plans, and half of any post-tax deferred shares becoming exercisable under the annual bonus, until the share ownership guideline has been satisfied. Shares which are fully owned with no outstanding vesting criteria count towards the shareholding guideline together with deferred annual bonus shares and shares subject to Performance Shares Awards which have vested but which are in a holding period (in each case, on a net of tax basis).

Shareholding requirement after employment

Shares are subject to this requirement only if they are acquired from long term incentive or deferred bonus awards granted after 1 January 2019. Following employment, an Executive Director must retain such of the relevant shares as have a value at cessation equal to their in-service shareholding requirement, with the required holding tapering to zero over a two-year period. If the Executive Director holds less than the required number of relevant shares at any time, they will be required to retain all of those shares.

Performance targets and metrics

Performance targets for the annual bonus are set by the Remuneration Committee after taking into account the strategic needs of the business. A key component of the Group's strategy is to develop cell and gene therapy products from pre-clinical proof of concept through to the end of Phase I or Phase II clinical studies before partnering or out-licencing. Annual bonus targets for a particular year are therefore likely to include specific product development targets depending on the stage of development of each opportunity. The annual bonus objectives are also likely to include targets related to generating recurring revenues such as from manufacturing or development services to third parties.

The performance metrics for long term incentives are determined to ensure that the most appropriate targets are set for the Group's situation at the time. The approach to performance measures for the awards to be granted in 2022 is set out on page 107. It is the Group's current intention that up to 30% of the overall long term incentive opportunity may be based on the delivery of specific strategic milestones in the future. It is intended that there will continue to be a performance underpin, such that the awards will only vest to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it.

The Remuneration Committee retains the ability to adjust or set different performance measures if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business, or a change in prevailing market conditions) which cause the Remuneration Committee to determine that the measures are no longer appropriate, and that amendment is required so that they achieve their original purpose.

Operation of share plans

Awards and options may be adjusted in the event of a variation of share capital or other relevant event in accordance with the rules of the applicable share plan. The Group's share plans may be operated in accordance with their terms, including that awards may be granted as cash based awards over a notional number of shares, and that share awards may be settled in whole or in part in cash at the election of the Remuneration Committee; the Remuneration Committee would only use these cash provisions for operational flexibility, for example if a regulatory restriction in any territory prevented the Company from offering shares to an Executive Director. Where a long-term incentive award is granted as a "Market Value Option" as referred to in the "Approach to recruitment remuneration" section below, it may be settled on the basis that the participant receives for nil-cost a number of shares with a market value equal to the "gain" at exercise in the vested shares.

Differences in remuneration policy for all employees

The structure of the reward package for the wider employee population is based on the principle that it should be sufficient to attract and retain the best talent and be competitive within the biotech sector, remunerating employees for their contribution linked to the Group's holistic performance.

All employees receive a base salary and are entitled to participate in benefits, including the Group's defined contribution pension scheme to which the Group contributes.

In 2020, the Group introduced a Group-wide cash bonus scheme which will give employees at all levels the opportunity to share in the success of the Group by receiving a cash bonus linked to their grade level and their own personal performance. The maximum bonus receivable varies between the participating employees. 50% of the bonuses of the Executive Directors' and Senior Executive Team are delivered in deferred shares, whereas all other staff receive 100% of their bonuses in cash.

Where possible, the Group also encourages employee share ownership through a number of share plans that allow employees to benefit from the Group's success. Generally speaking, a much higher proportion of total remuneration for the Executive Directors is linked to business performance, compared to the rest of the employee population, so that remuneration will increase or decrease in line with business performance and to align the interests of Executive Directors and shareholders.

Consideration of employment conditions elsewhere in the Group

Each year the Remuneration Committee is briefed on the structure and quantum of the all-employee remuneration framework as well as throughout the year being informed about the context, challenges and opportunities relating to the remuneration of the wider workforce to enable the Remuneration Committee to consider the broader employee context when making Executive remuneration decisions.

The Chief Executive Officer determines the overall salary increases and bonuses for all employees, other than the Executive Directors, the Senior Executive Team and Company Secretary which are subject to the approval of the Remuneration Committee. The Group is committed to offering highly competitive reward packages for all employees. Every year, the Group benchmarks salaries and benefits against the local biotech and pharmaceutical market which informs the decision making process. The Chief Executive Officer discusses the overall increase in payroll cost and the total amount to be paid in bonuses with the Chair of the Remuneration Committee before implementing the salary increases and bonuses.

The Remuneration Committee spent considerable time in the second half of 2020 formulating this Remuneration Policy (set out on pages 123 to 125) which included canvassing the views of shareholders. Post consultation the Remuneration Committee engaged with the workforce on the Policy and Executive pay via the WEP in compliance with Provision 41 of the Corporate Governance Code.

Component and purpose	Operation	Maximum potential
Non-Executive Directors		
Non-Executive Directors' fees and benefits To compensate Non-Executive Directors for their services to the Group.	The Chair's fees are set by the Remuneration Committee. The fees of other Non-Executive Directors are determined by the Board. The Chair and Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, assistance with the preparation of tax returns, or other benefits that may be appropriate. Travel and accommodation expenses in connection with attendance by the Chair and Non-Executive Directors at Board meetings (and any tax thereon) are paid by the Company. The Chair and Non-Executive Directors do not participate in any of the Group's incentive plans and do not receive pension contributions.	There is no overall maximum, but fees are set taking into account the responsibilities of the role and expected time commitment. **Base fee and additional fees** Non-Executive Directors receive a base fee, with additional fees for chairing Board Committees and holding the office of Senior Independent Director. Supplementary fees may be paid for other responsibilities or time commitments. **Additional fees for Non-Executive Directors based outside the UK** An additional fee may be paid to any Non-Executive Director outside the UK to recognise the additional time commitment associated with their role. An additional fee of up to £50,000 per annum may be paid to any Non-Executive Director recruited from or based in the United States to reflect market levels of remuneration in the United States for Non-Executive Directors, subject to their agreement that the after tax amount of this additional fee will be applied in the acquisition of shares at market value which must be retained for at least 12 months from acquisition.

Service contracts and policy on payment for loss of office

Executive Directors' service contracts are subject to 12 months' notice from both the Group and from the Director. Executive Directors may be required to work during the notice period or be paid in lieu of notice if not required to work for the full notice period.

The details of service contracts and letters of appointment of those who served as Directors during the year are:

Service contracts		Contract date	Unexpired term at 31 December 2021	Notice period
John Dawson	10 October 2008	N/A	12 months	12 months
Stuart Paynter	29 August 2017	N/A	12 months	12 months

Letters of appointment	Date of appointment	Unexpired term at 31 December 2021	Notice period
Dr. Roch Doliveux	24 June 2020	17 months	3 months
Martin Diggle	4 October 2015	N/A[1]	3 months
Dr. Andrew Heath	1 January 2016	N/A[2]	3 months
Stuart Henderson	1 June 2016	5 months	3 months
Dr. Heather Preston	15 March 2018	25 months	3 months
Robert Ghenchev	24 June 2019	5 months	3 months
Dr. Sam Rasty	1 December 2020	23 months	3 months
Professor Dame Kay Davis	1 March 2021	26 months	3 months
Dr. Michael Hayden	15 July 2021	31 months	3 months
Catherine Moukeibir	14 December 2021	35 months	3 months

1 Martin Diggle retired from the Board on 3 February 2021.
2 Dr. Andrew Heath retired from the Board on 27 May 2021.

All Directors are subject to re-election by shareholders on an annual basis.

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy
Payment in lieu of notice	Contractual termination payments may not exceed the Director's current salary and benefits (including pension contributions and any applicable salary supplement) for the notice period. Alternatively, the Company may continue to provide the relevant benefits.
Annual Bonus	This will be at the discretion of the Remuneration Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be pro-rated for time in service during the bonus period and will, subject to performance, be paid at the usual time (although the Remuneration Committee retains discretion to pay the bonus earlier in appropriate circumstances). The Remuneration Committee has discretion to pay the whole of any bonus earned for the year of departure and preceding year in cash.
Deferred Bonus Awards	The extent to which any unvested award will vest will be determined in accordance with the applicable share plan rules. Unvested awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, the sale of his employer or any other reason at the discretion of the Remuneration Committee, the Remuneration Committee shall determine whether the award will vest at cessation or at the normal date. In either case, this will be determined by the Remuneration Committee, taking into account, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the deferral period. Awards may then be exercised during such period as the Remuneration Committee determines. Awards which have already become exercisable at the date of cessation may be exercised for such period as the Remuneration Committee determines.
Long Term Incentives	The treatment of long term incentive awards will be determined in accordance with the applicable share plan rules. **Unvested awards** Unvested long term incentive awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, the sale of his employer or any other reason at the discretion of the Remuneration Committee, the Remuneration Committee shall determine whether the award will vest at cessation or continue until the end of the performance period. In either case, the extent of vesting will be determined by the Remuneration Committee taking into account the extent to which the performance condition is satisfied and, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the performance period. If the award continues, the holding period will ordinarily apply until its originally anticipated end date, although the Remuneration Committee has discretion to release the award at an earlier date. **Vested awards in a holding period** If an Executive Director ceases employment with the Group after an award has vested but before the end of its holding period, the award will continue to the end of the holding period (unless the cessation is for summary dismissal, in which case it will lapse). The award will be released to the extent it has vested by reference to the performance conditions. The Remuneration Committee retains discretion to release the award at cessation.
Change of control	**Unvested awards** The extent to which unvested deferred bonus awards and long term incentive awards will vest will be determined in accordance with the rules of the relevant plan. – Deferred bonus awards will vest in full in the event of a takeover, merger or other relevant corporate event. – Long term incentive awards will vest early on a takeover, merger or other relevant corporate event. The Remuneration Committee will determine the level of vesting taking into account the extent to which the performance condition is satisfied and, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of the relevant event relative to the performance period. **Vested awards in a holding period** Vested long term incentive awards will be released on a takeover, merger or other relevant corporate event to the extent they have vested by reference to the performance conditions.
Other payments	Payments may be made either in the event of a loss of office or a change of control under the Sharesave scheme, which is governed by its rules and the legislation relating to such tax qualifying plans. There is no discretionary treatment for leavers or on a change of control under this scheme. In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees and any other all-employee share plan. In cases where an Executive Director was recruited from outside the UK and has been relocated to the UK as part of their appointment, the Company will pay reasonable repatriation costs for leavers at the Remuneration Committee's discretion. The Remuneration Committee retains discretion to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Where a 'buyout' or other award is made in connection with recruitment, the leaver provisions would be determined no later than the time of the award.

The Directors' Remuneration Report is approved by the Remuneration Committee and the Board and signed on their behalf

Dr. Heather Preston

Chair, Remuneration Committee

20 April 2022

Corporate Governance

Directors' Report

for the year ended 31 December 2021

The Directors present their Annual report and audited consolidated financial statements (Annual report and accounts) for the year ended 31 December 2021 as set out on pages 148 to 151. This report should be read in conjunction with the Corporate Governance Report on pages 88 to 103. Discussions regarding financial information contained in this Annual report and accounts may contain forward-looking statements with respect to certain of the plans, current goals and expectations relating to the future financial condition, business performance and results of the Group and Company. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Group and Company. Readers are cautioned that, as a result, the actual future financial condition, business performance and results of the Group may differ materially from the plans, goals and expectations expressed or implied in such forward looking statements.

Strategic Report

The Strategic Report, including the outlook for 2022 on page 36, is on pages 12 to 76. The Directors consider that the Annual report and accounts, taken as a whole, are fair, balanced and understandable. In reaching this conclusion, the Audit Committee initially discussed the requirements with the Group's auditors when discussing the strategy for the 2021 audit, and the full Board have had an opportunity to review and comment on the contents of the report. Since the Board met seven times for routine meetings in 2021 the Directors consider that they are sufficiently well informed to be able to make this judgement.

Key financial performance indicators (KPIs)

Key financial performance indicators are outlined in the Chief Financial Officer's review on pages 44 to 53.

Corporate Governance

The Group's statement on corporate governance is included in the Corporate Governance Report on pages 88 to 103 which forms part of this Directors' Report.

Risk management

The Group's exposure to risks is set out on pages 78 to 85 (Principal risks, uncertainties and risk management) and on page 163 (note 4: financial risk management).

Dividends

The Directors do not recommend payment of a dividend (2020: £nil).

Directors

Details of the Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on pages 86 to 87 and page 90. The contracts of employment of the Executive Directors are subject to a twelve months' notice period. The Directors' remuneration and their interests in the share capital of the Company at 31 December 2021 are disclosed in the Directors' Remuneration Report on pages 104 to 129.

Appointment and replacement of Directors

Directors may be appointed by an ordinary resolution at any general meeting of shareholders, or may be appointed by the existing Directors, provided that any Director so appointed shall retire at the next AGM and may offer themselves for re-election. In order to ensure that the Company complies with the Corporate Governance Code all Directors will retire at each AGM and may offer themselves for re-election. A Director may be removed in the following ways: by an ordinary resolution at a general meeting; if he or she is prohibited by law from being a Director; in the event of bankruptcy; if he or she is suffering from specified mental disorders; if he or she is absent without consent for more than six months; or by request in writing by all the other Directors. Any Director may appoint another Director or another person approved by the other Directors as an alternate Director.

Directors' third party indemnity provision

The Group maintains a qualifying third party indemnity insurance policy to provide cover for legal action against its Directors. This was in force throughout 2021 and up to the date of approval of the financial statements.

Share capital

Structure of the Company's capital

At 31 December 2021, the Company had 86,175,055 ordinary shares in issue, all allotted and fully paid. There are no restrictions on the transfer of shares in the Company or on voting rights. All shares are admitted to trading on the premium segment of the main market of the London Stock Exchange.

Rights to issue and buy back shares

Each year at the AGM the Directors seek rights to allot shares. The authority, when granted, lasts for 15 months or until the conclusion of the next AGM if sooner. At the last AGM held remotely on 27 May 2021, authority was given to allot up to 27,471,206 shares (that number being one third of total issued share capital of the Company at the time), subject to the normal pre-emption rights reserved to shareholders contained in the Companies Act 2006, and to allot up to a further 27,471,206 shares, solely in a rights issue. Authority was also given, subject to certain conditions, to waive pre-emption rights over up to 8,241,360 shares, being 10% of the shares then in issue. No rights have been granted to the Directors to buy back shares.

Substantial shareholdings

At 15 March 2021, the latest practical date prior to approval of the Directors' Report, the Company had been notified of the following shareholdings amounting to 3% or more of the ordinary share capital of the Company.

Shareholder	Number of ordinary shares	Percentage of issued share capital
Novo Holdings	9,681,230	10.0%
Vulpes Investment Management	9,303,802	9.7%
Liontrust Asset Management	7,632,077	7.9%
M&G Investment	5,267,297	5.5%
Nine Ten Capital	3,387,228	3.5%
Serum Life Sciences Ltd (UK)	3,382,950	3.5%
Vitruvian Partners	3,004,567	3.1%
Mr S.M.H. Shah	2,925,298	3.0%

No other person has reported an interest in the ordinary shares of the Company required to be notified to the Company. No person holds shares carrying special rights with regard to control of the Company.

Employees

In accordance with s172 of the Companies Act 2006, the Group communicates and consults regularly with employees throughout the year. During 2020, the Group established a Workforce Engagement Panel comprising employees representing all levels and functions across the Group. In addition, the Group has designated Non-Executive Director, Stuart Henderson, for gathering the views of the workforce and will oversee employee engagement between the Board and the workforce. Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Group's Sharesave Scheme. All employees who have completed probation participate in discretionary bonus schemes.

The Group's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The Group does all that is practicable to meet its responsibility towards the employment and training of disabled people.

Further details on employees, health and safety, environmental matters and corporate social responsibility are in the ESG statement on pages 54 to 75.

Employee share schemes

The Group has established an Employee Benefit Trust (EBT) to hold shares purchased in order to settle shares awarded to Executive Directors and other senior managers under the 2013 Deferred Bonus Plan. The EBT currently holds 93,726 shares with a value of £1,153,000 at year end on which all the related options have vested. The EBT also administers the 2015 Deferred Bonus Plan in as far as subscribing for and applying the share capital for nil cost options in the Company exercised by senior management. Settlement of the funds occurs through the Group. At the end of 2021 bonuses to senior management with a value of £1,073,000 vested and will be converted to nil cost options during 2022. Refer note 26 of the consolidated financial statements for further information.

Agreements that take effect, alter, or terminate because of a takeover bid or on change of control

There are no such agreements that the Directors consider are material. There are no agreements providing for compensation for loss of office for Directors or employees in the event of a takeover bid.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in the primary statements and notes to these financial statements.

The Group made a profit for the year ended 31 December 2021 of £19 million, and generated net cash flows from operating activities for the year of £25.5 million. The Group also raised an additional £50 million in cash through a successful equity placement by Serum Life Sciences Ltd in September 2021 and post year end has raised £80 million in January to March 2022. The Group ended the year with cash and cash equivalents of £108.9 million.

In considering the basis of preparation of the Annual report and accounts, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2022 annual budget and forecasts for 2023. The Directors have undertaken a rigorous assessment of the forecasts in a base case scenario and assessed identified downside risks and mitigating actions.

These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

— A substantial manufacturing and development revenue downside affecting the core LentiVector® platform business;

— Vaccine manufacturing revenues only included to the extent contracted;

— No revenues from new customers;

— Significant decreases in forecasted existing customer milestone and royalty revenues; and

— The potential impacts of the current ongoing war in Ukraine on the Group and its customers including expected revenues from existing customers under long term contracts.

The Group entered into an $85 million (£64 million) loan facility with Oaktree Capital Management as part of the Group's acquisition of an 80% stake in Oxford Biomedica Solutions in March 2022. The facility was drawn down in full and the Group is required to repay this one year facility in March 2023. In both the Group's cash flow forecast and the mitigated downside scenarios, the Group is able to repay this loan in March 2023, but in the mitigated downside scenarios the Group would need to obtain additional equity or loan financing in the third quarter of 2023 to continue operations.

However, despite the above requirement, the Board has confidence in the Group's ability to continue as a going concern for the following reasons:

— The Group's history of being able to access capital markets including raising £130 million of equity during the last nine months;

— The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the $85 million one year facility obtained with Oaktree Capital Management;

— The Group's ability to continue to be successful in winning new customers and building its brand as demonstrated by successfully entering into new customer agreements with Arcellx, Immatics, Caballetta Bio and Boehringer Ingelheim;

— As noted above, the Group has cash balances of £108.9 million at the end of December 2021 and £144 million at the end of March 2022;

— More than two thirds of 2022 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give confidence in the level of revenues forecast over the next 12 months; and

— The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary,

Taking account of the matters described above, the Directors remain confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Viability Statement

Assessment of prospects

In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over the three years to December 2024. They believe three years to be appropriate due to the inherent significant uncertainties of forecasting within and beyond this time horizon given the nature of the business sector in which the Group operates. The assessment has been informed by refreshing in 2021, the strategy adopted by the Board in 2016, and the evolution of the business over the last twelve months.

The Group's strategy is to exploit its platform technologies in lentiviral vectors (LentiVector®) and AAV to support the development of other companies' cell and gene therapy products, while also continuing to develop its own product pipeline. The Group is generating growing revenues and other operating income from licensing its platform technology, generating upfront receipts and royalties, and from fees for providing process development and bioprocessing services to other companies. Over the three years to December 2024 the Directors believe that revenues from licensing its technology to third parties and from providing process development and bioprocessing services to its partners will be sufficient to support a sustainable Group.

The following factors are considered both in the formulation of the Group's strategy, and in the assessment of the Group's prospects over the three-year period:

— The principal risks and uncertainties faced by the Group, including emerging risks as they are identified (such as climate change), and the Group's response to these;

— The prevailing economic climate and global economy, competitor activity, market dynamics and changing customer behaviours;

— The potential short and longer term economic impact of the war in Ukraine;

— How the Group can best position itself to take advantage of the current opportunities within the cell and gene therapy, and adenovirus markets;

— Opportunities for further product and technology investment and innovation; and

— The resilience afforded by the Group's enviable technology platform and innovation capabilities.

Assessment of viability

The Group has experienced an incredibly challenging, yet transformative two years since the pandemic begun and has played a hugely successful part in the production of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine. During this period, the robustness of the Group's operations and the long term nature of our customers' investments has also been proven, and through the inspiring innovation and integrity of our employees during the last twelve months the Group has continued to add new LentiVector® platform customers such as Arcellx, Immatics and Caballetta Bio, while expanding on its existing partnerships with both Boehinger Ingelheim and Juno/BMS. During the period, the group was also able to successfully raise £130 million in equity finance and to secure a $85 million debt facility which has allowed it to make its first major US acquisition, with the acquisition of an 80% ownership interest in a newly formed AAV focused manufacturing and innovation business, Oxford Biomedica Solutions, established in March 2022 with Homology Medicines; to add market leading AAV platform technology, expertise and high quality facilities into its core customer offering to increase its future sales growth potential. The Group has now entered an extremely exciting stage in its development, and while there is an inherent risk in the level of COVID-19 vaccine demand, the Group is immensely proud of the role it has played, and by making this acquisition has crystallised the value from its role in the pandemic in a way that enhances its already strong position in the expanding cell and gene therapy market.

The financial viability of the Group has been assessed, taking into account the Group's current financial position, and assuming the group continues to execute on its growth strategy. This assessment has been made using long range financial planning assumptions, augmented by the preparation of more detailed cash flow forecasts over the period to the end of 2023 that also consider the impact of severe but plausible downside scenarios, including scenarios arising from the Group's principal risks as outlined on pages 78 to 85. In modelling these downside scenarios, the Group has considered the principal risks that are most likely to have a direct and material impact on the viability of the Group. These risks are outlined below. It's important to note that while each risk could adversely affect the Group's financial performance, as the Group's customer product portfolio expands its resilience to individual product setbacks and its reliance on securing individual new products reduces. Hence, the combination of downside risks that would need to crystallise to make the business unviable becomes increasingly remote. In addition, there are significant upside opportunities that aren't assumed in the Group's financial plans, so the scenarios modelled are considered realistically balanced.

Scenario	Risk	Description
No revenues from new customers	Business development risk	The Group is unable to attract new customers, or existing customers do not add additional products to their existing programmes.
A substantial downside affecting the core multi-vector platform business	Collaborator and partner risk	Customers discontinue their existing programmes or transfer them to other suppliers.
	Bioprocessing revenue risk	The Group is unable to produce batches for customers meeting the required specification.
	COVID-19	AstraZeneca decides to discontinue its vaccine, or substantially decrease its supply which leads to a drop in revenue.
Significant decreases in forecasted existing customer milestones and royalties	Pharmaceutical and product development risks	Customers terminate or delay their existing programmes due to the products under development not meeting safety and efficacy requirements.

In addition to the above, there is also a risk that in an increasingly competitive market the Group is unable to access sufficient capital to maximise the value from its leading position. While the Group does not expect to need to raise additional capital in the near term to fund its current operating activities, it continues to assess whether additional capital is required to make further beneficial investments in pursuit of the Group's long term growth strategy to maximise shareholder value.

Management also needs to ensure that costs stay flexible and can be aligned with revenues which can sometimes be lumpy, or potentially significantly reduce or stop at relatively short notice in the case of a vaccine for a pandemic. However, over the last twelve months the business has demonstrated that it has solid foundations, and the necessary controls in place to successfully manage its financial resources dynamically and effectively, and with the addition of Oxford Biomedica Solutions, now has a broadened offering to help mitigate that risk.

As mentioned above, the hypothetical downside scenarios modelled over the period to the end of 2023 were purposefully severe whilst remaining realistically plausible, with the aim of creating outcomes that could threaten the viability of the Group. However, in the event of these scenarios arising there are various options available to the Group to maintain its liquidity and continue its operations e.g. (i) refinancing its debt facility, (ii) accessing new external funding; (iii) more radical short term cost reduction actions; and (iv) reducing capital expenditure. Over the longer 3 year viability assessment period, assuming the Group continues to execute its hybrid growth strategy it has strong prospects for revenue growth arising from its expanding customer product portfolio and increasingly broad spectrum of capabilities, and as such the Directors are confident in the ongoing viability of the business.

Conclusion

The Directors anticipate that the Group has strong prospects for attracting and fulfilling the demands from more customer programmes, and in doing so being able to continue the recent growth in customer activity for the foreseeable future. The Group's financial forecasts reflect these assumptions and therefore the Directors have concluded that there is a reasonable expectation, although not a certainty, that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to December 2024.

Amendment of the Company's articles of association

Amendment of the Company's articles may be made by special resolution at a general meeting of shareholders.

Compliance with Listing Rule 9.8.4R

The Directors have reviewed the requirements of LR 9.8.4R. The majority of these do not apply to the Group but the following are applicable.

Listing Rule	Information required	Response
LR 9.8.4 (5) and (6)	Arrangement under which a Director has waived current or future emoluments.	Martin Diggle and Robert Ghenchev elected to receive no fees for their services as Directors (page 115).
LR 9.8.4 (7) and (8)	Allotment of shares other than to existing shareholders in proportion to holdings.	Allotment of shares on exercise of options by employees under approved share schemes (note 26, pages 179 to 181). Allotment of shares in accordance with the equity fundraise in September 2021 (note 24, page 178).

Statement of Directors' responsibilities in respect of the Annual report and accounts

The Directors are responsible for preparing the Annual report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

— Select suitable accounting policies and then apply them consistently;

— Make judgements and estimates that are reasonable, relevant and reliable;

— State whether they have been prepared in accordance with UK-adopted international accounting standards;

— Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report

for the year ended 31 December 2021

Responsibility statement of the Directors in respect of the Annual report and accounts

We confirm that to the best of our knowledge:

— The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

— The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Statement as to disclosure of information to auditors

In accordance with s418 of the Companies Act 2006, so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Independent auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

Greenhouse gas emissions report

Details on greenhouse gas emissions are set out in the ESG Report in the Strategic Report on page 65.

Statement of employee engagement

Details of the actions that has been taken during the financial year in order to keep employees informed of matters of concern and awareness of the financial and economic factors affecting the performance of the Group is described in Group's Stakeholders section of the Strategic Report for Employees on pages 18 to 19.

Statement of engagement with suppliers, customers and others

The statement of how the Directors has engaged with suppliers, customers and others is described in the Group's Stakeholders section of the Strategic Report on pages 18 to 19, with a working example in action on pages 20 to 21.

Annual General Meeting

The AGM will be held on Friday, 27 May 2022 at our offices at Windrush Court, Transport Way, Oxford, OX4 6LT but the Group encourages shareholders to attend the AGM by webcast and vote by proxy.

By order of the Board

Stuart Paynter

Director

20 April 2022

Independent auditors' report
To the members of Oxford Biomedica plc

1. Our opinion is unmodified

We have audited the financial statements of Oxford Biomedica plc ("the Company") for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, consolidated and company statements of cash flows, the consolidated and company statements of changes in equity attributable to owners of the parent, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;

— the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;

— the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 29 May 2018. The period of total uninterrupted engagement is for the four financial years ended 31 December 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole £1,140k (2020: £716k) 0.80% (2020: 0.82%) of revenue

Coverage: 100% (2020: 82%) of group revenue

Key audit matters vs 2020

Event driven	New: Bioprocessing revenue contract modification accounting treatment ▲
Recurring risks	Contract revenue recognition ◄►
	Going concern ◄►
	Recoverability of parent Company's investment in and loan due from subsidiaries ◄►

Independent auditors' report
To the members of Oxford Biomedica plc

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Contract revenue recognition (Customer license revenues £5.9 million) Refer to page 96 (Audit Committee Report), pages 154 to 155 (accounting policy) and page 164 to 165 (financial disclosures)	**Accounting treatment** The Group enters into a number of multiple element contracts with differing terms. There are inherent judgements required to be made by the Group in the following areas: — Identification of performance obligations of the contract, primarily the licence fees and milestones; — Assessing the allocation of the total transaction price to each performance obligation with reference to their standalone selling price; and — Whether revenue for each performance obligation satisfies the criteria for recognition over time or at a point in time. Depending on the outcome of the judgements made on each of the areas described above, there is a risk that revenue is recognised in the wrong period.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: — **Accounting analysis:** We evaluated of the Group's revenue accounting policy against the relevant accounting standard. — **Testing application:** We assessed and challenged the directors' judgements made, in line with accounting policies and with reference to significant contracts, including: • Assessment of the goods or services promised in the contract and whether they are distinct and therefore separate performance obligations; • Assessment of the stand-alone selling prices of individual components, through benchmarking across the other customer contracts; and • Assessment of the contract terms against the requirements of the relevant accounting standard to determine whether the timing of revenue recognition should be recorded over time or at a point in time. **Our results:** We found the Group's treatment of revenues derived from new contracts entered into to be acceptable (2020: acceptable).
Bioprocessing revenue contract modification accounting treatment (£4.8 million; 2020: £– million) Refer to page 98 (Audit Committee Report) and page 162 (critical accounting judgements and estimates – estimation)	**Accounting treatment** Bioprocessing revenue relates to the manufacture of lentiviral vectors and is recognised over time. Bioprocessing of lentiviral vectors is complex. The many and sometimes unique contractual arrangements that underpin the measurement and recognition of revenue by the Group, particularly in relation to contract modification requires judgement. The key judgements impacting the recognition of revenue include: — Interpretations of modifications to contractual arrangements; and — Assessing the allocation of the transaction price to each performance obligation. Depending on the outcome of the judgements made on each of the areas described above, there is a risk that revenue from allocations to each performance obligation is incorrectly recognised.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Modified contracts were selected for substantive audit procedures based on qualitative factors, such as commercial complexity, and quantitative factors, such as financial significance that we considered to be indicative of risk. Our audit testing for the contracts selected included the following: — **Accounting analysis:** We evaluated the Group's revenue accounting policy against the relevant accounting standard. — **Testing application:** We assessed the directors' judgements made, in line with accounting policies and with reference to significant contracts, including: • We inspected and challenged accounting papers prepared by the Group based on our knowledge of the entity and experience of the industry in which it operates to explain the positions taken in the contract, including modifications; and; • We assessed the assumptions made by the Group in determining the allocation of transaction price to each performance obligation. — **Assessing transparency:** We assessed adequacy of the Group's disclosures about the judgement involved in the accounting for contract modifications. **Our results:** We found the Group's treatment of bioprocessing revenues derived from contract modifications entered into to be acceptable.

	The risk	Our response
Going concern Refer to page 96 (Audit Committee Report), page 132 (Directors' Report) and pages 152 to 153 (accounting policy)	**Disclosure quality** The financial statements explain how the directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. Their judgement is based on the evaluation of the inherent risks to the Group and parent Company's business model and how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risk most likely to adversely affect the Group's and parent Company's available financial resources over this period is the ability to mitigate and control expenditures due to the non-materialisation of expected revenues in the LentiVector business, no revenues from new customers, nonmaterialisation of expected revenues from existing customer milestone and royalty revenues, and uncertainties around the expected revenues from existing customers under long term contracts. The risk for our audit is whether or not those risks are such that they amount to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: — **Benchmarking assumptions:** We critically assessed the Group's revenue downside scenario, comparing to prior results and our wider knowledge of the business and markets served. — **Evaluating directors' ability:** We evaluated the achievability of the actions the directors consider they would take to improve the position should the risks materialise, which included reductions in employee related costs, discretionary project expenditure and capital expenditure in the forecast period, taking into account the extent to which the directors can control the timing and outcome of these. — **Assessing transparency:** We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, and related downsides. **Our results:** We found the Group's judgement that there was no material uncertainty to be disclosed to be appropriate (2020: no disclosure of a material uncertainty).
Recoverability of parent Company's investment in and intercompany loans due from subsidiaries (£181.2 million; 2020: £166.4 million) Refer to page 159 (accounting policy) and page 171 (financial disclosures)	**Low risk, high value** The carrying amount of the parent Company's investment and intercompany loans due from the sole trading subsidiary represents 74.62% (2020: 87.56%) of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the account balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures included: — **Test of details:** We confirmed the mathematical integrity of the parent Company's value in use cash flow model. — We compared the carrying amount of the investment and intercompany loans owed from subsidiary undertakings to the value in use amount derived from the Group's cash flow forecasts, being an indication of its recoverable amount. — We compared the carrying amount of the investment and loans owed from subsidiary undertakings with the expected value of the business based on the Group's market capitalisation. — **Historical comparisons:** We assessed cash flow forecasts against historical results achieved in the year and in previous years to assess historical reliability of the forecasts. — **Sensitivity analysis:** We performed sensitivity analysis to evaluate the impact of reasonably possible changes to key assumptions in the Group's cash flow forecasts. **Our results:** We found the Company's conclusion that there is no additional impairment of its investment in and intercompany loans due from subsidiaries to be acceptable (2020: acceptable).

The bioprocessing revenue recognition and related contact liabilities risk has reduced in the year; this is due to the volume and value of bioprocessing open batches as at the year end. Therefore, it is not separately identified in our report this year as a key audit matter.

Independent auditors' report
To the members of Oxford Biomedica plc

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1,140k (2020: £716k), determined with reference to a benchmark of Group revenue of which it represents 0.80% (2020: 0.82%).

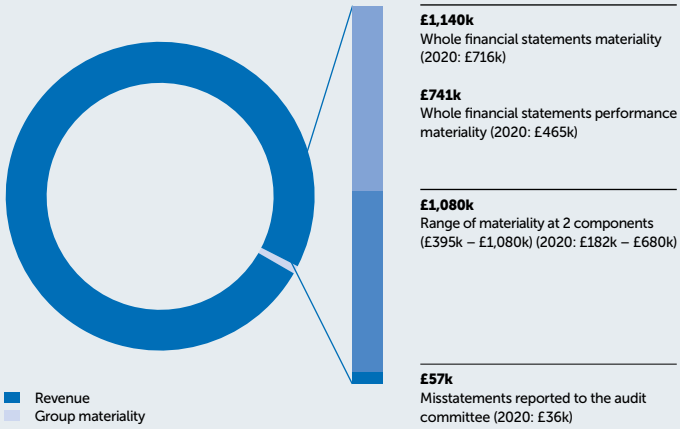
Materiality for the parent Company financial statements as a whole was set at £395k (2020: £182k), determined with reference to a benchmark of the parent Company total assets, of which it represents 0.21% (2020: 0.10%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £741k (2020: £465k) for the Group and £256k (2020: £117k) for the parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies identified during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £57k (2020: £36k), in addition to other identified misstatements that warranted reporting on qualitative grounds. Of the Group's 2 (2020: 2) reporting components, we subjected 2 (2020: 2) to full scope audits for group purposes. The components within the scope of our work accounted for 100% of Group revenues, Group profit before tax and Group total assets (2020: all 100%) and were audited by one engagement team (2020: one engagement team).

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.



Revenue
£142,797k (2020: £87,728k)

Group materiality
£1,140k (2020: £716k)

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. Further information is provided in the Group's Environment, Social and Governance report which has been incorporated into the 2021 Annual Report on pages 54 to 75.

Climate change risks and opportunities has had a limited impact on the Group. There is enhanced narrative in the Annual Report on climate matters.

As part of our audit we performed a risk assessment of the impact of climate change risk made by the Group in respect of climate change on the financial statement and our audit approach. In doing this we performed the following:

— Understanding management's processes: we made enquiries to understand management's assessment of the potential impact of climate change risk on the Group's Annual Report and Accounts and the Group's preparedness for this. As a part of this we made enquiries to understand management's risk assessment process as it relates to possible effects of climate change on the Annual Report and Accounts including the way in which the accounting policies of the Group are updated to reflect climate change risks.

— Annual report narrative: We made enquiries of management to understand the process by which climate related narrative is developed including the primary sources of data used and the governance process in place over the narrative. As a part of our risk assessment, we read the climate related information in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

On the basis of the procedures performed above, we concluded that the risk of climate change was not significant when we considered the nature of the assets and relevant contractual terms. As a result, there was no material impact from this on our key audit matters.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and as they have concluded that the Group's and the parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work are:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent Company's ability to continue as a going concern for the going concern period;

— we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent Company's use of that basis for the going concern period; and

— the related statement under the Listing Rules set out on page 132 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

— Enquiring of the directors, other management and the audit committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

— Reading Board, audit committee and other relevant meeting minutes.

— Considering remuneration incentive schemes and performance targets for management and the directors.

— Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible incentives and pressures to increase the Group's share price or earnings trend, our overall knowledge of the control environment and the nature of revenues that involve subjective estimates and judgements, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. In particular the risk that the judgements taken in recognising contract revenue are inappropriate and that bioprocessing and process development revenues are recorded in the wrong period through the percentage of completion derived at the reporting date, and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

— Assessing the judgements made by the Group in recognition of contract revenues, as described in more detail in section 2 of our audit report.

— Assessing the accuracy and appropriateness of underlying data and assumptions used to determine the percentage of completion of bioprocessing batches and process development work packages in progress at the year end reporting date.

— Assessing whether credit notes issued after the year end report date were indicative of inappropriate revenues having been recognised in the year.

— Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with key words included in the description, those posted to seldom used accounts and those posted to unusual account combinations, including those with entries to revenue, estimates and cash with an unexpected double entry.

— Evaluated the business purpose of significant unusual transactions.

— Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, including legal counsel (as required by auditing standards), and discussed with the directors and other management, the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: healthcare regulations, such as good manufacturing practice (GMP), good clinical practice (GCP) and good laboratory practice (GLP) standards for laboratories and manufacturing facilities (through audits by the MHRA), health and safety, anti-bribery, employment law and liquidity and certain aspects of company legislation recognising the financial nature of the Group's activities and regulated nature of the industry in which it operates.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management, including legal counsel, and the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect noncompliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditors' report
To the members of Oxford Biomedica plc

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation on page 78 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the principal risks, uncertainties and risk management disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on pages 133 to 134 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 135 to 136, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

20 April 2022

The innovative work we do allows our customers to deliver the breakthroughs of cell and gene therapies which have the potential to cure patients

Group financial statements

Consolidated statement of comprehensive income

for the year ended 31 December 2021

Continuing operations	Note	2021 £'000	2020 £'000
Revenue	5	**142.797**	87,728
Cost of sales		**(60,157)**	(41,655)
Gross profit		**82,640**	46,073
Research and development costs		**(40,189)**	(29,749)
Bioprocessing costs		**(7,233)**	(10,720)
Administrative expenses		**(15,152)**	(11,262)
Other operating income	5	**867**	795
Change in fair value of asset held at fair value through profit and loss		**(165)**	(831)
Operating profit/(loss)	5	**20,768**	(5,694)
Finance income	7	**–**	34
Finance costs	7	**(888)**	(912)
Profit/ (Loss) before tax		**19,880**	(6,572)
Taxation	9	**(869)**	327
Profit/ (Loss) and total comprehensive expense for the year	10, 28	**19,011**	(6,245)
Basic profit/(loss) per share	10	**22.77p**	(7.81p)
Diluted profit/(loss) per share	10	**22.20p**	(7.81p)

There was no other comprehensive income or loss.

The profit for the year is attributable to the owners of the parent.

Group financial statements

Statement of financial positions

for the year ended 31 December 2021

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Assets					
Non-current assets					
Intangible assets	12	**52**	73	**–**	–
Property, plant and equipment	13	**69,728**	72,304	**–**	–
Investments and loans in subsidiary	15	**–**	–	**181,163**	166,388
Trade and other receivables	17	**3,605**	3,605	**–**	–
		73,385	75,982	**181,163**	166,388
Current assets					
Inventories	16	**9,521**	6,912	**–**	–
Assets at fair value through profit and loss	14	**74**	239	**–**	–
Trade and other receivables	17	**44,747**	53,926	**–**	–
Current tax assets	9	**558**	126	**–**	–
Cash and cash equivalents	18	**108,944**	46,743	**61,630**	23,630
		163,844	107,946	**61,630**	23,630
Current liabilities					
Trade and other payables	19	**19,058**	19,716	**152**	134
Contract liabilities	20	**12,502**	27,258	**–**	
Deferred income	20	**894**	1,006	**–**	–
Lease liabilities	32	**853**	4,475	**–**	–
		33,307	52,455	**152**	134
Net current assets		**130,537**	55,491	**61,478**	23,496
Non-current liabilities					
Provisions	21	**6,244**	5,839	**–**	–
Contract Liabilities	20	**92**	1,003	**–**	–
Deferred income	20	**1,760**	2,515	**–**	–
Lease liabilities	32	**8,488**	9,370	**–**	–
		16,584	18,727	**–**	–
Net assets		**187,338**	112,746	**242,641**	189,884
Equity attributable to owners of the parent					
Ordinary shares	24	**43,088**	41,161	**43,088**	41,161
Share premium account	25	**307,765**	258,017	**307,765**	258,017
Other reserves	29	**2,291**	2,291	**20,372**	16,849
Accumulated losses	28	**(165,806)**	(188,723)	**(128,584)**	(126,143)
Total equity		**187,338**	112,746	**242,641**	189,884

The Company's registered number is 03252665.

The Company made a loss for the year of £2,366,000 (2020: £2,242,000).

The financial statements on pages 148 to 186 were approved by the Board of Directors on 20 April 2022 and were signed on its behalf by:

Roch Doliveux
Interim Chief Executive Officer

Group financial statements
Statements of cash flows

for the year ended 31 December 2021

	Note	Group		Company	
		2021 £'000	2020 £'000	**2021 £'000**	2020 (Restated)[1] £'000
Cash flows from operating activities					
Cash generated from/(used in) operations	30	**24,461**	(3,889)	**(2,349)**	(1,858)
Tax credit received		**994**	7,005	**–**	–
Net cash generated from/(used in) operating activities		**25,455**	3,116	**(2,349)**	(1,858)
Cash flows from investing activities					
Purchases of property, plant and equipment	13	**(9,461)**	(13,358)	**–**	–
Proceeds on disposal of investment assets		**–**	2,523	**–**	–
Loan to subsidiary		**–**	–	**(11,251)**	(13,850)
Interest received		**–**	34	**–**	–
Net cash used in investing activities		**(9,461)**	(10,801)	**(11,251)**	(13,850)
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	24, 25	**51,600**	41,060	**51,600**	41,060
Costs of share issues	25	**–**	(1,724)	**–**	(1,724)
Payment of lease liabilities		**(4,520)**	(292)	**–**	–
Interest paid		**(873)**	(859)	**–**	–
Net cash generated from financing activities		**46,207**	38,185	**51,600**	39,336
Net increase in cash and cash equivalents		**62,201**	30,500	**38,000**	23,628
Cash and cash equivalents at 1 January		**46,743**	16,243	**23,630**	2
Cash and cash equivalents at 31 December	18	**108,944**	46,743	**61,630**	23,630

1 The Company's 2020 Cash flow statement has been restated as set out in note 2.

Group financial statements

Statements of changes in equity attributable to owners of the parent

for the year ended 31 December 2021

Group	Notes	Ordinary shares £'000	Share premium account £'000	Merger Reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2020		38,416	222,618	2,291	(187,695)	75,630
Year ended 31 December 2020:						
Loss for the year		–	–	–	(6,245)	(6,245)
Total comprehensive expense for the year		–	–	–	(6,245)	(6,245)
Transactions with owners:						
Share options						
Proceeds from shares issued	23, 24	245	841	–	(26)	1.060
Value of employee services	27	–	–	–	3,752	3,752
Deferred tax on share options	8	–	–	–	273	273
Issue of shares excluding options	23, 24	2,500	37,500	–	–	40,000
Cost of share issues	24	–	(1,724)	–	–	(1,724)
Transfer of share premium related to warrants[2]	24	–	(1,218)[2]	–	1,218[2]	–
At 31 December 2020		**41,161**	**258,017**	**2,291**	**(188,723)**	**112,746**
Year ended 31 December 2021:						
Profit for the year		**–**	**–**	**–**	**19,011**	**19,011**
Total comprehensive income for the year		**–**	**–**	**–**	**19,011**	**19,011**
Transactions with owners:						
Share options						
Proceeds from shares issued	23, 24	**236**	**1,439**	**–**	**(75)**	**1,600**
Value of employee services	27	**–**	**–**	**–**	**3,523**	**3,523**
Tax on share options	27	**–**	**–**	**–**	**458**	**458**
Deferred tax on share options	8	**–**	**–**	**–**	**–**	**–**
Issue of shares excluding options	23, 24	**1,691**	**48,309**	**–**	**–**	**50,000**
At 31 December 2021		**43,088**	**307,765**	**2,291**	**(165,806)**	**187,338**

				Reserves			
Company	**Notes**	Ordinary shares £'000	Share premium account £'000	Merger £'000	Other £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2020		38,416	222,618	1,580	9,492	(125,093)	147,013
Year ended 31 December 2020:							
Loss for the year		–	–	–	–	(2,242)	(2,242)
Total comprehensive expense for the year	10	–	–	–	–	(2,242)	(2,242)
Transactions with owners:							
Share options							
Proceeds from shares issued	23, 24	245	841	–	–	(26)	1,060
Credit in relation to employee share schemes	25, 26	–	–	–	5,777[1]	–	5,777
Issue of shares excluding options	23, 24	2,500	37,500	–	–	–	40,000
Cost of share issues	24	–	(1,724)	–	–	–	(1,724)
Transfer of share premium related to warrants[2]	24		1,218[2]	–	–	1,218[2]	–
At 31 December 2020		**41,161**	**258,017**	**1,580**	**15,269**	**(126,143)**	**189,884**
Year ended 31 December 2021:							
Loss for the year						**(2,366)**	**(2,366)**
Total comprehensive expense for the year	10	**–**	**–**	**–**	**–**	**(2,366)**	**(2,366)**
Share options							
Proceeds from shares issued	23, 24	**236**	**1,439**	**–**	**–**	**(75)**	**1,600**
Credit in relation to employee share schemes	25, 26	**–**	**–**	**–**	**3,523**	**–**	**3,523**
Issue of shares excluding options	23, 24	**1,691**	**48,309**	**–**	**–**	**–**	**50,000**
At 31 December 2021		**43,088**	**307,765**	**1,580**	**18,792**	**(128,584)**	**242,641**

Note 1 – In 2020, the Company recognised a £3.4 million increase in its investment in its operating subsidiary Oxford Biomedica (UK) Ltd (refer note 14 of the financial statements) due to equity settled share based payments granted to employees and service providers in subsidiaries. Of the £3.4 million, £2.7 million relates to amounts which should have been recognised at 31 December 2020. In addition £700,000 of deferred bonus that was included in the 2020 consolidated balance sheet has been recognised within group equity in the 2020 financial year. The disclosure relating to such share based payment awards is detailed in Note 25 of the of the accompanying Consolidated Financial Statements.

Note 2 – During 2020 the Directors reviewed their presentation of share premium and found that the share premium has been overstated following the issue of warrants in the comparative period – to correct this they have transferred £1,218,000 from share premium to retained earnings.

Notes to the consolidated financial statements

for the year ended 31 December 2021

1, Accounting policies

Oxford Biomedica plc (Oxford Biomedica or the Company) is a public company limited by shares, incorporated and domiciled in England, and listed on the London Stock Exchange. The consolidated financial statements for the year ended 31 December 2021 comprise the results of the Company and its subsidiary undertakings (together referred to as the Group).

The Company's principal subsidiary is Oxford Biomedica (UK) Limited.

The Group is a cell and gene therapy research, development and bioprocessing business providing services to third parties as well as performing internal research and development for its own purposes. The Group currently has no marketed pharmaceutical products.

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

The Group and parent Company financial statements were prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS). As more fully explained in the Directors' Report on pages 130 to 136 and below, the going concern basis has been adopted in preparing the financial statements.

A summary of the more important Group accounting policies are set out below.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

The financial position of the Group, its cash flows and liquidity position are described in the primary statements and notes to these financial statements.

The Group made a profit for the year ended 31 December 2021 of £19 million, and generated net cash flows from operating activities for the year of £25.5 million. The Group also raised an additional £50 million in cash through a successful equity placement by Serum Life Sciences Ltd in September 2021 and post year end has raised £80 million in January to March 2022. The Group ended the year with cash and cash equivalents of £108.9 million.

In considering the basis of preparation of the Annual report and accounts, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2022 annual budget and forecasts for 2023. The Directors have undertaken a rigourous assessment of the forecasts in a base case scenario and assessed identified downside risks and mitigating actions.

These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

— A substantial manufacturing and development revenue downside affecting the core LentiVector® platform business;

— Vaccine manufacturing revenues only included to the extent contracted;

— No revenues from new customers;

— Significant decreases in forecasted existing customer milestone and royalty revenues; and

— The potential impacts of the current ongoing war in Ukraine on the Group and its customers including expected revenues from existing customers under long term contracts.

The Group entered into an $85 million (£64 million) loan facility with Oaktree Capital Management as part of the Group's acquisition of an 80% stake in Oxford Biomedica Solutions in March 2022. The facility was drawn down in full and the Group is required to repay this one year facility in March 2023. In both the Group's cash flow forecast and the mitigated downside scenarios, the Group is able to repay this loan in March 2023, but in the mitigated downside scenarios the Group would need to obtain additional equity or loan financing in the third quarter of 2023 to continue operations.

However, despite the above requirement, the Board has confidence in the Group's ability to continue as a going concern for the following reasons:

— The Group's history of being able to access capital markets including raising £130 million of equity during the last nine months;

— The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the $85 million one year facility obtained with Oaktree Capital Management;

— The Group's ability to continue to be successful in winning new customers and building its brand as demonstrated by successfully entering into new customer agreements with Arcellx, Immatics, Caballetta Bio and Boehringer Ingelheim;

— As noted above, the Group has cash balances of £108.9 million at the end of December 2021 and £144 million at the end of March 2022;

— More than two thirds of 2022 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give confidence in the level of revenues forecast over the next 12 months; and

— The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary.

Taking account of the matters described above, the Directors remain confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accounting developments

The Group has adopted the following IFRSs in these financial statements.

— Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

Of the amendments to these Standards that became effective from 1 January 2021, none had a material impact on the Group financial statements.

At the date of authorisation of these Group financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

The Directors anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group financial statements.

Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiary undertakings for the year to 31 December each year. Subsidiaries are entities that are directly or indirectly controlled by the Group. Subsidiaries are consolidated from the date at which control is transferred to the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group does not currently have any associates.

All intragroup transactions and balances are eliminated on consolidation.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Any excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those of the Group.

The Group and Company have elected not to apply IFRS 3 'Business combinations' retrospectively to business combinations which took place prior to 1 January 2004, namely the acquisition in 1996 of 100% of the issued share capital of Oxford Biomedica (UK) Limited that has been accounted for by the merger accounting method.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the transaction date. Assets and liabilities in foreign currencies are retranslated into sterling at the rates of exchange ruling at the statement of financial position date. Differences arising due to exchange rate fluctuations are taken to the statement of comprehensive income in the period in which they arise.

Revenue

Revenue comprises income derived from bioprocessing of clinical product for partners, fees charged for providing development services to partners, product and technology licence transactions, royalties, options, and funded research and development programmes.

Platform

Bioprocessing of clinical/commercial product for partners is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the process. The gross amount due from customers, on all partnerships, in progress for which costs incurred plus recognised profits exceed progress billings, is presented separately as a contract asset within the note to Trade and Other receivables as presented in the statement of financial position.

Consideration received in excess of the stage of completion will be deferred until such time as it is appropriate to recognise the revenue. The Group has determined that its contracts with customers do not contain a significant financing component.

Revenues for providing process development activities to partners are recognised during the period in which the service is rendered on a percentage of completion basis.

Technology licences that have been established by the Group have all been determined as "right to use" licences, rather than "right to access" licences. As such, the revenue from these licences is recognised at the point in time at which the licence transfers to the customer.

The granting of the technology licences to the Group's background intellectual property and know-how constitutes a "right to use" licence as our customers are able to conduct development work on the licence independent of the Group. The Group is incentivised separately for its performance obligations in relation to development work and milestone payments. The criteria for recognising these technology licences as "right to access" licences has therefore not been met.

Milestones relating to bioprocessing or process development activities have been identified as separate performance obligations as they involve the transfer of a distinct good or service, determined with reference to conditions stipulated in the relevant agreements or contracts. Each milestone is determined as either binary or non-binary.

Milestones that are considered to be binary relate to the achievement of specific events rather than the provision of, for example, support. Milestones related to the achievement of specific deliverables are considered to be binary Milestones and will be recognised in full once it is deemed highly probable that the obligation will be met.

Milestones related to the provision of support services are considered to be non-binary Milestones and are recognised on a percentage of completion basis, but taking into account the likelihood of achievement of the deliverable. Amounts receivable on delivery of a milestone performance obligation represents variable consideration and have been allocated to the relevant performance obligation.

Options to technology licences are considered to form part of the technology licence performance obligation and as such are recognised when the customer exercises the option to obtain that licence. Options to technology licences are not considered to be material rights.

Non-cash consideration is recognised at fair value through profit and loss. As required by IFRS 15, stock, intangible assets and fixed assets received in partial lieu of cash payments from customers for commercial development services and bioprocessing batches are recognised at the fair value of the goods/services provided in relation those stock and fixed assets for revenue recognition purposes, with a corresponding entry being passed within cost of goods and depreciation to account for the cost of these items.

Product

Product licences that have been established by the Group have all been determined as "right to use" licences, rather than "right to access" licences. As such, the revenue from these licences is recognised at the point in time at which the licence transfers to the customer.

The granting of the product licences to the Group's background intellectual property and know-how constitutes a "right to use" licence as our customers are able to conduct development work on the licence independent of the Group. The Group is incentivised separately for its performance obligations in relation to development work and milestone payments. The criteria for recognising these technology licences as "right to access" licences has therefore not been met.

Amounts receivable in respect of milestone payments are considered to be separate performance obligations which are binary and will be recognised in full once it is deemed highly probable that the specific performance obligations stipulated in the licence agreement have been met. Payments linked to "success" such as regulatory filing or approval, or achievement of specified sales volumes, are recognised in full when the relevant event has occurred.

Non-binary milestones are recognised on a percentage of completion basis in the period in which related costs are incurred, or over the estimated period to completion of the relevant phase of development or associated clinical trials. Amounts receivable on delivery of a milestone performance obligation represents variable consideration and have been allocated to the relevant performance obligation.

Royalty revenue is recognised as the underlying sales occur.

Research and development revenue and associated costs are recognised over time. Progress is determined based on the cost-to-cost method.

Cost of sales

Cost of sales comprises the cost of bioprocessing clinical product for partners, the cost of customer development project activities, and royalties arising on partners' licences.

The cost of customer development project activities includes the labour costs, overheads and other directly attributable material and third party costs. Costs are recognised as incurred.

The cost of bioprocessing clinical product for partners includes the raw materials, labour costs, overheads and other directly attributable third party costs. Costs are recognised as incurred.

The Group's products and technologies include technology elements that are licensed from third parties. Royalties arising from such partners' licences are treated as cost of sales. Where royalties due have not been paid they are included in accruals. Where revenue is spread over a number of accounting periods, the royalty attributable to the deferred revenue is included in prepayments.

Research, development and bioprocessing

Research, development and bioprocessing expenditure is charged to the statement of comprehensive income in the period in which it is incurred.

Employee benefit costs

Employee benefit costs, notably holiday pay and contributions to the Group's defined contribution pension plan, are charged to the statement of comprehensive income on an accruals basis. The assets of the pension scheme are held separately from those of the Group in independently administered funds. The Group does not offer any other post-retirement benefits.

Share based payments

The Group's employee share option schemes, long term incentive plans, a sharesave scheme and deferred bonus plans allow Group employees to acquire shares of the Company subject to certain criteria. The fair value of options granted is recognised as an expense of employment in the statement of comprehensive income with a corresponding increase in equity. The fair value is measured at the date of grant and spread over the period during which the employees become unconditionally entitled to the options. The fair value of options granted under the share option schemes and share save scheme is measured using the Black-Scholes model. The fair value of options granted under the LTIP schemes, which includes market condition performance criteria, is measured using a Monte Carlo model taking into account the performance conditions under which the options were granted. The fair value of options granted under the deferred bonus plan is based on the market value of the underlying shares at the date of grant of these options.

At each financial year end, the Group revises its estimate of the number of options that are expected to become exercisable based on forfeiture such that at the end of the vesting period the cumulative charge reflects the actual options that have vested, with no charge for those options which were forfeit prior to vesting. When share options are exercised the proceeds received are credited to equity.

Options over the Company's shares have been awarded to employees of Oxford Biomedica (UK) Ltd. In accordance with IFRS 2 'Share-based Payments', the expense in respect of these awards is recognised in the subsidiaries' financial statements. In accordance with IFRS 2 the Company has treated the awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment and a corresponding credit to reserves.

Employee Benefit Trust

The Oxford Biomedica Employee Benefit Trust (EBT) has been set up to hold market-purchased shares to settle the 2013 Deferred Bonus Share Awards made to Executive Directors and employees. Within the Company financial statements, the investment in the Oxford Biomedica Employee Trust forms part of the Investments and loans in subsidiary taking the form of a loan to subsidiaries. The EBT is consolidated within the Group financial statements.

Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining relevant interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured if:

— There is a change in the Group's estimate of the amount expected to be payable under a residual future lease payments;

— The Group changes its assessment of whether it will exercise a purchase, extension or termination options; or

— There is a revised in-substance fixed lease payment.

If a lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities as a category on the face of the Statement of Financial Position.

Short term or low-value leases

The Group has elected not to recognise right-of-use assets and lease liabilities of short term and low-value lease. The Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Grants

Income from government and other grants is recognised over the period necessary to match them with the related costs which they are intended to compensate. Grant income is included as other operating income within the statement of comprehensive income, and the related costs are included within research, development and bioprocessing costs, and administrative expenses. Where grant income received exceeds grant income recognised, it is included within deferred income on the Statement of financial position, whilst where grant income recognised exceeds grant income received, it is included within accrued income on the Statement of financial position.

Finance income and costs

Finance income and costs comprise interest income and interest payable during the year, calculated using the effective interest rate method. It also includes the revaluation of external loans denominated in a foreign currency.

Taxation

In 2021 and before, the Group was entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The Group receives a Research and Development Expenditure Credit ('RDEC') which is accounted for as a reduction in research and development costs in the statement of comprehensive income, and within trade and other receivables in the Statement of financial position. The credit is paid in arrears once tax returns have been filed and agreed.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the Statement of financial position date.

Deferred tax is calculated in respect of all temporary differences identified at the Statement of financial position date. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits within the same jurisdiction in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the Statement of financial position date.

Measurement of deferred tax liabilities and assets reflects the tax consequence expected to fall from the manner in which the asset or liability is recovered or settled.

Property, plant and equipment

Property, plant and equipment are carried at cost, together with any incidental expenses of acquisition, less depreciation. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned. Depreciation of an asset begins when it is available for use. The principal annual rates used for this purpose are:

Freehold property	10%
Leasehold improvements	10% (or the remaining lease term if shorter)
Office equipment and computers	20–33%
Bioprocessing and laboratory equipment	20%

The assets' residual values and useful lives are reviewed annually. Residual values are set at zero and will be reassessed should the asset's selling price exceed its net book value.

The bioprocessing plants are reviewed annually for impairment triggers and, where necessary, a full impairment review is performed.

Assets under construction are capitalised throughout the course of the construction period with depreciation starting once the asset is available for use.

Assets capitalised under a category of fixed assets may be transferred to another category within fixed assets if, upon review, it is identified that the asset is more appropriately identifiable with that other category of fixed asset.

Intangibles

Initial recognition

Intellectual property and in-process research and development acquired through business combinations are recognised as intangible assets at fair value. Other acquired intangible assets are initially recognised at cost.

Amortisation

Where the intangible asset has a finite life, amortisation is charged on a straight-line basis over the remaining useful economic life from the time it becomes available for use. Where the useful life of the intangible asset cannot be determined, the asset is carried at cost but tested annually for impairment. Intangible assets are amortised over the length of the patent life; current lives range from 5 to 19 years.

Impairment

The carrying value of non-financial assets is reviewed annually for impairment or earlier if an indication of impairment occurs and provision made where appropriate. Charges or credits for impairment are passed through the statement of comprehensive income.

For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are separately identifiable cash flows or cash-generating units. Impairment losses are recognised for the amount by which each asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is calculated using estimated discounted future cash flows. The key assumptions used ion the discounted future cash flows are management estimates, based where possible on available market information and information for similar products.

Impairment and amortisation charges are included within research, development and bioprocessing costs in the statement of comprehensive income.

Intellectual property rights comprise third party patent rights or rights to market our commercial products for key therapeutic indications that have been purchased by the Group.

Investments in subsidiaries

Investments are carried at cost less any provision made for impairment. Options over the Company's shares have been awarded to employees of subsidiary companies. In accordance with IFRS2, the Company treats the value of these awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment.

Investments in subsidiary undertakings, including shares and loans, are carried at cost less any impairment provision. Such investments are subject to review, and any impairment is charged to the statement of comprehensive income.

At each year end the Directors review the carrying value of the Company's investment in subsidiaries. Where there is a material and sustained shortfall in the market capitalisation, or a significant and sustained change in the business resulting in a decrease in market capitalisation, the Directors consider this to be a trigger of an impairment review as set out in IAS 36, and the carrying value of the Company's investments in subsidiaries is adjusted. The Directors consider that reference to the market capitalisation of the Group is an appropriate external measure of the value of the Company's subsidiaries for this purpose.

At year end the Directors will assess the requirement to write back a portion or all of any impairment previously recognised on its investment in subsidiaries. Factors which will be taken into account with regard to this decision will be the Groups track record of improved financial results across the last three to four years, as well as the expectation of future impairments being required after a write back was accounted for.

Financial assets

Assets at fair value through profit and loss

The gain or loss on Assets at fair value through profit and loss is recognised in the statement of comprehensive income.

Investments

Other investments held by the Group are classified as at fair value through profit and loss.

Bank deposits

Bank deposits with original maturities between three months and twelve months are included in current assets and are valued at amortised cost.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are recognised initially at the transaction price as these assets do not have significant financing components and are subsequently measured at amortised cost. The Group recognises loss allowances for receivables under the expected credit loss model as established by evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits repayable on demand, and other short term highly liquid investments with original maturities of three months or less.

Deposits

Deposits consist of amounts held in escrow and is included within other receivables within the Statement of financial position until such time as the restrictions relating to those amounts have been lifted.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Contract liabilities

Contract liabilities primarily relate to the advance consideration received from customers for commercial development work and bioprocessing batches, as well as options and funded research and development activities.

Capacity reservation fees:

Capacity reservation fees are considered contract liabilities upon receipt, with the balance being recognised as revenue as the related performance obligation, being the manufacture of batches by the Group, is satisfied.

Deferred income

Deferred income primarily relates to the advance consideration received for grants.

Provisions

Provisions for dilapidation costs and other potential liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to the passage of time is recognised as a finance cost.

Share capital

Ordinary shares are classified as equity. Costs of share issues are charged to the share premium account.

Merger reserve

A merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under s612 and s613 of the Companies Act 2006.

2, Prior period restatement

During the year, the Financial Reporting Council (FRC) communicated with the Directors regarding the Group's Annual report and accounts for the year ended 31 December 2020 following their review of those Annual report and accounts.

As a result of the FRC's review, it is now recognised by the Directors that the movement in the loan to subsidiary of £13.9 million presented within the Company cash flow statement for the year ended 31 December 2020 was incorrectly presented within cash flows from financing activities when it should have been included within cash flows from investing activities. In preparing Company cash flow statement in the financial statements for the year ended 31 December 2021, the Directors have therefore restated the comparative amounts to now present the movement in the loan to subsidiary of £13.9 million within cash flows from investing activities.

This change in presentation within the Company cash flow statement has no effect on the cash position of the Group or Company in their balance sheets, and has no further impact on the Group's or Company's financial statements.

The effect of the restatement on the Company cash flow statement in respect of the comparative amount for the year ended 31 December 2020 is set out below:

Statement of cash flows	Company 2020 as previously reported	Company 2020 restated amount
Cash flows from investing activities		
Loan to subsidiaries		(13,850)
Cash flow from financing activities		
Loan to subsidiaries	(13,850)	

3, Critical accounting judgements and estimates

In applying the Group's accounting policies, management is required to make judgements and assumptions concerning the future in a number of areas. Actual results may be different from those estimated using these judgements and assumptions. The key sources of estimation uncertainty and the critical accounting judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key accounting matters

Judgements

Contract revenues: Identification of performance obligations, allocation of revenue and timing of revenue recognition

The Group has identified three key areas of judgement within the collaboration agreements entered into during the period. Firstly, in relation to the number of distinct performance obligations contained within each collaboration agreement; secondly the fair value allocation of revenue to each performance obligation; and thirdly the timing of revenue recognition based on the achievement of the relevant performance obligation. The sales royalties contained within the collaboration agreements qualify for the royalty exemption available under IFRS 15 and will only be recognised as the underlying sales are made even though the performance obligation, in respect of the technology licence, has already been met.

Number of distinct performance obligations

Upon review of certain customer contracts and preparation of accounting papers setting out the accounting treatment as per IFRS 15, the Group is required to exercise judgement in identifying the distinct performance obligations contained within the contract. These have been identified as being:

— The granting of technology licences; and

— Milestones relating to bioprocessing or process development activities.

The fair value allocation of revenue to each performance obligation

Because there is no readily available market price for many of the performance obligations contained in the customer contracts, the Group exercises judgment in estimating the stand alone selling price of each of these performance obligations. Key areas of judgement are assessed to be:

— The stand alone selling price of technology licences. The Group assesses the stand alone selling price of licences by reference to the stand alone selling price of previously recognised customer technology licences, and the size of the market of the target indication and other market related observable inputs;

— The stand alone selling price of bioprocessing batches. The Group assesses the stand alone selling price of the batches in terms the stand alone selling price of its other customer contract batch selling prices; and

— The stand alone selling price in terms of the annual full time equivalent rate to charge for process development activities. The Group assesses the full time equivalent rate in terms the stand alone equivalent rate of its other customer contract equivalent rates.

Timing of revenue recognition: technology licence revenues

One of the key judgemental areas identified within the collaboration agreements is the timing of recognition of licence revenue based on the achievement of the relevant performance obligation. The individual factors and aspects relating to licence revenue are assessed as part of the IFRS 15 accounting paper prepared for each agreement and a judgement is made as to whether the licence fee performance obligation related to the granting of the licence to the customer has been achieved. If it was judged that the performance obligations on licences granted in 2021 had not been met, revenues would have been £5.9 million lower with the revenue expected to be recognised in future when the performance obligations were deemed to have been met.

Customer contract with varying bioprocessing batch prices

During 2020, the Group entered into a supply agreement with a customer for the supply of bioprocessing batches where the batch price will vary across the period of the contract. The Group has deemed that the series guidance within IFRS 15 applies and has therefore recognised revenue based on averaging the batch price over the period of the contract where the series guidance applies. If the revenue had been recognised based on an actual batch price, revenues would have been £0.3 million (2020: £2.4 million) higher with a corresponding decrease in revenues in future years.

Estimations

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The nature of estimation means that actual outcomes could differ from those estimates.

Percentage of completion of bioprocessing batch revenues

Bioprocessing of clinical/commercial product for partners is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the bioprocessing process. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct stage of completion including the expected costs to completion for that specific bioprocessing batch. The value of the revenue recognised with regard to the bioprocessing batches which remain in progress at year end is £15,195,000. The contract assets related to these batches as at the year end was £6,404,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £1,520,000 higher or lower.

Percentage of completion of fixed price process development revenues

As it satisfies its performance obligations the Group recognises revenue and the related contract asset with regard to fixed price process development work packages. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct percentage of completion for that specific process development work package. The value of the revenue recognised with regard to the work packages which remain in progress at year end is £8,022,000. The contract assets related to these work packages as at the year end was £2,493,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £802,000 higher or lower.

Provision for out of specification bioprocessing batches

Bioprocessing of clinical/commercial product for partners is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the process.

As the Group has now been bioprocessing product across a number of years, and also in a commercial capacity, the Group has assessed the need to include an estimate of bioprocessed product for which revenue has previously been recognised and which may be reversed should the product go out of specification during the remaining period over which the product is bioprocessed. In calculating this estimate the Group has looked at historical rates of out of specification batches across the last four years, and has applied the percentage of out of specification batches to total batches produced across the assessed period to the revenue recognised on batches which have not yet completed the bioprocessing process at year end. This estimate, based on the historical percentage, may be significantly higher or lower depending on the number of bioprocessing batches actually going out of specification in future. If the historical percentage had been 10% higher or lower, the estimate would be £67,000 higher or lower. The estimate will increase or decrease based on the number of bioprocessing batches undertaken, the percentage of completion of those bioprocessing batches, and the number of batches which go out of specification over the assessment period.

Consequently, bioprocessing revenue of £0.7 million (2020: £1.4 million) has not been recognised during 2021 with the corresponding credit to contract liabilities (note 20). This revenue will be recognised as the batches complete bioprocessing.

Bioprocessing contract modification

On 13 December 2021, the Group announced an update to its commercial supply agreement with Novartis. The changes to the agreement have been determined to be a licence modification under IFRS 15. The contract has been accounted for prospectively as if it were terminated and a new contract created; with the remaining unrecognised transaction price allocated to remaining performance obligations. This resulted in breakage revenue of £4.8 million being recognised at modification from batch reservations to be manufactured in 2021, as there was no longer an expectation that remaining batches would be ordered.

4, Financial risk management

Financial risk factors

During 2021, the Group has a simple corporate structure with the Company and its only operating subsidiary both being UK domiciled. Monitoring of financial risk is part of the Board's ongoing risk management, the effectiveness of which is reviewed annually. The Group's agreed policies are implemented by the Chief Financial Officer, who submits reports at each Board meeting. The Group does not use financial derivatives, and it is the Group's policy not to undertake any trading in financial instruments.

(a) Foreign exchange risk

In 2021, the Group's revenues were mostly receivable in Sterling and US Dollars, and certain of its expenditures were payable in Euros and US Dollars. The majority of operating costs are denominated in Sterling. A 10% difference in the £/$ exchange rate would have had an impact of approximately £712,000 (2020: £1,351,000) over the year.

The Group also has exposure to the £/€ exchange rate due to the need to fund certain expenditure denominated in Euros. Had the £/€ exchange rate been 10% different, the impact on cost in 2021 would have been approximately £305,000 (2020: £228,000). The Group's policy is to hold the majority of its funds in Sterling and US Dollars. No other hedging of foreign currency cash flows is undertaken.

(b) Interest rate risk

The Group's policy is to maximise interest receivable on deposits, subject to maintaining access to sufficient liquid funds to meet day to day operational requirements and preserving the security of invested funds. With the current low level of bank interest rates, interest receivable on bank deposits in 2021 was £nil (2020: £34,000).

If interest rates had been 1% higher in 2021 the impact on cash interest paid would have been £nil (2020: £nil).

(c) Credit risks

Cash balances are mainly held on short term deposits with financial institutions with a credit rating of at least A, in line with the Group's policy to minimise the risk of loss.

Trade debtors are monitored to minimise the risk of loss (note 17).

Derivative financial instruments and hedging

There were no material derivatives at 31 December 2021 or 31 December 2020 which have required separation, and hedge accounting has not been used.

Fair value estimates

The fair value of short term deposits with a maturity of one year or less is assumed to be the book value.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimise the cost of capital. There was no debt in 2021 or 2020, refer to note 34 for further information regarding financing activities which occurred post year end.

5, Segmental analysis Segmental reporting

The chief operating decision-maker has been identified as the Senior Executive Team (SET), comprising the Executive Directors, Chief Commercial Officer, Chief Technical Officer, Chief Scientific Officer, Chief Business Officer, Chief Operations Officer, Chief People Officer and General Counsel. The SET monitors the performance of the Group in two business segments:

(i) Platform – this segment consists of the revenue generating bioprocessing and process development activities undertaken for third parties (i.e the partner programmes CDMO business). It also includes internal technology developments and technical intellectual property within the LentiVector® platform.

(ii) Product – this segment consists of the clinical and pre-clinical development of *in vivo* and *ex vivo* cell and gene therapy products (gene therapeutics) which are owned by the Group.

Revenues, other operating income and operating loss by segment

Revenues, Operating EBITDA and Operating profit/(loss) represent our measures of segment profit and loss as they are a primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments.

2021	Platform £'000	Product £'000	Total £'000
Revenue	142,693	104	142,797
Other operating income	867	–	867
Operating EBITDA[1]	45,292	(9,368)	35,924
Depreciation, amortisation and share based payment	(13,702)	(1,288)	(14,990)
Change in fair value of asset held at fair value through profit and loss	(165)	–	(165)
Operating profit/(loss)	31,425	(10,657)	20,768
Net finance cost			(888)
Profit before tax			19,880

2020	Platform £'000	Product £'000	Total £'000
Revenue	87,117	611	87,728
Other operating income	795	–	795
Operating EBITDA[1]	13,857	(6,518)	7,339
Depreciation, amortisation and share based payment	(11,048)	(1,154)	(12,203)
Revaluation of investments	(831)	–	(831)
Operating profit/(loss)	1,979	(7,673)	(5,694)
Net finance cost			(878)
Loss before tax			(6,572)

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and Assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments options. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 50.

Other operating income of £0.9 million (2020: £0.8 million) includes grant income to develop our supply chain capabilities of £0.9 million (2020: £0.8 million) and is included within the Platform segment.

Costs are allocated to the segments on a specific basis as far as possible. Costs which cannot readily be allocated specifically are apportioned between the segments using relevant metrics such as headcount or direct costs.

A geographical split of operating loss is not provided because this information is not received or reviewed by the chief operating decision-maker and the origin of all revenues is the United Kingdom.

A segmental or geographical split of assets and liabilities is not provided because this information is not received or reviewed by the chief operating decision-maker. All assets are located within the United Kingdom.

Disaggregation of revenue

Revenue is disaggregated by the type of revenue which is generated by the commercial arrangement. Revenue shown in the table below is denominated in GBP and is generated in the UK.

2021	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	128,318	104	128,422
Licence fees, milestones and royalties	14,375	–	14,375
Total	**142,693**	**104**	**142,797**

2020	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	67,893	611	68,504
Licence fees, milestones and royalties	19,224	–	19,224
Total	**87,117**	**611**	**87,728**

Revenue by geographical location

The Group's revenue derives wholly from assets located in the United Kingdom. Analysed by location the Group's revenues derive predominantly from Europe:

Revenue by customer location	**2021 £'000**	2020 £'000
Europe	**115,748**	52,817
Rest of world	**27,049**	34,911
Total revenue	**142,797**	87,728

In 2020, AstraZeneca, Novartis, and Juno/Bristol Myers Squibb each generated more than 10% of the Group's revenues. In 2021, customers providing more than 10% of the Group's revenues were AstraZeneca 50%–65% and Novartis 10%–25%. The change year on year is due to the volume of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine manufactured for AstraZeneca.

6, Employees and directors

The monthly average number of persons (including Executive Directors) employed by the Group during the year was:

By activity	2021 Number	2020 Number
Office and management	**56**	46
Research, development and bioprocessing	**703**	563
Total	**759**	609

Employee benefit costs	2021 £'000	2020 £'000
Wages and salaries	**43,174**	35,909
Social security costs	**5,122**	4,486
Other pension costs (note 31)	**2,839**	2,244
Share based payments (note 26)	**3,523**	3,030
Total employee benefit costs	**54,658**	45,669

Key management compensation	2021 £'000	2020 £'000
Wages and salaries	**3,167**	3,177
Social security costs	**893**	1,038
Other pension costs	**250**	207
Share based payments	**2,075**	1,804
Total	**6,385**	6,226

The key management figures above include Executive and Non-Executive Directors and the other members of the Senior Executive Team. Further information about the remuneration of individual Directors, including the highest paid Director, is provided in the audited part of the Directors' Remuneration Report on page 112 which forms part of these financial statements.

The Company had no employees during the year (2020: zero).

7, Finance income and costs

Group	2021 £'000	2020 £'000
Finance income:		
Bank interest receivable	**–**	34
Total finance income	**–**	34
Finance costs:		
Unwinding of discount in provisions (note 21)	**(27)**	(38)
Interest payable	**(861)**	(874)
Total finance costs	**(888)**	(912)
Net finance costs	**(888)**	(878)

8, Expenses by nature

	Notes	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Employee benefit costs	6	**54,658**	45,669	**823**	494
Depreciation of property, plant and equipment	13	**12,435**	9,598	**–**	–
Amortisation	12	**21**	22	**–**	–
Raw materials and consumables used in bioprocessing		**23,026**	11,971	**–**	–
Operating lease payments		**236**	173	**–**	–
Net loss on foreign exchange		**(115)**	(627)	**–**	–

Company employee benefit costs of £823,000 (2020: £494,000) relates to Non-Executive costs paid by Oxford Biomedica UK Ltd and recharged to the Company.

Depreciation is charged to cost of goods, research and development, and bioprocessing costs in the statement of comprehensive income.

During the year the Group (including its subsidiaries) obtained services from the Group's auditors and their associates as detailed below:

Services provided by the Group's auditors	Group 2021 £'000	Group 2020 £'000
Fees payable for the audit of the parent company and consolidated financial statements	**50**	50
Fees payable for other services:		
The audit of the Company's subsidiaries	**350**	251
Additional fees relating to prior year audit	**70**	98
Review of interim results	**35**	25
Total	**505**	424

9, Taxation

During 2020, the Group ceased being eligible to claim a research and development tax credits under the Government's small company scheme.

	Group	
Current tax	**2021 £'000**	2020 £'000
Corporation tax	**(1,427)**	(1,140)
	(1,427)	(1,140)
Adjustments in respect of prior periods:		
United Kingdom corporation tax research and development credit	**558**	1,467
Current tax	**(869)**	327
Taxation (Charge)/Credit	**(869)**	327

The amount of £1,427,000 (2020: £1,140,000) included as part of the taxation charge within the statement of comprehensive income for the year ended 31 December 2021 comprises the corporation tax payable on the amount claimed as a Large Company Tax credit (RDEC) within research and development expenses in the statement of comprehensive income.

The adjustment of current tax in respect of the prior year of £558,000 (2020: £1,467,000) relates to a higher than anticipated tax receipt received in 2021: £nil (2020: £473,000), and an expected tax repayment relating to prior years of £558,000 (2020: £994,000).

The United Kingdom corporation tax research and development credit is paid in arrears once tax returns have been filed and agreed. The tax credit recognised in the financial statements but not yet received is included in current tax assets in the Statement of financial position.

During 2021, the Group recognised £458,000 (2020: £273,000) of current tax relating to tax relief obtained on exercise of share options directly within equity.

The Company has no tax liability, nor is it entitled to tax credits (2020: £nil).

The tax credit for the year is lower (2020: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Profit/(loss) on ordinary activities before tax	**19,880**	(6,572)	**(2,366)**	(1,883)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**(3,777)**	1,249	**450**	358
Effects of:				
Expenses not deductible for tax purposes	**(649)**	(1,046)	**(101)**	(18)
Income not taxable	**344**	26	**–**	–
Current tax relief less than accounting charge on share options	**(174)**	(277)	**–**	–
Effects of group relief/other reliefs	**–**	–	**349**	–
Tax Rate Changes	**–**	–	**–**	41
Deferred tax not recognised	**2,829**	(753)	**–**	–
Origination and reversal of timing differences on deferred tax	**–**	15	**–**	(386)
Taxable gains on disposal of shares	**–**	(354)	**–**	(354)
Adjustments in respect of prior periods	**558**	1,467	**–**	–
Total tax (charge)/credit for the year	**(869)**	327	**–**	(359)

At 31 December 2021, the Group had tax losses to be carried forward all arising in the United Kingdom of approximately £78.3 million (2020: £89.3 million).

10, Basic and diluted profit/(loss) per ordinary share

The basic profit per share of 22.77p (2020: loss of 7.81p) has been calculated by dividing the profit for the period by the weighted average number of shares in issue during the year ended 31 December 2021 (83,484,173; 2020: 79,944,911).

The diluted earnings per share of 22.20p has been calculated by dividing the earnings for the period by the weighted average number of shares in issue during the period after adjusting for the dilutive effect of the share options outstanding at 31 December 2021 (2,134,494).

The Group made a loss in the prior period. There were no potentially dilutive options in the prior period. There is therefore no difference between the basic loss per ordinary share and the diluted loss per ordinary share in the prior period.

11, Loss for the financial year

As permitted by section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been included in these financial statements. The Company's loss for the year was £2,366,000 (2020: £2,242,000).

12, Intangible assets

	2021 £'000	2020 £'000
Cost		
At 1 January	**5,636**	5,636
At 31 December	**5,636**	5,636
Accumulated amortisation and impairment		
At 1 January	**5,563**	5,541
Amortisation charge for the year	**21**	22
At 31 December	**5,584**	5,563
Net book amount at 31 December	**52**	73

Intangible assets comprise intellectual property rights. The Group has not capitalised any internally generated intangible assets.

13, Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right of use asset £'000	Total £'000
Cost						
At 1 January 2021	23,331	27,219	9,106	24,606	18,012	102,274
Additions at cost	2,078	939	1,557	4,886	21	9,481
Reclassification	–	(13)	–	13	–	–
Change in estimate	–	–	–	–	378	378
At 31 December 2021	**25,409**	**28,145**	**10,663**	**29,505**	**18,411**	**112,133**
Accumulated depreciation						
At 1 January 2021	10,444	3,519	4,610	9,177	2,220	29,970
Charge for the year	2,208	2,707	2,253	3,342	1,925	12,435
At 31 December 2021	**12,652**	**6,226**	**6,863**	**12,519**	**4,145**	**42,405**
Net book amount at 31 December 2021	**12,757**	**21,919**	**3,800**	**16,986**	**14,266**	**69,728**

	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right of use asset £'000	Total £'000
Cost						
At 1 January 2020	21,427	21,908	7,395	20,174	11,400	82,304
Additions at cost	1,678	4,659	1,484	5,537	6,361	19,719
Reclassification	226	652	227	(1,105)	–	–
Disposals	–	–	–	–	251	251
At 31 December 2020	**23,331**	**27,219**	**9,106**	**24,606**	**18,012**	**102,274**
Accumulated depreciation						
At 1 January 2020	8,360	1,679	3,054	6,440	839	20,372
Charge for the year	2,084	1,840	1,556	2,737	1,381	9,598
Reclassification	–	–	–	–	–	–
At 31 December 2020	**10,444**	**3,519**	**4,610**	**9,177**	**2,220**	**29,970**
Net book amount at 31 December 2020	**12,887**	**23,700**	**4,496**	**15,429**	**15,792**	**72,304**

Leasehold improvements are capital improvements to buildings which the Group leases. Bioprocessing and laboratory equipment is equipment purchased for laboratory and bioprocessing processes, and is generally movable from one facility to another.

The Company had no property, plant and equipment at 31 December 2021 or 31 December 2020.

14, Assets at fair value through profit and loss

Assets at fair value through profit and loss (FVTPL): Group	**2021 £'000**	2020 £'000
At 1 January	**239**	2,719
Additions	**–**	874
Sale of shares	**–**	(2,523)
Change in fair value of FVTPL asset	**(165)**	(831)
At 31 December	**74**	239

Additions in 2020 relate to a contract asset milestone which was met in 2019 with the shares received in 2020 as part of a non-cash consideration.

15, Investments and loans in subsidiaries

	2021 £'000	2020 £'000
Shares in group undertakings		
At 1 January and 31 December	**15,182**	15,182
Loans to group undertakings		
At 1 January	**262,002**	248,152
Loan advanced in the year (net)	**11,251**	13,850
At 31 December	**273,253**	262,002
Total investments in shares and loans to group undertakings	**288,435**	277,184
Accumulated impairment		
At 1 January and 31 December	**126,065**	126,065
Net book amount at 31 December	**162,370**	151,119
Capital contribution in respect of employee share schemes		
At 1 January	**15,269**	9,492
Additions in the year (note 26 and 27)	**3,523**	5,777
At 31 December	**18,793**	15,269
Total investments	**181,163**	166,388

The Company recognised a loss allowance for expected credit losses on financial assets. The expected credit losses are estimated by reference to an analysis of the subsidiary's current financial position and future repayment expectations. The loss allowance recognised on loans in subsidiaries at the end of the year was £93.1 million. In addition to the loss allowance recognised on loans in subsidiaries, an impairment loss is recognised under IAS 36 for shares in Group undertakings and for capital contribution in respect of employee share schemes in amount of £32.9 million.

The loan from Oxford Biomedica plc to Oxford Biomedica (UK) Limited is unsecured and interest free. The loan is legally due for repayment on demand though the expectation is that it will not be repaid within 12 months of the year end.

Please refer note 34, Events after the balance sheet date with regards to Oxford Biomedica Solutions established post year end.

Interests in subsidiary undertakings

	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by the Group and Company	Nature of business
Oxford Biomedica (UK) Limited	Great Britain	1p ordinary shares	100%	Gene therapy research and development
Oxford Biomedica (Ireland) Limited	Ireland	1p ordinary shares	100%	Product release
Oxxon Therapeutics Limited	Great Britain	1p ordinary shares	100%	Dormant

The registered office of both Oxford Biomedica (UK) Ltd and Oxxon Therapeutics Limited is Windrush Court, Transport Way, Oxford, OX4 6LT. The registered office of Oxford Biomedica (Ireland) Ltd is Earlsfort Terrace, Dublin 2, DO2 T380, Ireland.

In addition, the Group set up the Oxford Biomedica Employee Benefit Trust (EBT) to hold market-purchased shares to settle the 2013 deferred bonus share awards made to Executive Directors and employees (note 26).

All of the above subsidiaries have been consolidated in these financial statements.

At each year end the Directors review the carrying value of the Company's investment in subsidiaries. Where there is a material and sustained shortfall in the market capitalisation, or a significant and sustained change in the business resulting in a decrease in market capitalisation, the Directors consider this to be a trigger of an impairment review as set out in IAS 36, and the carrying value of the Company's investments in subsidiaries is adjusted. The Directors consider that reference to the market capitalisation of the Group is an appropriate external measure of the value of the Group for this purpose. Cumulative impairment of £126.0 million has been recognised up to 31 December 2021.

16, Inventories

Group	2021 £'000	2020 £'000
Raw Materials	**9,521**	6,912
Total inventory	**9,521**	6,912

17, Trade and other receivables

	Group		Company	
Current	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Trade receivables	**22,398**	30,819	**–**	–
Contract assets	**13,547**	16,508	**–**	–
Other receivables	**365**	558	**–**	–
Other tax receivable	**5,227**	3,412	**–**	–
Prepayments	**3,210**	2,629	**–**	–
Total trade and other receivables	**44,747**	53,926	**–**	–

Non-current trade and other receivables constitute other receivables of £3,605,000 (2020: £3,605,000) are deposits held in escrow as part of the Windrush Innovation Centre and Oxbox lease arrangements.

The other tax receivable constitutes RDEC receivable £4,137,000; VAT receivable £536,000 and recoverable Withholding Tax £554,000.

The fair value of trade and other receivables are the current book values. The Group has performed an impairment assessment under IFRS 9 and has concluded that the application of the expected credit loss model has had an immaterial impact on the level of impairment of receivables.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2021 £'000	2020 £'000
Sterling	**45,084**	57,517
US Dollar	**3,825**	14
	48,909	57,531

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above. The Group does not hold any collateral as security.

Trade receivables

Included in the Group's trade receivable balance are debtors with a carrying amount of £3,800,000 (2020: £9,523,000) which were past due at the reporting date and of which £3,800,000 (2020: £9,460,000) has been received after the reporting date.

Ageing of past due but not impaired trade receivables:

	2021 £'000	2020 £'000
0–30 days	**3,266**	9,502
30–60 days	**389**	21
60+ days	**145**	–
	3,800	9,523

Contract assets

Contract assets relates to the Group's rights to consideration for work completed but not invoiced at the reporting date for commercial development work and bioprocessing batches. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The balance of £13.5 million (2020: £16.5 million) mainly relates to commercial development milestones which have been accrued as the specific conditions stipulated in the licence agreement have been met, commercial development work orders accrued on a percentage complete basis which will be invoiced as the related work package completes and bioprocessing batches accrued on a percentage of completion basis which will be invoiced as the manufacturing of the batch is completed.

Contract assets have decreased from £16.5 million at the end of 2020 to £13.5 million at the end of 2021 due to the timing of bioprocessing and commercial development activities undertaken during the year leading to a lower level of consideration for work completed but not yet billed. (2020: Contract assets have increased from £13.4 million at the end of 2019 to £16.5 million at the end of 2020 due to the increased levels of bioprocessing and commercial development activities undertaken during the year leading to a higher level of consideration for work completed but not yet billed.)

A portion of contract assets relates to fixed price process development work packages which are recognised on a percentage of completion basis and as such requires estimation in terms of the assessment of the correct percentage of completion for that specific work package. The value of the contract asset raised with regard to these work packages is £8,022,000 (2020: £6,677,000). If the assessed percentage of completion was 1 percentage point higher or lower, revenue recognised in the period would have been £80,000 higher or lower (2020: £67,000).

The Group performed an impairment assessment under IFRS 9 and has concluded that the application of the expected credit loss model has had an immaterial impact on the level of impairment on contract assets. We have noted there has been no change in the time frame for a right to consideration to become unconditional and the performance obligation to be satisfied.

18, Cash and cash equivalents

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Cash at bank and in hand	**108,944**	46,743	**61,630**	23,630

19, Trade and other payables

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Trade payables	**5,260**	7,777	**–**	–
Other taxation and social security	**1,899**	1,585	**–**	–
Accruals	**11,899**	10,354	**152**	134
Total trade and other payables	**19,058**	19,716	**152**	134

20, Contract liabilities and deferred income

Contract liabilities and deferred income arise when the Group has received payment for services in excess of the stage of completion of the services being provided.

Contract liabilities and deferred income have decreased from £31.8 million at the end of 2020 to £15.3 million at the end of 2021 due to funds received in advance for future bioprocessing and process development activities. These amounts received in advance are short term and do not consitute a significant financing component. Of the £31.8 million balance included in the statement of financial position at the end of 2020, £27.5 million has been recognised as revenue during the 2021 financial year. (2020: Contract liabilities and deferred income have increased from £14.9 million at the end of 2019 to £28.3 million at the end of 2020 due to funds received in advance for future bioprocessing and process development activities.)

Contract liabilities consists primarily of deferred bioprocessing and process development revenues, which are expected to be released as the related performance obligations are satisfied over the period as described below:

Years	0–1 £'000	1–3 £'000	3–5 £'000	5–10 £'000	Total
Contract liabilities	**12,502**	**48**	**44**	**–**	**12,594**
Bioprocessing income	9,755	–	–	–	**9,755**
Process development income	2,325	–	–	–	**2,325**
Licence fees and Milestones	422	48	44	–	**514**
Deferred Income	**894**	**1,760**	**–**	**–**	**2,654**
Grant	894	1,760	–	–	**2,654**

Included within bioprocessing contract liabilities is revenue of £0.8 million which has not been recognised during 2021 (2020: £1.4 million) relating to the estimate of out of specification batches (see note 3: 'Estimations' for additional information).

Deferred income relates to grant funding received from the UK Government for capital equipment purchased as part of the Oxbox bioprocessing facility expansion. The income will be recognised over the period over which the purchased assets are depreciated.

The Company had no contract liabilities or deferred income in 2021 or 2020.

21, Provisions

	2021 £'000	2020 £'000
At 1 January	**5,839**	5,086
Unwinding of discount	**27**	38
Change in estimate	**378**	251
Additional provision recognised	**–**	464
At 31 December	**6,244**	5,839

	2021 £'000	2020 £'000
Current	**–**	–
Non-current	**6,244**	5,839
Total provisions	**6,244**	5,839

Provisions are exclusively in respect of dilapidations. The dilapidations provisions relate to anticipated costs of restoring the leasehold Yarnton, Oxbox, Windrush Innovation Centre and Corporate Office properties in Oxford, UK to their original condition at the end of the lease terms in 2024, 2033, 2028 and 2030 respectively, discounted using the rate per the Bank of England nominal yield curve. The equivalent rate was used in 2020. The provisions will be utilised at the end of the leases if they are not renewed.

22, Financial instruments

The Group and Company's financial instruments comprise cash and cash equivalents, trade and other receivables, assets at fair value through profit and loss, and trade and other payables. Additional disclosures are set out in the Corporate Governance Report and in note 4 relating to risk management.

The Group had the following financial instruments at 31 December each year:

	Financial assets at fair value through profit and loss		Cash and receivables		Amortised costs, loans and other liabilities	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Cash and cash equivalents (note 18)	**–**	–	**108,944**	46,743	**–**	–
Trade receivables and other receivables (note 17)	**–**	–	**45,142**	54,902	**–**	–
Assets at fair value through profit and loss (note 14)	**74**	239	**–**	–	**–**	–
Trade and other payables excluding tax (note 19)	**–**	–	**–**	–	**17,160**	18,131
	74	239	**154,086**	101,645	**17,160**	18,131

Floating rate instant access deposits earned interest at prevailing bank rates.

	2021 Year average Weighted average rate	2020 Year average Weighted average rate
Sterling	**0.02%**	0.01%
US Dollars	**0.00%**	0.00%

Assessment of financial assets by credit risk rating:

Cash and cash equivalents are held with reputable banks with a long term A credit rating as assessed by Moody's and a low assessed risk of default.

All trade receivables are assessed as having a low credit risk rating as the debt is owed by blue chip pharmaceutical groups in the top 10 in the world by market capitalisation, and by biotechnology companies with sufficient cash reserves to satisfy their obligations. There has been no change in the determined risk during 2021, therefore no reconciliation between the 2020 and 2021 closing debtor balance assessed by risk of default has been provided. The opening and closing position was low (2020: low).

Other receivables are rent deposits held in separately administered bank accounts with covenants limiting their use and are as such assessed as having a low risk of default.

Fair value

The Directors consider that the fair values of the Group's financial instruments do not differ significantly from their book values.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2021 £'000	2020 £'000
Sterling	**96,477**	37,299
Euro	**524**	439
US Dollar	**11,943**	9,005
	108,944	46,743

Financial assets classified as level 1 in hierarchy

The investment asset represented by ordinary shares in Orchard Therapeutics is classified as at fair value through profit and loss. Please refer to note 14 for further information.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	Equity		Total
	Lease liabilities £'000	Share capital £'000	Share Premium £'000	Total £'000
Balance at 1 January 2020	**8,389**	**38,416**	**222,618**	**269,423**
Changes from financing cash flows				
Share options – Proceeds from shares issued	–	245	841	1,086
Issue of shares excluding options	–	2,500	37,500	40,000
Cost of share issues	–	–	(1,724)	(1,724)
Payments for the principal portion of lease liabilities	(292)	–	–	(292)
Payments for the interest portion of lease liabilities	(859)	–	–	(859)
Total changes from financing cash flows	**(1,151)**	**2,745**	**36,617**	**38,211**
Other changes:				
Additions	5,733	–	–	5,733
Interest	874	–	–	874
Transfer of share premium to warrants	–	–	(1,218)	(1,218)
Balance at 31 December 2020	**13,845**	**41,161**	**258,017**	**313,023**
Changes from financing cash flows				
Share options – Proceeds from shares issued	–	236	1,439	1,675
Issue of shares excluding options	–	1,691	48,309	50,000
Payments for the principal portion of lease liabilities	(4,520)	–	–	(4,520)
Payments for the interest portion of lease liabilities	(873)	–	–	(873)
Total changes from financing cash flows	**(5,393)**	**1,927**	**49,748**	**46,282**
Other changes:				
Additions	16	–	–	16
Interest	873	–	–	873
Closing balance at 31 December 2021	**9,341**	**43,088**	**307,765**	**360,194**

Exposure to Liquidity Risk

		Contractual Cash flows				
	Carrying Amount £'000	**Total £'000**	2 months or less £'000	2–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000
Non derivative financial liabilities:							
Lease Liabilities	**9,341**	**13,456**	–	1,590	3,033	2,850	5,983

23, Deferred taxation

The Company and the Group have recognised deferred tax assets and liabilities at 31 December 2021 and 31 December 2020. In light of the Group's history of losses, recovery of the whole deferred tax asset is not sufficiently certain, and therefore a deferred tax asset has been recognised only to the extent that there is a deferred tax liability.

Finance Act 2020 enacted provisions to increase the UK Corporation tax rate to 19% from 1 April 2020. Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023 and this rate has been applied when calculating the deferred tax at the year end.

Group – recognised Deferred tax (assets)/liabilities – recognised	Fixed assets £'000	Tax losses £'000	Revaluation of investments £'000	Total £'000
At 1 January 2020	–	–	–	–
Origination and reversal of temporary differences	3,051	(3,051)	–	–
At 31 December 2021	**3,051**	**(3,051)**	**–**	**–**
At 1 January 2020	–	(359)	359	–
Origination and reversal of temporary differences	–	359	(359)	–
At 31 December 2020	**–**	**–**	**–**	**–**

Company – recognised Deferred tax (assets)/liabilities – not recognised	Tax losses £'000	Revaluation of investments £'000	Total £'000
At 1 January 2020	–	–	–
Origination and reversal of temporary differences	–	–	–
At 31 December 2021	**–**	**–**	**–**
At 1 January 2020	359	–	359
Origination and reversal of temporary differences	(359)	–	(359)
At 31 December 2020	**–**	**–**	**–**

Group – not recognised Deferred tax (assets)/liabilities – not recognised	Tax depreciation £'000	Loan relationships £'000	Provisions £'000	Tax losses £'000	Share options £'000	Total £'000
At 1 January 2021	–	(1,267)	(206)	(17,443)	(3,239)	(22,155)
Origination and reversal of temporary differences	–	(401)	(92)	(4,317)	(2,937)	(7,747)
At 31 December 2021	**–**	**(1,668)**	**(298)**	**(21,760)**	**(6,176)**	**(29,902)**
At 1 January 2020	(62)	(1,218)	(441)	(15,874)	(1,664)	(19,259)
Origination and reversal of temporary differences	62	(49)	235	(1,569)	(1,575)	(2,896)
At 31 December 2020	**–**	**(1,267)**	**(206)**	**(17,443)**	**(3,239)**	**(22,155)**

24, Ordinary shares

Group and Company Issued and fully paid	2021 £'000	2020 £'000
Ordinary shares of 50p each		
At 1 January – 82,320,585 (2020: 76,859,131) shares	**41,161**	38,416
Allotted for cash in placing and subscription – 3,382,950 (2020: 5,000,000) shares	**1,691**	2,500
Allotted on exercise of share options – 471,520 (2020: 461,454)	**236**	245
At 31 December – 86,175,055 (2020: 82,320,585) shares	**43,088**	41,161

On 19 June 2020, the Group announced an equity fundraising of 5,000,000 new ordinary shares at a price of £8.00 per share. Gross proceeds from the fundraising were £40.0 million; net proceeds were £38.3 million.

On 22 September 2021, the Group announced an equity fundraising of 3,382,950 new ordinary shares at a price of £14.78 per share. Gross proceeds from the fundraising were £50.0 million.

Please refer note 34, Events after the balance sheet date, for further information regarding equity fundraises which occurred post year end.

25, Share premium account

Group and Company	2021 £'000	2020 £'000
At 1 January	**258,017**	222,618
Premium on shares issued for cash in placing and subscription	**48,309**	37,500
Transfer of share premium related to warrants	**–**	(1,218)
Premium on exercise of share options	**1,439**	841
Costs associated with the issue of shares	**–**	(1,724)
At 31 December	**307,765**	258,017

During 2020, the Directors reviewed their presentation of share premium and found that the share premium had been overstated following the issue of warrants in the comparative period. As a result £1,218,000 was transferred from share premium to retained earnings in the prior year.

26, Options over shares of Oxford Biomedica plc

The Company has outstanding share options that were issued under the following schemes:

— The 2007 Share Option Scheme (approved February 2007);

— The 2015 Executive Share Option Scheme (approved May 2015);

— The 2007 Long Term Incentive Plan (LTIP) (approved February 2007);

— The 2015 Long Term Incentive Plan (LTIP) (approved May 2015);

— The 2013 Deferred Bonus Plan (approved February 2014);

— The 2015 Deferred Bonus Plan (approved May 2015); and

— The 2015 Sharesave scheme (approved May 2015).

Share options are granted to Executive Directors and selected senior managers under the Company's Long Term Incentive Plans (LTIP), and Deferred Bonus Plans, and to other employees under the Share Option Schemes and Sharesave scheme. All option grants are at the discretion of the Remuneration Committee.

Options granted under the 2007 and 2015 LTIP to Directors and other senior managers are subject to both revenue and market condition performance criteria and will vest only if, at the third anniversary of the grant, the performance criteria have been met. Failure to meet the minimum performance criteria by the third anniversary results in all the granted options lapsing.

The performance criteria are described in the Directors' Remuneration Report. LTIP awards made to date are exercisable at either par or a nil cost on the third anniversary of the date of grant, and lapse 10 years after being granted. For Directors, options granted between 2019 and 2021 also have a two year holding period post vesting.

Restricted stock units (RSUs) granted under the 2015 LTIP are issued at nil cost. They are not subject to market condition performance criteria and the lives of the RSUs are ten years, after which the RSUs expire. RSUs granted under the 2015 Scheme cannot normally be exercised before the third anniversary of the date of grant.

Options granted under the 2007 Share Option Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are ten years, after which the options expire. Options granted prior to 2012 cannot normally be exercised before the third anniversary of the date of grant. Options granted under the 2007 Scheme during 2012 to 2014, with one exception, vest in tranches of 25% from the first to fourth anniversaries of the grant dates.

Options granted under the 2015 Executive Share Option Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are ten years, after which the options expire. Options granted under the 2015 Scheme cannot normally be exercised before the third anniversary of the date of grant.

Options granted under the 2015 Sharesave Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are four years, after which the options expire and the cash saved is returned. Options cannot be exercised before the third anniversary of the date of grant.

Share options outstanding at 31 December 2021 have the following expiry date and exercise prices:

Options granted to employees under the Oxford Biomedica 2007 and 2015 Share Option Schemes

2021 Number of shares	2020 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
919	5,829	270p to 290p	Vested	15/03/21 to 04/10/21
5,560	10,888	115p to 155p	Vested	08/05/22 to 21/12/22
15,155	21,562	80p to 140p	Vested	22/05/23 to 19/11/23
16,518	25,870	100p to 200p	Vested	03/06/24 to 17/10/24
39,873[1]	49,561[1]	490p	Vested	13/03/25 to 10/06/25
55,309[1]	78,362[1]	275p	Vested	16/05/26 to 13/10/26
106,026[1]	176,562[1]	495p	Vested	13/07/27
141,060[1]	225,073[1]	502p to 904p	Vested	15/02/2028 to 07 08 2028
379,808[1]	441,336[1]	618p to 705p	04/01/2022 to 12/9/2022	04/01/2029 to 12/09/2029
520,824[1]	573,318[1]	760p to 817p	26/06/2023 to 05/10/2023	26/06/2030 to 05/10/2030
1,281,052	1,608,361			

Note 1 – Options granted under the 2015 Executive share option scheme.

Options granted to employees under the Oxford Biomedica 2015 Sharesave scheme

2021 Number of shares	2020 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
–	17,225	330p	12/10/20	12/04/21
29,682	67,849	725p	10/10/21	10/04/22
237,069	258,882	422p	09/10/22	09/04/23
154,756	165,724	672p	31/10/23	30/04/24
143,345	–	1,226p	20/10/24	30/04/25
564,852	509,680			

Options granted under the Oxford Biomedica 2007 and 2015 Long Term Incentive Plans

2021 Number of shares	2020 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
132,000	139,000	50p	Vested	30/06/22
55,774	66,679	50p	Vested	12/06/23
29,524	34,539	50p	Vested	20/6/24 to 17/10/24
43,824	93,535	0p	Vested	10/01/25
82,185	108,395	0p	Vested	16/05/26
143,294[2]	143,294[2]	0p	Vested	17/07/27 to 25/09/27
62,913[1,2]	191,195[1,2]	0p	Vested	15/02/2021 to 7/8/2021
282,093[1,2]	298,323[1,2]	0p	18/04/2022 to 12/09/2022	18/04/2029 to 12/09/2029
260,577[1,2]	–	0p	26/06/2023	26/06/2030
263,297[1,2]	–	0p	08/06/2024	08/06/2031
234,883[3]	286,869[1,2]	0p	08/06/2024	08/06/2031
1,590,364	1,361,829			
3,436,268	3,479,870			

Note 1 – These LTIP awards will vest provided that performance conditions specified in the Directors' Remuneration Report are met.
Note 2 – Options granted under the 2015 LTIP.
Note 3 – Restricted Share Options (RSUs) granted under the 2015 LTIP issued to employees vesting over 3 years.

Deferred Share Awards

The Executive Directors and certain other senior managers have been awarded deferred bonuses in the form of share options. These options are exercisable at nil pence on either the first three anniversaries of the grant or the third anniversary of the grant dependent on the option conditions. Options with a value of £1,037,000 vested during 2021 (2020: £667,000).

The options granted under the 2013 Deferred Bonus Plan will be satisfied by market-purchased shares held by the Oxford Biomedica Employee Benefit Trust (EBT). As at 31 December 2020, all shares held by the EBT had vested. The EBT is consolidated at year end with the shares held in trust until the exercise of the option. During the year no shares (2020: nil) from the EBT were exercised.

The options granted under the 2015 Deferred Bonus Plan will be satisfied by new issue shares at the time of exercise.

Options granted to employees under the Oxford Biomedica 2013 and 2015 Deferred Bonus Plan

2021 Number of shares	2020 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
68,725	93,725	0p	Exercisable	15/06/24 and 14/10/24
27,402	28,924	0p	Exercisable	04/05/25
32,010	48,082	0p	Exercisable	14/05/26
27,696	32,544	0p	Exercisable	11/07/27
36,205	39,642	0p	Exercisable	07/08/28
67,793	83,909	0p	18/04/20 to 18/04/22	18/04/29
65,576	68,035	0p	20/06/21 to 20/06/23	20/06/30
58,943	–	0p	08/06/22 to 08/06/24	20/06/31
384,350	394,861			

National insurance liability

Certain options granted to UK employees could give rise to a national insurance (NI) liability on exercise. A liability of £1,305,000 (2020: £1,043,000) is included in accruals for the potential NI liability accrued to 31 December on exercisable options that were above water, based on the year-end share price of 1,230p (2020: 1,030p) per share.

27, Share based payments

Sharesave Scheme awards (Model used: Black Scholes)	Options awarded 20 Oct 2021
Share price at grant date	1,536.00p
Exercise price	1,226.00p
Vesting period (years)	3
Total number of shares under option	144,079
Expected volatility (weighted average)	43.49%
Expected life (years)	3
Risk free rate (weighted average)	0.68%
Fair value per option	589.17p

LTIP awards (Model used: Monte Carlo)	LTIPs awarded 08 Jun 2021	LTIPs awarded 02 Aug 2021	LTIPs awarded 01 Nov 2021
Share price at grant date	1,148p	1,368p	1,524p
Exercise price	0p	0p	0p
Vesting period (years)	3	3	3
Total number of shares under option	233,766	12,597	16,934
Expected volatility (weighted average)	44.20%	43.77%	43.23%
Expected life (years)	3	3	3
Risk free rate (weighted average)	0.14%	0.12%	0.69%
Fair value per option	784p	934p	1,060p

The tables below show the movements in the Share Option Scheme, Sharesave scheme and the LTIP during the year, together with the related weighted average exercise prices.

Excluding the LTIP, RSU and Deferred Bonus awards which are exercisable at par/nil value, the weighted average exercise price for options granted during the year was 1,226.0p (2020: 740.7p).

471,520 options were exercised in 2021 (2020: 482,073), including 69,454 of deferred bonus options (2020: 51,057). The total charge for the year relating to employee share-based payment plans was £3,523,000 (2020: £3,752,000), all of which related to equity-settled share based payment transactions.

	2021		2020	
Share options excluding LTIP	**Number**	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 January	**2,118,041**	**548.7p**	1,769,698	419.2p
Granted	**144,079**	**1,226.0p**	749,245	602.8p
Forfeited	**(147,282)**	**706.4p**	(58,429)	654.9p
Exercised	**(252,676)**	**577.5p**	(323,794)	243.0p
Cancelled	**(16,258)**	**587.7p**	(18,176)	673.8p
Outstanding at 31 December	**1,845,904**	**695.5p**	2,118,041	548.7p
Exercisable at 31 December	**410,102**	**588.4p**	385,859	384.5p
Exercisable and where market price exceeds exercise price at 31 December	**410,102**	**588.4p**	385,859	384.5p

	2021	2020
LTIP awards (options exercisable at par value 1p or nil cost)	**Number**	Number
Outstanding at 1 January	**1,361,829**	1,240,962
Granted	**507,604**	286,869
Expired	**(168,796)**	(58,780)
Exercised	**(110,273)**	(107,222)
Outstanding at 31 December	**1,590,364**	1,361,829
Exercisable at 31 December	**549,514**	585,442

	2021			2020		
Range of exercise prices	**Weighted average exercise price**	**Number of shares**	**Weighted average remaining life (years)**	Weighted average exercise price	Number of shares	Weighted average remaining life (years)
LTIP:						
Exercisable at par or at nil cost	**6.8p**	**1,590,364**	**6.9**	8.8p	1,361,829	6.7
Deferred bonus:						
Exercisable at par or at nil cost	**0p**	**384,350**	**6.3**	0p	394,861	6.5
Options:						
50p to 150p	**101p**	**25,197**	**1.8**	103p	35,459	2.9
150p to 250p	**183p**	**12,036**	**1.9**	181p	22,861	2.7
250p to 350p	**275p**	**56,228**	**4.3**	284p	101,416	5.3
350p to 650p	**454p**	**393,529**	**6.7**	459p	495,566	7.5
650+p	**798p**	**1,358,914**	**8.1**	754p	1,462,739	8.8
		3,820,618			3,874,731	

28, Accumulated losses

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
At 1 January	**(188,723)**	(187,695)	**(126,143)**	(125,093)
Profit/(loss) for the year	**19,011**	(6,245)	**(2,366)**	(2,242)
Share based payments	**3,523**	3,752[1]	**–**	–
Deferred tax on share options	**458**	273	**–**	–
Transfer of share premium related to warrants	**–**	1,218[2]	**–**	1,218[2]
Exercise of nil cost option	**(75)**	(26)	**(75)**	(26)
At 31 December	**(165,806)**	(188,723)	**(128,584)**	(126,143)

Note 1 – The credit to accumulated losses is made up out of the charge for the year relating to employee share-based payment plans of £2,486,000 (2020: £2,363,000) (note 26) and £1,037,000 (2020: £1,389,000) related to the vesting of deferred share awards made to Executive Directors and senior managers.

Note 2 – During 2020, the Directors reviewed their presentation of share premium and found that the share premium has been overstated following the issue of warrants in the comparative period – to correct this they have transferred £1,218,000 from share premium to retained earnings.

Neither the Company nor its subsidiary undertakings had reserves available for distribution at 31 December 2021 or 31 December 2020.

29, Other reserves

Group	Merger reserve £'000	Total £'000
At 1 January 2021	2,291	2,291
At 31 December 2021	**2,291**	**2,291**

Group	Merger reserve £'000	Total £'000
At 1 January 2020	2,291	2,291
At 31 December 2020	**2,291**	**2,291**

Company	Merger reserve £'000	Share Scheme reserve £'000	Total £'000
At 1 January 2021	1,580	15,269	16,849
Credit in relation to employee share schemes	–	3,523	3,523
At 31 December 2021	**1,580**	**18,792**	**20,372**

Company	Merger reserve £'000	Share Scheme reserve £'000	Total £'000
At 1 January 2020	1,580	9,492	11,072
Credit in relation to employee share schemes	–	5,777[1]	5,777
At 31 December 2020	**1,580**	**15,269**	**16,849**

Note 1 – In 2020, the Company recognised a £3.4 million increase in its investment in its operating subsidiary Oxford Biomedica (UK) Ltd (refer note 15 of the financial statements) due to equity settled share based payments granted to employees and service providers in subsidiaries. Of the £3.4 million, £2.7 million relates to amounts which should have been recognised at 31 December 2019. In addition £700,000 of deferred bonus that was included in the 2019 consolidated balance sheet has been recognised within Group equity in 2020. The disclosure relating to such share based payment awards is detailed in Note 26.

Merger reserve

The Group merger reserve at 31 December 2021 and 2020 comprised £711,000 arising from the consolidation of Oxford Biomedica (UK) Ltd using the merger method of accounting in 1996, and £1,580,000 from the application of merger relief to the purchase of Oxxon Therapeutics Limited in 2007. The Company merger reserve at 31 December 2021 and 2020 comprised the merger relief arising in respect of the Oxxon Therapeutics purchase only.

Share scheme reserve

Options over the Company's shares have been awarded to employees of Oxford Biomedica (UK) Ltd. In accordance with IFRS 2 'Share-based Payment' the expense in respect of these awards is recognised in the subsidiaries' financial statements (see note 26). In accordance with IFRS 2 the Company has treated the awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment of £3,523,000 (2020: £5,777,000) (see note 14) and a corresponding credit to reserves.

30, Cash flows from operating activities

Reconciliation of loss before tax to net cash used in operations:

	Group		Company	
	2021 £'000	2020 (Restated[2]) £'000	**2021 £'000**	2020 £'000
Continuing operations				
Profit/(loss) before taxation	**19,880**	(6,572)	**(2,366)**	(1,883)
Adjustment for:				
Depreciation	**12,435**	9,817	**–**	–
Amortisation of intangible assets	**21**	22	**–**	–
Net finance costs	**888**	878	**–**	–
Charge in relation to employee share schemes[1]	**3,981**	3,289	**–**	–
Non-cash loss	**165**	831	**–**	–
Changes in working capital:				
Increase/(decrease) in trade and other receivables	**6,891**	(25,893)	**–**	–
Increase in trade and other payables	**(657)**	5,419	**17**	25
Decrease in deferred income	**(867)**	(795)	**–**	–
(Decrease)/increase in contract liabilities	**(15,667)**	13,410	**–**	
Increase in provisions	**–**	38	**–**	–
Increase in inventory	**(2,609)**	(4,333)	**–**	–
Net cash generated from/(used in) operations	**24,461**	(3,889)	**(2,349)**	(1,858)

1 The charge in relation to employee share scheme is made up out of the charge for the year relating to employee share-based payment plans of £2,486,000 (2020: £2,363,000) and £1,037,000 (2020: £653,000) related to the vesting of deferred share awards made to executive directors and senior managers, and £457,000 (2020: £273,000) relating to deferred tax on share options recognised within equity.
2 The presentation has changed from Operating profit/(loss) in prior year to Profit/(loss) before taxation in current year.

31, Pension commitments

The Group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held in independently administered funds. The pension cost charge of £2,839,000 (2020: £2,244,000) represents amounts payable by the Group to the scheme. Contributions of £392,000 (2020: £308,000), included in accruals, were payable to the scheme at the year-end.

32, Leases

The Group leases land and buildings and IT equipment. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets:

Group	Property £'000	Equipment £'000	IT equipment £'000	Total £'000
Balance at 1 January 2021	12,261	3,442	89	15,792
Additions	–	21	–	21
Change in estimate	378	–	–	378
Depreciation charge for the period	(1,189)	(683)	(53)	(1,925)
Balance at 31 December 2021	**11,450**	**2,780**	**36**	**14,266**

Lease liabilities:

	2021 £'000	2020 £'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**1,590**	5,357
One to five years	**5,883**	5,966
Six to ten years	**5,071**	5,765
More than ten years	**913**	1,643
Total undiscounted cash flows at 31 December 2021	**13,457**	18,731

Lease liabilities included in the Statement of Financial Position	**2021 £'000**	2020 £'000
Current	**853**	4,475
Non-current	**8,488**	9,370
Total lease liabilities at 31 December 2021	**9,341**	13,845

Amounts recognised in the Statement of Comprehensive Income	**2021 £'000**	2020 £'000
Interest on lease liabilities	**873**	859
Expense relating to short term leases	**369**	247

Amounts recognised in the statement of cash flows	**2021 £'000**	2020 £'000
Total cash outflow for leases	**5,393**	1,151

33, Contingent liabilities and capital commitments

The Group had commitments of £3,974,000 for capital expenditure for leasehold improvements, plant and equipment not provided for in the financial statements at 31 December 2021 (2020: £176,000).

34, Events subsequent to the reporting date

On the 10th of March 2022 the Group acquired an 80% stake in the newly established Oxford Biomedica Solutions LLC (Oxford Biomedica Solutions) from Homology Medicines Inc., an AAV Manufacturing and Innovation Business, for £96 million ($130 million). Homology Medicines will continue to own 20% of the new company with both the Group and Homology Medicines retaining a put/call option to buy or sell the remaining 20% of Oxford Biomedica Solutions to the Group at any time subsequent to the 3 year anniversary of the acquisition. As part of the acquisition of the 80% stake, the Group also agreed to inject £37 million ($50 million) into Oxford Biomedica Solutions LLC for working capital purposes. Oxford Biomedica Solutions leases a GMP facility near Boston, Massachusetts, operating three 500L bioreactors using a serum-free suspension process, which has also been successfully scaled to 2,000L.

This acquisition will be treated as a business combination under IFRS 3. The total estimated purchase consideration of 100% of Oxford Biomedica Solutions is $225 million with a provisional fair value consideration of £167 million ($225 million). The provisional value of acquired net tangible assets is $49 million with fair value adjustments relating to the current cost of acquiring or constructing these assets. The remaining consideration will be allocated between identifiable intangible assets (AAV platform-related) and goodwill, with the majority expected to be intangibles being the AAV platform IP and Know-how acquired from Homology Medicines as part of the acquisition. Goodwill represents the control premium, the acquired workforce and the synergies expected from integrating Oxford Biomedica Solutions into the Group's existing business. The Group did not disclose an accounting method for non-controlling interest recognition, amounts for each major class of asset and liability acquired, and other requirements per IFRS 3, due to the short period of time from the date of acquisition till issuance of the annual accounts.

As part of the financing arrangements, the Group raised gross proceeds of £80 million through a placing of 9,876,544 shares at 810 pence per share. The placing was done in two tranches with 5,018,134 shares placed on the 28th of January 2022, and a further 4,858,410 shares were placed on the 10th of March 2022.

Oxford Biomedica PLC also entered into a secured short term loan with Oaktree Capital Management for US$85 million (£64 million) which is repayable in twelve months after completion of the acquisition.

The $85 million Oaktree loan is repayable no later than 10 March 2023 although it may be repaid, at the Group's discretion, at any time subject to early prepayment fees and an exit fee. The loan carries an interest rate of 8.5%. The terms also include a financial covenant relating to the a requirement to hold a minimum of $10 million cash at all times. The Oaktree facility is secured by a pledge over substantially all of the Group's assets.

35, Related party transactions Identity of related parties

As at 31 December 2021, the Group consisted of a parent, Oxford Biomedica plc, one wholly-owned trading subsidiary (Oxford Biomedica (UK) Limited), the principal trading company the newly established US subsidiary, Oxford Biomedica (US) Inc., and two dormant subsidiaries, Oxxon Therapeutics Limited which was acquired and became dormant in 2007 when its assets and trade were transferred to Oxford Biomedica (UK) Limited, and Oxford Biomedica (Ireland) Ltd which was incorporated in 2019 as a wholly owned subsidiary of the parent company. The registered address for the Company and all of its UK subsidiaries is Windrush Court, Transport Way, Oxford OX4 6LT. The registered office of Oxford Biomedica (Ireland) Ltd is Earlsfort Terrace, Dublin 2, DO2 T380, Ireland.

Please refer to note 34 for further information relating to the acquisition of an 80% ownership interest in a newly formed AAV focused manufacturing and innovation business, Oxford Biomedica Solutions, established in March 2022 with Homology Medicines.

The parent company is responsible for financing and setting Group strategy. Oxford Biomedica (UK) Limited carries out the Group strategy, employs all the UK staff including the Executive Directors, and owns and manages all of the Group's intellectual property. The proceeds from the issue of shares by the parent are passed from Oxford Biomedica plc to Oxford Biomedica (UK) Limited as a loan, and Oxford Biomedica (UK) Limited manages Group funds and makes payments, including the expenses of the parent company.

Company: transactions with subsidiaries	**2021 £'000**	2020 £'000
Purchases:		
Parent company expenses paid by subsidiary	**(749)**	(1,150)
Cash management:		
Cash loaned by parent to subsidiary	**12,000**	15,000

The loan from Oxford Biomedica plc to Oxford Biomedica (UK) Limited is unsecured and interest free. The loan is legally due for repayment on demand though the expectation is that it will not be repaid within 12 months of the year end. The year-end balance on the loan was:

Company: year-end balance of loan	**2021 £'000**	2020 £'000
Loan to subsidiary	**273,253**	262,002

The investment in the subsidiary, of which the loan forms part, has been impaired by £126 million (note 15) in previous years.

In addition to the transactions above, options over the Company's shares have been awarded to employees of subsidiary companies. In accordance with IFRS 2, the Company has treated the awards as a capital contribution to the subsidiaries, resulting in a cumulative increase in the cost of investment of £17,755,000 (2020: £15,269,000).

There were no transactions (2020: none) with Oxxon Therapeutics Limited.

Company: transactions with related parties

There were no other outstanding balances in respect of transactions with Directors and connected persons at 31 December 2021 (2020: none). Key person remuneration can be seen in note 6 of the financial statements.

Oxford Biomedica specific terminology

LentiVector® platform

Oxford Biomedica's LentiVector® platform technology is an advanced lentiviral vector based gene delivery system which is designed to overcome the safety and delivery problems associated with earlier generations of vector systems. The technology can stably deliver genes into cells with up to 100% efficiency and can integrate genes into non-dividing cells including neurons in the brain and retinal cells in the eye. In such cell types, studies suggest that gene expression could be maintained indefinitely. The LentiVector® platform technology also has a larger capacity than most other vector systems and can accommodate multiple therapeutic genes.

AXO-Lenti-PD (formerly OXB-102: Parkinson's disease)

Axo-Lenti-PD (formerly OXB-102) is a gene-based treatment for Parkinson's disease, a progressive movement disorder caused by the degeneration of dopamine producing nerve cells in the brain. OXB-102 uses the Company's LentiVector® platform technology to deliver the genes for three enzymes that are required for the synthesis of dopamine. The product is administered locally to the region of the brain called the striatum, converting cells into a replacement dopamine factory within the brain, thus replacing the patient's own lost source of the neurotransmitter.

OXB-302 (CAR-T 5T4): cancer

OXB-302 aims to destroy cancerous cells expressing the 5T4 tumour antigen. It uses the Group's LentiVector® platform™ to deliver a Chimeric Antigen Receptor (CAR) to target the 5T4 tumour antigen expressed on the surface of most solid tumours and some haematological malignancies.

Terminology not specific to Oxford Biomedica

Adeno-associated viral vectors (AAV)

AAV based vectors are small and are generally administered directly to patients into target tissues or into the blood. They allow expression of the therapeutic protein in cells that generally do not divide such as in the liver, the brain or eye.

Adenoviral vectors

Adenoviral based vectors are often used to make vaccines to combat pathogens (such as the adenovirus-based Oxford AstraZeneca COVID-19 vaccine). They work by expressing a protein in the vaccine recipient's cells to generate an immune response.

Biologics License Application (BLA)

The BLA is a request for permission to introduce or deliver for introduction, a biological product into the US market.

BREEAM

BREEAM (Building Research Establishment Environmental Assessment Method), first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method of assessing, rating, and certifying the sustainability of buildings.

CAR-T therapy

Adoptive transfer of T cells expressing Chimeric Antigen Receptors (CAR) is an anti-cancer therapeutic as CAR modified T cells can be engineered to target virtually any tumour associated antigen.

CDMO (Contract Development and Manufacturing Organisation)

A CDMO is a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through to drug manufacturing.

Cell therapy

Cell therapy is defined as the administration of live whole cells in a patient for the treatment of a disease often in an *ex vivo* setting.

Clinical trials (testing in humans)

Clinical trials involving new drugs are commonly classified into three phases. Each phase of the drug approval process is treated as a separate clinical trial. The drug-development process will normally proceed through the phases over many years. If the drug successfully passes through all phases it may be approved by the regulatory authorities:

— Phase I: screening for safety

— Phase II: establishing the efficacy of the drug, usually against a placebo

— Phase III: final confirmation of safety and efficacy

Glossary

CMC (Chemistry, Manufacturing and Controls)

To appropriately manufacture a pharmaceutical or biologic product, specific manufacturing processes, product characteristics, and product testing must be defined in order to ensure that the product is safe, effective and consistent between batches. These activities are known as CMC, chemistry, manufacturing and controls.

CTL019

CTL019 is a CAR-T cell therapy for patients with B cell cancers such as acute lymphoblastic leukemia (ALL), B cell non-Hodgkin lymphoma (NHL), adult disease chronic lymphocytic leukemia (CLL) and diffuse large B cell lymphoma.

DLBCL

Diffuse large B-cell lymphoma (DLBCL) is a cancer of B cells, a type of white blood cell responsible for producing antibodies. It is the most common type of non-Hodgkin lymphoma among adults.

DLT

Dose-limiting toxicity.

DNA

Deoxyribonucleic acid (DNA) is a molecule that carries genetic information.

EMA

European Medicines Agency (EMA) is an agency of the European Union in charge of the evaluation and supervision of medicinal products.

ex vivo

Latin term used to describe biological events that take place outside the bodies of living organisms.

FDA

US Food and Drug Administration (FDA) is responsible for protecting the public health by assuring the safety, effectiveness, quality, and security of human and veterinary drugs, vaccines and other biological products, and medical devices.

Gene therapy

Gene therapy is the use of DNA to treat disease by delivering therapeutic DNA into a patient's cells which can be in an *ex vivo* or *in vivo* setting. The most common form of gene therapy involves using DNA that encodes a functional, therapeutic gene to replace a mutated gene. Other forms involve directly correcting a mutation, or using DNA that encodes a therapeutic protein drug to provide treatment.

GxP, GMP, GCP, GLP

GxP is a general term for Good (Anything) Practice. GMP, GCP and GLP are the practices required to conform to guidelines laid down by relevant agencies for manufacturing, clinical and laboratory activities.

in vitro

Latin term (for within the glass) refers to the technique of performing a given procedure in a controlled environment outside of a living organism.

in vivo

Latin term used to describe biological events that take place inside the bodies of living organisms.

IP

Intellectual Property (IP) refers to creative work which can be treated as an asset or physical property. Intellectual property rights fall principally into four main areas; copyright, trademarks, design rights and patents.

Lentiviral vectors

Lentiviral based vectors integrate into patients' cells and give rise to long term expression and can be used in both dividing and non-dividing cells, to treat conditions such as immunodeficiencies or cancer through CAR-T therapy.

MSAT

Manufacturing Science and Technology.

MHRA

Medicines and Healthcare products Regulatory Agency (MHRA) is an Executive agency of the Department of Health and Social Care in the United Kingdom which is responsible for ensuring that medicines and medical devices work and are acceptably safe.

Oxford AstraZeneca COVID-19 vaccine

The adenovirus-based Oxford AstraZeneca COVID-19 vaccine, Vaxzevria (formerly known as AZD1222), was co-invented by the University of Oxford and its spin-out company, Vaccitech. The adenovirus-based Oxford AstraZeneca COVID-19 vaccine uses a replication deficient chimpanzee viral vector based on a weakened version of a common cold virus (adenovirus) that causes infections in chimpanzees and contains the genetic material of the SARS-CoV-2 virus spike protein. After vaccination, the surface spike protein is produced, priming the immune system to attack the SARS-CoV-2 virus if it later infects the body.

The vaccine has been granted a conditional marketing authorisation or emergency use in more than 90 countries. It also has Emergency Use Listing from the World Health Organization, which accelerates the pathway to access in up to 144 countries through the COVAX Facility.

Pre-clinical studies

Pre-clinical studies (also known as non-clinical studies) is the stage of research that takes place before clinical trials can begin during which important feasibility, iterative testing and drug safety data is collected.

r/r paediatric ALL

Relapsed or refractory (r/r) acute lymphoblastic leukaemia (ALL) is a type of cancer in which the bone marrow in children and young adults make too many immature B lymphocytes (a type of white blood cell) that are resistant to treatment.

UK Corporate Governance Code

The UK Corporate Governance Code is published by the UK Financial Reporting Council and sets out standards of good practice in relationship to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Viral vectors

Are tools commonly based on viruses used by molecular biologists to deliver genetic material into cells.

Definitions of non-GAAP measures

Operating EBITDA

(Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 50.

Adjusted Operating expenses

Being Operating expenses before Depreciation, Amortisation and Share based payments and the revaluation of investments.

Cash burn

Cash burn is net cash generated from operations plus net interest paid plus capital expenditure.

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