abcam

Annual Report and Accounts 2021

For the 18 months ended 31 December 2021

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Abcam PLC Report & Accounts 2021

For further information on Abcam's Sustainability, including our 2021 Impact Report, visit corporate.abcam.com/sustainability

You can find more information about Abcam online at corporate.abcam.com

Welcome to Abcam

About us
We serve customers at the forefront of life science research globally through the identification, development, and distribution of high-quality biological reagents.

Our products are used by hundreds of thousands of researchers worldwide to study biological pathways critical for scientific research, diagnostics and drug discovery. Our mission is to provide them with highly validated products and services to advance biological research and achieve their goals faster.

We do this by continuously innovating and providing customers with high-quality tools, together with expert customer support. Our product offering includes an extensive portfolio of antibodies and related research tools that are fundamental to protein research and experimental workflow.

Our customers are primarily scientists and researchers in academic institutions, research institutes, and pharmaceutical, biotechnology and diagnostics companies.

Headquartered in Cambridge, United Kingdom, we operate across 14 physical locations around the world. Supported by our global team of approximately 1,750 employees, including over 400 within research and development.

Our Vision
Our vision is to become the most influential life sciences company for researchers worldwide to support research, diagnostic and therapeutic applications.

Our Purpose
Our purpose is to efficiently enable scientific breakthroughs by serving life scientists to help them achieve their mission, faster.

Our impact

As a dynamic life science company, we support life scientists building the future and making life better for people all over the world. Our products and innovations are essential components. These activities at Abcam are helping researchers around the world make new breakthroughs and discoveries that are leading to better diagnosis and treatment.

Combined with our focus on impactful product innovation, we are building a sustainable business – providing a rewarding, diverse and inclusive workplace for our teams, building long-term industry partnerships based on trust, engaging in the communities we work in and minimising our impact on the environment.

Measuring our impact

Over half of all life science research papers published in 2020 cited an Abcam product (CiteAb)

50%+

#1 cited company for research antibodies (CiteAb, 2020)

No.1

Over 2,000 custom projects delivered for partners since 2013

2,000+

Approximately 1,000 antibodies validated for use on third party platforms or for diagnostic use

~1,000

More than 70 products with regulatory approval, or in trials for a clinical or diagnostic application

70+

CO_2 emissions intensity (SECR scope 1&2, tonnes of CO_2 per $m) (18 months ended 31 December 2021)

8.4

Operational and Financial Performance

Business highlights

- Focus on serving customers' needs globally as research activity levels continue to normalise and demand for Abcam products increased
- Positive customer transactional Net Promoter Score ('tNPS') of +56 (CY2021) and product satisfaction rates at all-time highs
- Completed the acquisition of BioVision, Inc ("BioVision"), a leading innovator of biochemical and cell-based assays, in October 2021, for cash consideration of $340m (cash free, debt free)
- High employee engagement, with the business ranked in the Top 5 in the Glassdoor UK Employees' Choice Awards in January 2022, for the second year running
- Strengthened and expanded leadership in commercial and operational teams with senior hires in Commercial, Brand, China, and Supply Chain
- Expanded the Group's global presence, with the opening of new and enlarged sites in China, the US (Massachusetts, California, Oregon), Singapore, and Australia
- Upgraded supply chain systems at three locations, implemented new data architecture, and began transition to a new e-commerce platform, with completion of the digital transformation due in CY2022
- Completed the secondary US listing on Nasdaq's Global Market in October 2020 (supplementing existing listing on AIM on the London Stock Exchange)
- Expanded Asia, digital, and life science industry experience on the Board of Directors, with the appointments of Bessie Lee, Mark Capone and Sally Crawford as Non-Executive Directors

The Group has changed its year end to 31 December. As a result, this Annual Report covers the 18-month period from 1 July 2020 to 31 December 2021. Comparisons to the previously reported 12 months ended 30 June 2020 present substantial period-on-period increases due to the longer period of account in the current reporting period, providing little helpful insight into the underlying performance of the business. To assist shareholder understanding, commentary on the financial and operating performance of the business for the 12 months ended 31 December 2021 ("CY2021") is also provided, with comparison to the 12 months ended 31 December 2020 ("CY2020") where relevant. The audited financial statements in the back of this report contain statutory results for the 18 months ended 31 December 2021 and a comparison to the year ended 30 June 2020.

In preparing the CY2020 and CY2021 balances, the Group has applied consistently its accounting policies as disclosed within note 3 to the consolidated financial statements. Although CY2020 and CY2021 are not audited financial periods within these financial statements, the balances have been extracted from the Group's underlying accounting records and reconciled in line with previously disclosed statements. For further information on the composition of CY2020 and CY2021, refer to the 'Basis of preparation' within the CFO's report on page 49.

Strategic performance indicators

Customer transactional Net promoter score (tNPS) (Rolling 12-month average to 31 December 2021)

+56

% growth of in-house catalogue product revenue (CER*) (CY2021 vs. CY2020)

+41%

* CER is calculated by applying the prior year's actual exchange rates to the current year's results. Figure includes BioVision – the equivalent figure excluding BioVision is 36%

Read more about our strategy on pages 28 to 32.

Sustainability performance indicators

Customer tNPS (12-month rolling)

+56

2021	+56
2020	+59

Employee NPS (12-month rolling)[1]

+41

2021	+41

Number of products validated for third-party platforms/ diagnostic use (Abcam Inside)

985

2021	985
2020	561

Carbon emissions intensity (tCO_2e (Global scope 1&2) per $m revenue)

8.4

18 months to Dec 21	8.4
12 months to Jun 20	13.6

1 Monthly employee NPS data commenced in April 2020, so equivalent data unavailable for Dec-20.

For further information on sustainability and our impact see pages 33 to 45.

Financial performance highlights (calendar year)

Total revenue

£315.4m

2021	£315.4m
2020	£269.3m

Adjusted Operating Profit

£60.4m

2021	£60.4m
2020	£50.6m

Reported Operating Profit

£7.1m

2021	£7.1m
2020	£1.0m

Return on Capital Employed (ROCE)[1]

7.6%

2021	7.6%
2020	6.6%

Note: Certain financial measures in this Annual Report and Accounts, including adjusted results above, are not defined under IFRS and are alternative performance measures as described on page 184. All adjusted measures are reconciled to the most directly comparable measure prepared in accordance with IFRS in note 7 to the consolidated financial statements.

1 ROCE is calculated by dividing adjusted operating profit by the capital employed at the end of the period. Capital employed is calculated by subtracting the Group's current liabilities from its total assets.

Learn more about our performance on pages 46 to 61.

Dear shareholder,

It gives me pleasure to introduce this year's Annual Report which, following the change in the accounting period, sets out the continued financial and strategic progress made over the past 18 months, as well as our plans and priorities for the future.

I am pleased to report that Abcam has made good progress, both financially and strategically, over the period. We have continued to successfully implement our growth strategy as we strengthen the organisation's capabilities to deliver further growth in the future.

Importantly, whilst our strategy is focused on driving long-term growth and value creation, it is already beginning to deliver results, with total revenue growth of 22% delivered in the 12 months ended 31 December 2021 (at constant exchange rates), adjusted operating profits up 19% to £60.4m (CY2020: £50.6m) and reported operating profits of £7.1m (CY2020: £1.0m). I am confident that as the world continues to recover from the effects of the pandemic, Abcam is increasingly well placed to take full advantage of the significant opportunities that exist in our markets, sustain its profitable growth trajectory, and deliver on our 2024 plans.

Continued strategic execution

In November 2019, the board approved a new five-year strategy (the "Five-Year Growth Plan") to increase investment in a number of areas of the business in order to enhance the Group's growth potential and generate attractive returns. Despite the disruption caused by COVID-19 in the more than two years since the launch of the plan, under the excellent leadership of our CEO, Alan Hirzel, the team's focus on execution has delivered significant progress.

Our capacity for innovation and new product development continues to increase and the Group is making good progress on its major upgrade programmes spanning IT infrastructure, global supply chain and customer facing websites. These improvements are helping us meet the demands of a growing, global business and improve our customers' experience. A growing number of strategic partnerships together with selected acquisitions are helping to accelerate this trend, exemplified by the acquisition of BioVision in the period, the Group's largest supplier.

Overall, the Board remains confident in the Group's ability to deliver on its strategic and financial goals, including the delivery of £450m-£525m of annual revenue (increased by £25m following the the BioVision acquisition) and an adjusted operating margin of over 30% in CY2024.

Strong capital position and disciplined capital allocation

Supporting delivery of the Group's strategy is our strong balance sheet and cash generation. Following our equity placing on Nasdaq in October 2020 and the acquisition of BioVision in October 2021, the Group ended the period with a modest net debt position of £24m. The strong cash generation qualities of the Group continue to support our internal needs and our capital allocation priorities remain unchanged. The board remains confident that the potential for the business to generate profitable growth and attractive returns through organic and inorganic investment is significant.

Enhanced board and management team

Since the last annual report there have been a number of changes at board level. It has been a long-term goal to strengthen the board's experience in strategically important areas including biopharma, the US, and Asia and I was therefore delighted that Mark Capone, Bessie Lee and Sally Crawford agreed to join the board during the period as non-executive directors. Mark, Bessie, and Sally bring extensive Asia, US, digital and life science industry experience to the board and have already made a valuable contribution to our discussions.

On 5 October 2020, Jonathan Milner, the co-founder and Non-Executive Deputy Chairman of Abcam, stepped down from the board in order to focus on his portfolio of early-stage company investments. I would like to take this opportunity to pay tribute once again to Jonathan for his extraordinary vision in creating Abcam in 1998, his exceptional dedication, and for his significant contribution to the board during my tenure as Chairman.

Also, on 5 May 2021, after seven years with the Group, Lady Louise Patten stepped down from the board as a Non-Executive Director. The board would like to thank Louise for her commitment and contributions to Abcam's board over her tenure.

Giles Kerr, Mara Aspinall, Alan Hirzel and Michael Baldock, together with myself, provide continuity and long-term experience of the Abcam business and strategy.

Sustainable foundations

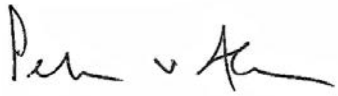
Since its founding, Abcam has always been driven by a powerful purpose and committed to responsible practices. Whilst interest in ESG has grown in awareness and importance in recent years, the 'Social' aspect of ESG – and in particular, Abcam's culture and people – has always been a critical part of our success. I am proud of the culture the company has nurtured and delighted that Abcam was recognised as a top five employer in the UK in the annual Glassdoor survey for the second year running. This was also reflected in Britain's Most Admired Company awards, in which Abcam was recognised by peers as having the highest commitment to diversity, equity and inclusion within the healthcare industry.

Our commitment to building a sustainable business spans several key areas including the quality and impact of our products, the attractiveness of our workplace, upholding ethical standard across our supply chain, and reducing our environmental footprint. Under Alan Hirzel's stewardship we continue to improve in each of these areas, and I am pleased that alongside this Annual Report we will soon be publishing the Group's second Impact Report, which provides further detail on our progress toward our sustainability commitments and goals.

As I mentioned at the outset, all this progress is set against the backdrop of another period in which the pandemic impacted the lives of us all. Many employees at Abcam have had to work from home for long periods, whilst others continued to work in our laboratories and logistics centres, ensuring the continued supply of our products to scientists around the world. I am grateful to them, and all those who worked so hard to ensure the continued service to our customers, the safety of our places of work and the wellbeing of employees.

Well placed with strong outlook

Overall, we are very satisfied with progress since announcing our five-year strategy. As we look to the 2022 financial year, Abcam will continue to focus on delivering for its customers and delivering shareholder returns over the long-term. Our growth-oriented strategy, focus on innovation and capital-allocation priorities remain unchanged, with sustainable growth in revenue set to continue and operational leverage to increase as we pass the peak investment years of the plan. Abcam is well set on continuing its global expansion and we look forward to updating shareholders on further progress.



Peter Allen
Chairman

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Dear shareholder

Moving forward with courage and hope

As we continue to grapple with the challenges of our times, I am even more convinced that for all of us in the science community, the only way to move forward is with courage and hope. Over the last several decades, the positive impact of life science on the human condition has been profound. For example, across every income level and every country where there has not been a catastrophe, life expectancy has increased by nearly 20 years since the 1960s.

Life science, medical discovery and innovation have been central to this progress. In the last two decades, since the sequencing of the human genome, research in life sciences has more than doubled, and with it the potential to make even more progress. New discoveries can take 10 years or more to make a tangible difference and I am hopeful that all of our children will reap greater benefits in health and lifespan in the years to come.

As I think about these inspiring achievements, alongside the development of our own business, I am even more determined to ensure Abcam continues to innovate and play a key role in helping our customers reach their scientific and career goals. We remain resolutely focused on enabling scientists to make breakthroughs faster, with better quality research tools and a passion for collaboration. It won't stop there either. We see a greater role for Abcam to accelerate the transition of discovery to clinical and social impact.

I have always believed in the power of collaboration and the global response to the pandemic has shown the benefits of such collaboration. With the challenges ahead we will find ways for researchers, funders, publishers, tools companies, translational researchers, clinicians, diagnostics companies, pharma and regulators to work together as one team. Improvements our business has made in product performance and consistency and our expanding network of commercial relationships are significantly reducing the time from first discovery to a better patient outcome.

We look to put more effort toward this collaborative approach as we build our business.

This collaborative spirit is also championed within our teams. Efforts we have been making to improve inclusion and diversity have amplified more voices through groups led by our people and outreach activities in our communities.

Despite everything we faced in 2021, and the disturbing geopolitical aggression in Europe at the start of 2022, we see this period as an exciting time for proteomics research. I remain confident that Abcam is well positioned to influence and improve the journeys from discovery to impact, while sustaining value creation for all stakeholders.

> "We aim to deliver consistent, durable growth and performance in a responsible way. Despite the continued disruption of COVID-19, we have seen sustained progress during the period as we continue to deliver on the growth strategy announced in November 2019"

Our performance

We achieved the major strategic, operational and financial goals we set for the business in the period and continued to make significant operational changes and to implement our growth strategy. Feedback from our customers was excellent, with a Customer tNPS of +56 (CY2021). Sales of our in-house products grew strongly as we scaled up our capability here. Because these are sold at a higher margin, we started to feel the benefits of increased operational leverage. The business transition to 2024 is nearly complete and we will soon be able to fully reap the benefits of what we have been building over recent years.

Indeed, the biggest contributor to Abcam's growth and value and the main reason why we are winning more market share is the portfolio of proprietary products developed and manufactured at Abcam. This burgeoning in-house library of recombinant antibodies, immunoassays, conjugation products, proteins, and cell lines is offering customers the right products, to the right pathways, with a promise to go the distance from discovery to clinic. Customer demand for this portfolio drove in-house product revenue to £174m in CY2021 (CY2020: £129m), equivalent to 41% annual CER growth (37% excluding BioVision). Our investment of 14% of revenue (own product) back into R&D (including capitalised product development) is helping us sustain the growth and higher customer satisfaction in these areas.

The BioVision acquisition in October 2021 added one of our largest suppliers to the in-house portfolio, with strengths in biochemical and cell-based assay kits. Business integration is moving ahead as planned and we expect it to provide further innovation opportunities within this portfolio.

Risks around the global pandemic remain – as evidenced by the emergence of the Omicron variant in late 2021 – but data suggest that overall lab activity increased consistently during 2021 in our largest markets.

Progress toward our strategic goals

We aim to deliver consistent, durable growth and performance in a responsible way. Despite the continued disruption of COVID-19, we have seen sustained progress during the period as we continue to deliver on the growth strategy announced in November 2019. Strategic KPI performance (in-house product revenue growth and customer transactional net promoter score) was positive, feedback on our products has never been stronger, and we continue to make market share gains worldwide. At the same time, we are focused on ensuring the significant investment made in our innovation capabilities, systems and processes, facilities, and people support our long-term growth aspirations.

As we seek to further strengthen our position as the partner of choice for our customers and partners, we have made further progress against each of the following strategic goals to drive sustained organic growth set out in 2019:

1. Sustain and extend antibody and digital leadership
2. Drive continued expansion into complementary market adjacencies
3. Build organisational scalability and sustain value creation

Innovation and our impact on scientific progress

Our product portfolio enables breakthrough proteomics discovery by our customers and partners. They are working to innovate and discover proteomic mechanisms such as the role of signaling and regulatory proteins in biological pathways – ultimately leading to diagnostics and treatments for diseases such as cancer and immune deficiency disorders. Their success depends on rigorous product performance and reliability, and it's these factors that continue to guide our innovation efforts.

Since 2019, we have put more resources into innovating faster in antibodies and immunoassays, and we have complemented these areas with new product categories such as conjugation kits, proteins/cytokines, engineered cell lines, and now a range of BioVision cellular and biochemical assays. In total, new products introduced since 2019 represented approximately 7% of 2021 revenue (CY2021) and our own-product revenues (including Custom Products & Licencing) contributed over 60% of total revenue in the last 12 months. We are confident that our customer data insights and our approach to innovation and marketing underly this strong growth driver from internal innovation.

In CY2021, our teams developed and launched over 2,500 high-quality antibody products, including recombinant RabMAb antibodies, antibody pairs, SimpleStep ELISA kits and new formulations that enable faster labelling and assay development. These new product introductions combined to meet two objectives for our new product development: fill unmet needs in research and increase product quality. As we have developed our high throughput innovation capability, we have also made bolder moves to delist third party supplied product that doesn't meet our customer quality needs. Together, these actions have substantially improved Abcam's quality and our overall brand preference.

According to the most recently available industry data, these innovations and other initiatives have led Abcam to become the most cited antibody company worldwide. Abcam products were cited more than 70,000 times in scientific journals in 2020 and the business now has a citation share of over 22%, up approximately two percentage points on the previous year (source: CiteAb, based on over 300,000 recorded citations for 2020 as of February 2022). Most importantly, we have seen a continued strengthening of customer feedback during the period, with product satisfaction rates at all-time highs (rolling 12-month period to 31 December 2021).

Extending Abcam's leadership in research antibodies has provided a strong foundation to expand into adjacent product categories used in protein research. We took our first adjacent product category move in 2014 with the introduction of proprietary immunoassays. In total these (non-primary antibody) product categories now contribute over 30% of total revenue. In the 12 months to 31 December 2021, total CER revenue growth from these categories was 32% demonstrating the progress made developing these capabilities and the growing customer interest in these high-quality product portfolios. Other, newer product categories have had less time to develop than either our antibody or immunoassay portfolio, but we are seeing similar growth performance and opportunities here.

Extending the impact of our innovation through partnership and collaboration

Across the translational research, drug discovery and clinical markets, we are focused on strengthening our position as a leading discovery partner to organisations looking to access high quality antibodies and antibody expertise for commercial use within their products and assays – a philosophy we refer to as 'Abcam Inside'.

The period has seen good progress in this regard, with continued growth in the adoption of our products for use on third party instrumentation platforms, or by partners for their use in the development of clinical products.

We established several new platform partnerships during the period while significantly expanding existing co-development programmes with current partners, including recently announced strategic partnerships with Alamar and Nautilus Biotechnology. We also grew our specialty antibody portfolio – signing over 85 new outbound commercial agreements in CY2021 with organisations that have the potential to lead to new diagnostic or therapeutic tools in years to come.

To date, approximately 1,000 of our antibodies are now validated for commercial use on third party platforms or as diagnostic tools, with over 3,000 more currently undergoing evaluation by our partners. We believe both areas remain significant long-term opportunities for the Group.

Building a scalable enterprise

Over the last two years our teams have been putting ideas, know-how, and capital to work installing new capabilities as we build scalability into our operational infrastructure, including our manufacturing and logistics footprint and IT backbone and digital capabilities to support our growth.

At the same time, global supply chains have faced significant challenges primarily as a result of the COVID-19 pandemic. These additional pressures have been resolved by additional investment in manufacturing equipment and processes, while also introducing additional shift patterns in order to achieve better use of our resources. Further progress is expected as we pursue changes to our processes, including quality control, kit development and logistics as well as benefits expected from our integrated business planning process.

We also completed a number of important global footprint initiatives in the period, with site moves or upgrades completed in Boston, Fremont, and Eugene in the USA; Hangzhou and Shanghai in China; Adelaide in Australia; Amsterdam in the Netherlands as well as relocating our Hong Kong operations to Singapore. These initiatives enable more efficient customer service, manufacturing, supply chain and logistics processes; create additional capacity needed to meet our growth objectives; and reduce risks that were identified in our ongoing risk management process.

Across our IT and digital infrastructure, roll-out of the final stages of Oracle ERP programme continued, covering manufacturing and supply chain. Systems have now been successfully deployed across the Group's major manufacturing hubs, with final deployments in other small sites due for completion in 2022. At the same time, development of the next generation of our customer-facing digital platform has continued. The new platform is being designed to enable a step change to the customer experience, supporting dynamic content, a more personalised experience and driving enhanced search and traffic. Beta-testing in select markets was launched during the year and we remain on track to launch the new site in 2022.

Sustaining social and financial value creation

Our impact flows from our vision and purpose, which ultimately lead to a positive impact on the world: helping the scientific community accelerate breakthroughs in human healthcare. The more successful we can be as a business, therefore, the greater the difference we can make in the world. Our vision to be the most influential life sciences company comes with a commitment to the highest ethical standards, not just in our own conduct, but across our value chain.

We have made further progress against each of our four priority areas (those seen as most important to sustaining value creation, namely: Products; People; Partners; and Planet) and we were pleased to be ranked first by Sustainalytics, a leading ESG ratings agency, across its universe of more than 1,000 healthcare companies globally. Full details of our commitments, performance and progress will be provided in our forthcoming 2021 Impact Report, which will be made available on our corporate website (corporate.abcam.com/sustainability).

Of course, the ability of Abcam and our industry to continue to thrive will depend on future generations of scientists and so it's exciting to see that more young people than ever are taking STEM subjects. I am proud of Abcam's support in this area through our work with In2Science UK and The Henrietta Lacks Foundation.

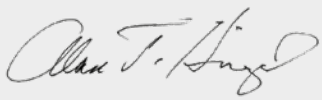
We have also made significant progress on our diversity and inclusion during the period. A new D&I strategy was launched alongside the establishment of multiple Employee Resource Groups, an enhanced family leave policy, and the introduction of diversity and inclusion targets that are tied to senior management compensation. These and other initiatives ensure that we are building an exceptional workplace for our teams, and it was pleasing to once again be recognised by Glassdoor as one of the top five employers in the UK in 2021.

Attractive outlook

We remain on track to achieve the five-year plan that we described in 2019. In 2022, we will complete a few large-scale tasks to help us scale the business over the next decade. Once those are complete, the agenda for the year will largely focus on refining what we have installed, learning from the market, and making adjustments to drive double digit revenue growth and improve profit margins.

With the addition of BioVision and adjustments for ongoing revenue, plus our confidence in the performance of the business, we have raised our revenue target for 2024 to a range of £450m-£525m, representing growth rates that are two to three times our underlying market and reflect the durable growth story of Abcam.

None of this attractive outlook could happen without great energy and effort by everyone involved. I thank our colleagues for their unwavering dedication, our customers for the trust they place in us, and our board of directors and our shareholders for their continued support.



Alan Hirzel
CEO

The long-term forces shaping our markets are positive.

The life science industry which Abcam serves is experiencing increases in research funding and capital investment to support the growth of collaborative and global biomedical discovery networks.

The Group's addressable markets are currently estimated to total approximately $8bn. This figure is comprised of an addressable market for proteomic research reagents of approximately $3bn and an addressable market for out-licenced antibody development for diagnostic and therapeutic companies intended for clinical use, totalling approximately $5bn. Further information on our markets can be found on the investor section of our website at corporate.abcam.com/investors/our-markets.

We expect the continuation of a number of industry forces to sustain long-term market growth trends across both research use only (RUO) and clinical use markets, resulting in increasing long-term demand for our products and services.

Major long-term industry and macro drivers, which are discussed in more detail in this section, include:

- The funding environment for biomedical research
- The increasing focus on research reproducibility
- The growing significance of genomic and proteomic research
- Demographic and epidemiological trends
- The expansion and prioritisation of R&D in China

Industry and Macro trends

Industry trends

1.

Strong Funding Environment for Biomedical Research

Life science research funding continues to grow in many countries around the world, driven by increased investment into biomedical research from a variety of sources, including governments, industry participants and private capital.

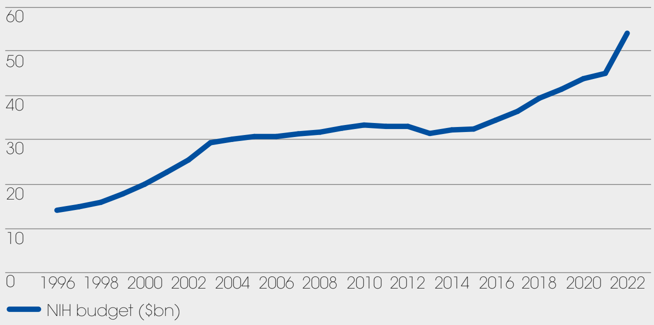
Increased investment is funding translational research programmes associated with the development of next-generation therapies including immuno-oncology and immuno-therapy, treatments for chronic diseases associated with ageing populations, as well as rare and genetic diseases and the ongoing threat from infectious diseases. This trend is also leading to an increase in funding for industry-academia collaborations.

Annual average growth in the NIH budget from 1996-2022

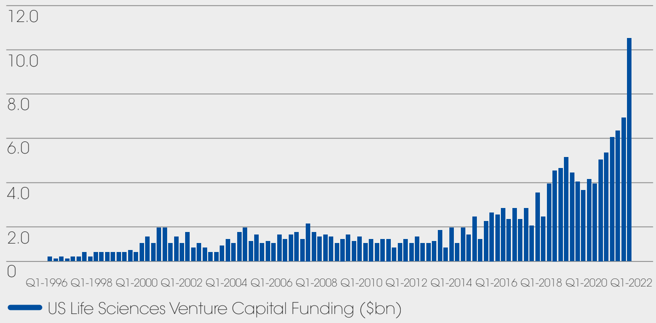
~6%

Source: US National Institute of Health

NIH budget ($bn)



US Life Sciences Venture Capital Funding ($bn)



Source: PwC Moneytree Explorer, CBRE Research

2.
Focus on Increased Research Reproducibility and Reagent Quality to Reduce Wasted Time and Resources

Beyond their use in therapeutics, antibodies play a vital role in biomedical research across the life science industry. The quality of research reagents is intrinsically linked to the reproducibility of data. High-quality research antibodies, providing high specificity, sensitivity and consistency are critical to increasing confidence in research outcomes and reducing the gratuitous expenditure of both time and funding resources.

With an estimated $17bn lost in avoidable experiment expenditure annually, against a backdrop of increased outsourcing of research and development in order to optimise efficiency and reduce lead times, the ability for researchers to source high-quality and validated reagents is increasingly important.

Annual avoidable experiment expenditure due to inappropriate reagents

$17bn

Source: Freedman, Leonard P., Iain M. Cockburn, and Timothy S. Simcoe. "The Economics of Reproducibility in Preclinical Research." PLOS Biology 13, no. 6 (September 2015).

Industry trends

3.
Growing Significance of Genomics and Proteomics

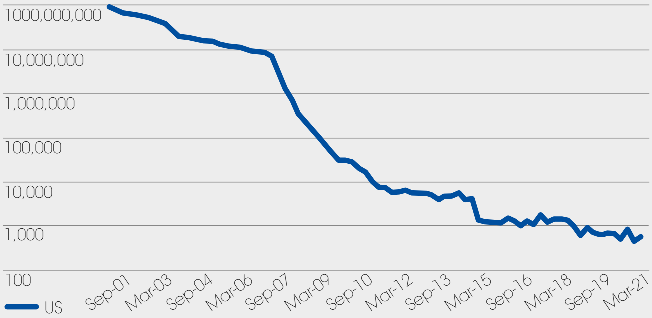
Proteins play a central role in biological systems. Understanding protein function is increasingly seen as a complex, yet critical requirement to a better understanding of diseases and health and, by extension, health outcomes. The proliferation of genomic sequencing in recent years, driven by a rapid decline in sequencing costs, has led to a rapid rise in the identification of possible genetic targets and associated protein biomarkers for disease diagnosis and more personalised treatments.

To address this market opportunity in protein research, the proteomic tools industry is experiencing high rates of innovation and capital investment in support of myriad new solutions to discover and evaluate protein biomarkers. These technologies, many of which rely on high quality antibodies or affinity binders as part of the workflow, are not only enabling the simultaneous measurement of multiple proteins or biomarkers in a single sample (multiplex), but are also enabling greater sensitivity, higher speed, greater resolution, and increased automation and throughput, allowing for a comprehensive, quick analysis of multiple samples and/or protein targets.

These developments have the potential to significantly increase the efficiency and speed of biological research and thus the volume of data generated, which in turn drives advances in process design and development in an ongoing cycle. We believe all areas of proteomics research are benefiting from these trends.

The cost of sequencing a human genome has collapsed

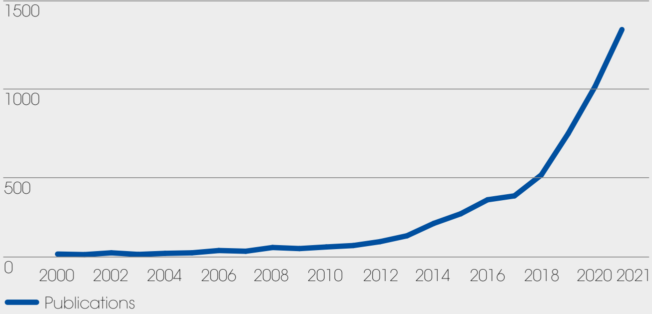
Cost to sequence one genome, $m



Source: NIH

... whilst the use of novel, multiplex proteomic tools is showing exponential growth

Number of publications citing a next generation* proteomics platform



Source: PubMed. *10x Genomics, Akoya, Fluidigm, IsoPlexis, Nanostring, Nautilus, Olink, Quanterix, QuantumSi, Somalogic

Macro trends

1.

Favourable Demographic and Epidemiologic Trends

The global population is expected to rise to 10bn people by 2050, with the proportion of over 60s expected to reach over 20%, up from 12% in 2015. These trends, together with an increased prevalence of chronic diseases and a rising focus by governments on improving access to healthcare underpin the long-term growth in demand for biomedical research and healthcare services, including new diagnostics and treatments.

These trends may be further exacerbated by the COVID-19 pandemic, which has highlighted the importance of research and development in tackling major healthcare crises. The Centers for Medicare and Medicaid Services estimate that in the US, the total healthcare expenditure will increase from representing approximately 17.7% of gross domestic product in 2018 to approximately 19.4% in 2027.

In addition to the demographic trends driving the global demand for healthcare, there has been a steady rise in the population of the scientific community that forms a large part of our customer base. In the United Kingdom, for example, from 2015 to 2019, there was a 5% annual increase in the number of individuals who obtained higher education qualifications in Biological Sciences and a 10% annual increase in postgraduate degrees awarded during this same period (source: HESA).

Global healthcare spending is expected to rise at a CAGR of 4.0% over 2020–24, up from 2.8% in 2015-19

+4%

Source: Deloitte, 2021 global health care outlook

Macro trends

2.
China Expansion and Prioritisation of R&D

Despite short-term concerns over the economic outlook, the Chinese market represents a large and attractive long-term growth opportunity for life science research. Increasing health needs, driven by an ageing population, continue to drive heightened impetus for healthcare and innovation. In 2020, China increased government spending on research and development by over 10% to $376bn, an equivalent to 2.4% of the country's GDP (source: Chinese Ministry of Science).

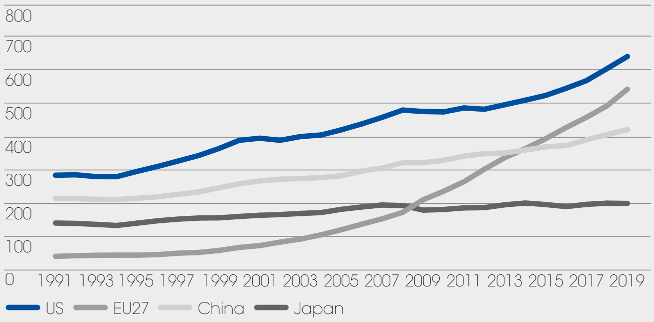
The Chinese government has placed scientific and technological innovation at the centre of the long-term socio-economic development of the country and is supporting this initiative through funding, reform and societal status. The pursuit of innovation-driven development is at the core of China's 14th five-year plan (2021-2025) which calls for R&D spending to increase by more than 7% a year during the period of the plan. Within this, the share of spending on basic research is planned to increase sharply, from 6% of R&D expenditure in 2019 to 8% in the 14th FYP.

According to Nature, the leading science journal, in 2020 China's share of global natural science research increased by 15% (Source: Nature Index 2020 Annual Tables) and the supportive backdrop in the country means the increases in research output seen over recent years will continue.

In CY2021, China's contribution to Abcam's catalogue sales rose to over 19% (CY2020: 17%). We believe the Chinese market has the potential to grow to become the same size as the US market for our business over the next 15 years.

China's growth in spending on R&D has outpaced other major regions in recent years

Gross domestic spending on R&D by region, $bn



Source: OECD (2020). Gross domestic spending on R&D is defined as the total expenditure on R&D carried out by all resident companies, research institutes, university and government laboratories, etc. This indicator is measured in USD constant prices using 2015 base year and Purchasing Power Parities (PPPs) and as percentage of GDP

How these macro and industry trends impact Abcam

As a global supplier of high-quality life science research reagents and tools, Abcam helps life scientists to advance scientific discovery through their research. Our protein binding reagents, tools and solutions are increasingly used by academic, pharmaceutical and biotechnology organisations across a range of applications and research fields including oncology, cardiovascular, cell biology, epigenetics, infectious diseases, metabolism, developmental biology, immunology, microbiology, neuroscience, signal transduction and stem cell research.

Therefore, growth in the number of scientists conducting protein research around the world, and the support for those scientists – through increased research funding and capital investment, as well as new innovations that allow them to increase productivity – are all important contributors to the Group's long-term growth prospects. The credibility and influence of a life science company, such as Abcam, is, in part, determined by the number of times their products are cited in scientific papers. The number of times our products are cited has grown consistently year-on-year since 2010. According to industry data provider CiteAb, Abcam was the most cited company for antibodies globally in 2020, with over 70,000 citations, a market share of over 22% (based on over 300,000 registered citations for 2020 as of February 2022). In addition, according to CiteAb, over half of all life science publications cited at least one of our products, in 2020.

Antibodies are also a critical component in many IVD assays, including companion diagnostics, and can also be used as therapeutic agents for the treatment of diseases, including cancers and immune-related diseases. As well as developing these antibodies internally, biopharmaceutical and diagnostic organisations are increasingly outsourcing the initial discovery and development of antibodies to third party organisations able to provide these services on a contract basis.

In recent years, we have increased our focus on this area of the market, through both the custom development of new antibodies and the out-licencing of our existing antibodies to biopharmaceutical and diagnostic companies, extending the commercial application of our products into these markets. We believe that we are well positioned to leverage our expertise in protein binding reagents to support clinical and instrument platforms, capturing greater market share and driving growth within these markets as a result.

"Our purpose – to serve life scientists to help them achieve their mission, faster – drives everything we do and sits at the heart of our value creation model. As we deliver on our purpose, we remain steadfastly committed to creating an ethical and sustainable business; a business which generates returns for our shareholders; and a business which strengthens our relationships with key stakeholders over time. As Abcam grows it feeds a virtuous circle – improving speed and quality, driving innovation, and achieving scale – ultimately enabling us to serve more life scientists with more of the biological tools and reagents needed to enable breakthrough research."

Alan Hirzel, CEO

Overview

Superior reagents, capable of accelerating and de-risking research, used by more scientists across a wider section of the scientific community – and ultimately resulting in more people with better health and wellbeing – lie at the heart of our value creation model.

Underpinning our model is a long-term commitment to creating an ethical and sustainable business, which in turn generates returns for shareholders and enhanced relationships with our stakeholders. Therefore, the more successful we can be as a business, the greater the positive difference we can make in the world. That extends to doing business the right way. Our vision to be the most influential life sciences company in the world comes with a commitment to the highest ethical standards, not just in our own conduct but across our value chain.

Our section 172 statement

How we discharged our s172 duties

In accordance with the Companies Act 2006 (the Act) as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the Directors provide this statement to describe how they have engaged with and had regard to the interests of our key stakeholders when performing their duty to promote the success of the Company, under section 172 of the Act. The Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172 of the Companies Act 2006) in the decisions taken during the 18 months ended 31 December 2021.

Given the importance of our stakeholders and the impact they have on our strategy, reputation and the Company's long-term success, consideration has been given to them throughout this Annual Report and the table below identifies where they are discussed.

Section 172 responsibility	Where you can read more
(a) The likely consequences of any decision in the long term	Pages 4 to 45
(b) The interests of the Company's employees	Pages 6 to 8, 19, 40 to 41 and 119
(c) The need to foster the Company's business relationships with suppliers, customers and others	Pages 6, 18, 20, 39 and 42
(d) The impact of the Company's operations on the community and the environment	Pages 6, 21, 33 to 38 and 43 to 45
(e) The desirability of the Company maintaining a reputation for high standards of business conduct	Pages 6 to 8 and 28 to 45
(f) The need to act fairly between members of the Company	Pages 22 and 77

Understanding the views and values of all our stakeholders is critical to Abcam's success, and we value their broad range of perspectives. The Corporate Governance Code also highlights the importance of effective engagement with shareholders and other stakeholders. Details on how the business and the Board engage with our stakeholders are outlined over the following six pages.

At every Board meeting, each agenda item is specifically cross-references all relevant responsibilities under section 172 of the Act and also to our key risks. The Board recognises that each decision made will not always result in a positive outcome for each of our stakeholders. However, by having good governance procedures in place for decision making, the Board aims to make sure that its decisions maintain a high standard of business conduct.

Some of the decisions made by the Board this year which demonstrate how section 172 matters have been taken into account in discussions and decision-making are outlined on pages 18 to 23.

Our stakeholders

To deliver on our purpose, and for our business to thrive, we need to have strong relationships with our stakeholders – our customers, employees, partners, shareholders and communities and wider society.

We have to understand the needs of these stakeholders, and the most effective way to engage with them, as meeting and exceeding their expectations is an essential part of our value creation model and strategy.

Stakeholder engagement during the period

The following table sets out how we engage with our key stakeholders. Not all information is reported directly to the Board and not all engagement takes place directly with the Board. However, the output of this engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the Board.

Our Customers

Who they are and why they matter to us?

We serve a global population of approximately 750,000 research scientists based within academic, research, government and biopharmaceutical organisations.

We exist to serve our customers. They are vital to the continued growth and development of our business. It is critical that we listen to them and offer the products and services they need.

How we engage with them

We engage with customers through the use of industry surveys delivered after interactions to obtain close to real-time feedback on our performance. We also regularly conduct focus groups with our customers and have key account managers who proactively engage with key customers to assess their needs and the challenges they face.

The Board receives updates on customer engagement at each board meeting. All major decisions take the impact on the customers into consideration.

What has mattered to them this year and our response

Customers continue to tell us that product quality, service response speed and quality scientific support remain key drivers of loyalty and advocacy.

Due to COVID-19, researchers around the world were impacted by reduced time in the lab and also faced shortages of workflow components. At the same time, many researchers faced pressure to speed up research projects due to the delays caused by the pandemic.

These challenges increased researchers' need for access to secure and reliable supply of high-quality products, with detailed and reliable data to save time and ensure that experiments are conclusive, consistent and repeatable.

Customers increasingly want an efficient and streamlined ordering experience that allows them to place and receive their orders, whether standard products or more customised solutions, quickly and conveniently.

We have responded to these requirements by:

- continuing to innovate and improve the tools, data and purchasing experience for customers;
- offering new digital engagement channels, including our LiveChat and eProcurement;
- expanding our product offering through the acquisition of BioVision to add complementary and adjacent technologies; and
- investing in our customer service and scientific support teams.

Our Employees

Who they are and why they matter to us?

We currently employee around 1,750 people globally, including full-time, part-time employees and contractors.

Our people are our most important asset. They are fundamental to our continued success, as their skill and dedication enable us to fulfil our vision and purpose.

How we engage with them

We carry out 'pulse' employee surveys every month to hear feedback and receive timely and actionable data on employee engagement. This is both qualitative and quantitative feedback.

We operate seven Employee Resource Groups aligned to our Diversity & Inclusion strategy. A sponsor from the Executive Leadership Team sits in each group.

We provide an anonymous service to allow employees to ask questions and raise issues with the CEO on any topic, known as 'Ask Alan'. Replies to are provided in an open response.

Our CEO, CFO and other members of the Executive Leadership Team hold regular virtual town halls where the conversation is two-way.

The Board receives updates on employee engagement at each board meeting and hold an annual 'Meet the Board' session which gives all employees the opportunity to hear directly from, and ask questions of, Board members.

What has mattered to them this year and our response

Our employees continue to tell us they want a great career, and a positive and motivating work environment, all underpinned by a supportive culture in a sector that has positive impact in society.

This year our employees, like many throughout the world, have been returning to working in our facilities in greater numbers as the COVID-19 pandemic has progressed and have wanted reassurance that our facilities are 'COVID' secure. This has been alongside the large numbers of employees who have not been able to work from home throughout. We have put significant safety measures in place across all of our global sites, evolving measures continually to reflect the latest guidance, whilst maintaining high levels of communication and engagement with all groups of employees to help make sure we can offer a safe and secure working environment for all.

Our efforts give confidence to those returning to work, and demonstrate to those who have been working in our facilities throughout that increasing numbers will not affect our COVID security.

Diversity and inclusion has always been important to our employees and we have seen an increasing focus from our employees on these areas and how we are promoting a more inclusive environment to realise the full potential of our workforce.

During this year we have appointed a new Head of Diversity and Inclusion, we have increased participation and engagement with employees through our Employee Resource Groups, with each group focused on different areas of diversity and inclusion, including gender equality, the LGBTQ+ community, multiculturalism, disabilities and family. We have also linked an element of management's compensation to improving diversity and inclusion throughout Abcam.

Having an attractive total rewards package remains important for our global team and we were delighted that this year our award-winning all employee share ownership plan, 'AbShare', vested, making over 90% of our people shareholders in the company. This year we introduced the Abcam Profitable Growth Incentive Plan, for approximately 150 senior leaders across the business, and also announced the Abcam Growth Plan, for all other permanent employees. These plans align employees' rewards with Abcam's strategic goals.

Listening to the needs of our employees and responding has helped to sustain our strong employee engagement, including being recognised for the second successive year in the top five employers in the UK in the Glassdoor Employees' Choice Awards.

Our Partners

Who they are and why they matter to us?

Our partners include those who have a direct working or contractual relationship, or share a mutual interest with us. This includes our strategic business partners, our suppliers, service providers, industry organisations, and local and central governments.

The vital contributions our partners provide to the business range from providing products, raw materials, services and advice through to the joint development and co-marketing of products to the life science community.

How we engage with them

We engage with our partners through relationship meetings with key partners and suppliers, through attending and running conferences and seminars on key issues, and through the use of questionnaires and due diligence.

We also engage through market insight and technologies, for example we have been able to propose and develop content for some of our partners' proteomics platforms.

Our industry partners receive access to our products and technologies, supporting the development of antibodies and immunoassays that they are able to take to market for diagnostic and therapeutic use.

The Board receives updates on performance at each board meeting.

What has mattered to them this year and our response

Our partners have looked to Abcam's ability to support them as they develop and launch new products including clinical diagnostics to market. Our partners also expect a high-quality product to develop consistent solutions from early research to clinical diagnostic solutions.

This year we have responded by further developing new products and innovations, in particular in conjugation, which help our partners maximise their product development by combining our content with their conjugates.

Our commitment to quality reassures our partners that they will achieve content portability from early research to clinical diagnostic solutions.

We have also been working with our proteomic platform partners to co-market and co-develop programmes that enable easy translation of Abcam content from early discovery through to clinical diagnostics.

We continue to increase the alignment of our product development pipeline to the needs of our partners to ensure they get the earliest access to our content portfolio and new products for testing and validation to help drive new disease research forward.

Our partners are increasingly interested in the sustainability of our supply chain and gaining access to sustainability data. We have increased our disclosure and reporting in this area as a result, through the publication of our Impact Report and our partnership with EcoVadis.

Our Communities

Who they are and why they matter to us?

Those who live and work in areas where we operate – and society as a whole.

We need to develop positive local relationships and understand local people's needs in order to attract talent and deliver our goals.

How we engage with them

The Board receives updates on our sustainability and ESG initiatives and has appointed the CEO as the Board member responsible for ESG matters. It receives updates from the CEO at each board meeting.

We promote access to STEM careers through our partnership with In2Science and other initiatives.

What has mattered to them this year and our response

Our communities expect us to generate a positive impact on science and ultimately health and wellbeing. Our communities also want us to act responsibly, reduce environmental impact and help them thrive.

This year COVID-19 has brought us closer to our communities who want to feel connected to the response and the role that we have played. We have also seen increasing engagement from our communities on diversity and inclusion, in particular how we can create opportunities in STEM for those that are often overlooked.

Charitable giving and partnering with charities has been particularly important this year as many local charities closed their doors during 2020 and needed help – not just in donations, but in profile and partnerships.

Our 'Employee Resource Groups' which are employee-led, leader-sponsored forums, educate on and champion the topics of gender, race, sexual orientation, mental health, social mobility, family networks and diverse abilities. They have organised partner events and speakers from the community, as have our charity committees. In our global charity event 'move against cancer' last year, we raised the most money we have ever raised in one calendar year for cancer charities in the UK, US and Asia.

We also partnered with several local charities and agencies (such as Maggie's, myGwork and Work180) with employees getting to see firsthand how we have impact in our communities.

We've continued to strengthen our partnerships in promoting STEM careers, adapting global onsite events to a digital format. Apprenticeships, work experience, career talks and insight days have all been delivered with In2Science, Form the Future and Cambridge Launchpad & selected education establishments around the globe.

We've expanded our outreach into community schools in and around Boston and have maintained our Co-ops and internship programmes both in the US and UK.

We are in our fourth year partnering with In2Science in the UK and our second year of funding STEM education for Henrietta Lacks' great great grandchildren, through The Henrietta Lacks Foundation.

Our environmental impact is low but we continue to make incremental improvements. Last year we moved to green energy in the UK and redesigned our packaging to be more recyclable. We offered incentives for combined deliveries to save on carbon emissions and used EcoVadis to assess our suppliers on things that our communities care a lot about (sustainability), so that we can work with them to improve their (and our) impact.

Our shareholders

Who they are and why they matter to us?

Our shareholders comprise institutional fund managers, individual holders and, following the vesting of the Group's AbShare equity plan in November 2021, over 90% of our employees. They are the ultimate owner of the business.

They are a key source of efficient capital, enabling the business to invest and grow.

How we engage with them

Throughout the year our Vice President of Investor Relations coordinates ongoing communication with shareholders and analysts and the Board receives regular updates on the feedback and views of shareholders.

The CEO and CFO meet with major shareholders through the year to discuss the Company's strategic direction and ensure that their opinions are heard, both in one-to-one meetings and at industry conferences.

In addition, the Chairman and, as appropriate, Senior Independent Director, and the Chairs of each Board Committee, meet with shareholders to discuss the Company's strategy and performance, as well as environmental, social and governance matters.

What has mattered to them this year and our response

Having launched a new five-year plan and growth strategy in 2019, a major focus of discussions with shareholders during the year has been to understand the progress of our long-term strategy, including our investment plans, drivers of growth, expected financial returns and how we plan to sustain value creation.

Other major areas that have been raised by shareholders include:

- The short- and longer-term impact of COVID-19 on our business, including our five-year plan discussed above, and how we have responded;
- Corporate governance topics, including Board composition, management succession and remuneration;
- Sustainability and ESG matters, including climate change;
- Capital structure and capital allocation, including the Group's approach to M&A, the acquisition of BioVision and raising equity; and
- The Group's US listing and how this could positively impact the Group in the future.

The Board is committed to maintaining an appropriate level of communication with shareholders. The Executive Directors and Vice President of Investor Relations are available throughout the year for investor meetings, and work with advisors to give investors the opportunity to engage with management at a range of forums, the most important being the year end and interim results presentations.

During the year, we also undertook consultations with our major shareholders with regards to the potential US listing and executive compensation arrangements, In November 2020 we published our first sustainability publication 'Our Impact 2020' which set out the Group's sustainability framework following a completion of a review to understand our impact and prioritise areas of action.

Our website (corporate.abcam.com) includes all of our regulatory announcements, financial results and news stories. Our ESG policies and disclosures can be found on corporate.abcam.com/sustainability

Timeline of major IR activity in the 18 months to 31 December 2021:

2020

July
- Trading update

September
- Final results and presentation
- Investor results roadshow
- Investor healthcare conference

October
- US Nasdaq listing of ADRs

November
- 2020 Impact report published

December
- Annual General Meeting

2021

January
- Trading statement
- Investor healthcare conference

February
- Investor healthcare conference

March
- Interim results presentation
- Investor results roadshow

May
- Investor healthcare conference

June
- Investor healthcare conference

June
- General Meeting

July
- Trading update

September
- Second interim results presentation
- Investor results roadshow
- Investor healthcare conference

Our business model

We are a global life sciences company providing highly validated antibodies and biological tools to the scientific community. The success of our customers' work, from basic research to translational science, diagnostics and therapeutic clinical programmes, relies on rigorous product quality, performance and reliability.

Sustaining social and financial value creation

Underlying our value chain is a set of defining strengths which set us apart from our competitors: our data and leading digital presence; our brand leadership in research use antibodies; our differentiated product innovation platform and product offering; our global scale and distribution platform; and our global team and culture.

Our strategy (see pages 28 to 32) leverages these strengths to drive long-term profitable growth, which in turn drives free cash flow and return on invested capital – and ultimately attractive returns for shareholders. Sustainable value creation means investing for the long-term.

Given the abundance of market opportunities for growth (see pages 9 to 15), in 2019 we set out a Five-Year Growth Plan to increase the pace of investment to accelerate our growth potential and generate long-term shareholder value.

Sustainable value creation also means operating in a responsible manner, which maximises positive impact and reduces negative impact. That is why at the heart of our business model and vision to grow our business is a commitment to increase our positive social impact whilst reducing our environmental footprint (see pages 43 to 45), in turn contributing to the United Nations Sustainable Development Goals (see pages 33 and 34).

Our strategy and business model continue to deliver growth that is consistent, competitive, profitable and responsible. Notwithstanding the impact of the COVID-19 pandemic, in the eight years to 31 December 2021, the Group delivered compound annual sales growth of 12%, while total shareholder return was 257% (31 December 2013 to 31 December 2021). Over the same period, the number of times our antibodies were cited by researchers worldwide grew from ~14,000, to over 70,000 annually, reflecting our growing influence within the scientific community.

What sets us apart

Data and insights

We utilise our leading online presence and proprietary data to inform our innovation platform and product development, helping us anticipate and serve customer needs faster.

Purposeful people

The skill and dedication of our teams enable us to execute our strategy and fulfil our purpose. Across a global team of approximately 1,750 colleagues, including over 400 within R&D, we aim to create a safe, fair and dynamic working environment that is collaborative, and outcome focused. Nurturing employee excellence is one of the keys to our success, and we continue to prioritise the ongoing learning, training and development of our staff (see pages 40 to 41).

A differentiated, high-quality product portfolio

We offer approximately 90,000 high-quality products together with extensive and transparent product data via our online catalogue. This portfolio includes over 38,000 in-house products. We also offer custom services to certain of our customers seeking access to novel, high-quality and personalised solutions to support the development of specific diagnostic and therapeutic applications (see pages 31 and 39).

Global scale and reach

We have seven manufacturing facilities and five distribution centres strategically located across four continents to serve many of the largest clusters of life science research hubs, which enhances supply chain efficiency and allows us to serve customers quickly. Combined with our network of distributors, we are able to serve customers in over 130 countries

Strong capital foundation

We're valued for our long-term track record of durable growth, high product margins, strong cash generation and returns. The support of our shareholders and banking partners is the foundation of our continued investment in innovation to serve our customers and drive our long-term growth aspirations (see pages 22 to 23).

How we do it

1. Prioritise customer understanding

Starting with our data and consumer insights, we focus on understanding, anticipating and serving the needs of our customers as quickly as possible. In addition to employing data analytics and research area specialists, we maintain regular dialogue with key opinion leaders, conduct customer surveys and host focus groups. This enables us to gauge customer satisfaction and, through close collaboration between our data and R&D teams, use the insights gained to inform our product development pipeline, aligning our innovation efforts with our customers' evolving needs and priorities.

2. Continuously innovate and curate offering to optimise quality and utility

Informed by data analytics, we continuously innovate new in-house products to the areas of greatest technical and commercial need. We make these products available to global researchers through our catalogue, to instrumentation partners seeking content for their platforms, and to diagnostic or biopharma organisations seeking molecules for potential clinical use. In addition, we add promising, high-quality products from hundreds of third party suppliers to our catalogue to complement our own offering. Finally, through our business development and custom solutions teams, we partner with organisations seeking personalised solutions and for which we create bespoke or novel products.

We drive quality standards through a variety of initiatives, including in-house quality assurance programmes and the ongoing stringent quality management of third-party products. Whilst most of our products are sold as research use only (RUO) reagents, the high quality of our products allows us to support antibody and assay development for use across the in-vitro diagnostic (IVD) sector.

3. Provide extensive product data, fast service and expert support.

Researchers rely on testing and validation data in order to select the right product for their specific need. We provide extensive product characterisation and validation data, sourced from our in-house laboratories, our network of collaborators and independent consumer product reviews, via our digital platform.

Our customer and scientific support teams provide around the clock, multilingual and highly specialised assistance to ensure that our customers are supported through their research, both before and after they purchase our products. In the 12 months ended 31 December 2021, our support teams handled over half a million enquiries, and responded to the vast majority of these enquiries within 24 hours. Our global footprint, combined with a network of distributor partners, allows us to provide our products and services to customers almost anywhere in the world, with orders generally shipped within 24 to 48 hours.

The value we create

For society: improved health and wellbeing
Our products are used around the world to advance the global understanding of biology and causes of disease which, in turn, is driving new diagnostics, treatments and improved health outcomes. For more information see page 39.

For our customers, faster progress toward their goals
We help researchers accelerate scientific discovery and translate those discoveries into clinical products. For more information see page 18.

For our people, a positive, diverse culture in which to thrive
We aim to create a safe, fair and dynamic working environment and invest in our people to support their development. For more information see pages 40 to 41.

For our business partners, symbiotic relationships
We seek to build long-term collaborative and mutually beneficial relationships based on trust. For more information see page 42.

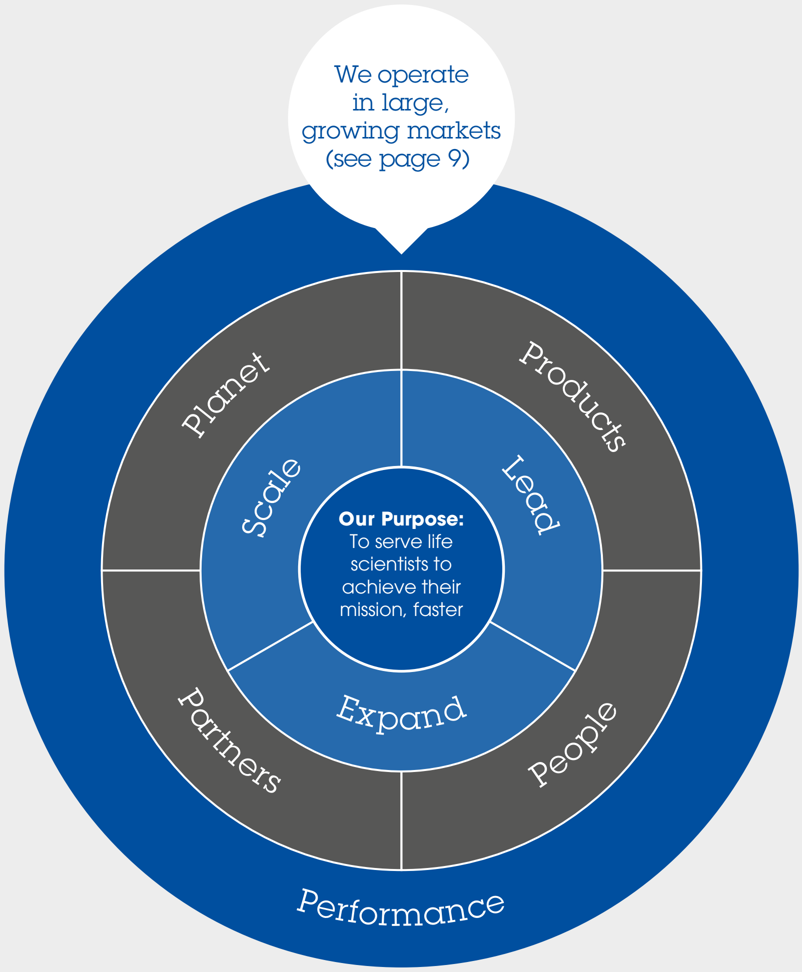
For our shareholders, profitable growth
We deliver consistent, profitable and responsible long-term growth. For more information see pages 29 to 32.

Our strategy
How we aim to grow our impact and sustain profitable growth

Key drivers shaping our customer and markets. Pages 9 to 15.

Further details of our growth strategies. Pages 29 to 32.

Our strategic model for sustainable social and financial value creation



Strategic Pillars

1. Sustain and extend antibody and digital leadership

2. Drive expansion into complementary market adjacencies

3. Build organisational scalability and sustain value creation

Growth strategies supporting our strategic pillars

i	ii	iii	iv	v	vi
Extend leadership in RUO antibodies	Remove innovation constraints and launch new lines	Be a leading discovery partner for biopharma	Be a leading digital company	Remove scalability constraints and sustain value creation	Selectively pursue acquisitions

Sustaining long-term growth

Abcam's goal is to create sustainable social and financial value, by helping accelerate the pace of discovery, and the translation of those discoveries into social impact. We are uniformly committed to responsibly pursuing that goal through our purpose and have a clear strategy to achieve this.

In 2019, we set out plans to invest in our business to support long-term, profitable growth. Those investments are accelerating the implementation of initiatives that are allowing us to increase support for those at the forefront of biological research, seize more market opportunities for growth and increase the positive social impact we are able to generate over the period to 2024 and beyond.

Our latest results demonstrate the strategic progress made to date, and how much more we believe we can do.

Purpose and culture
Pages 24 to 27.

Strategic growth priorities
Pages 30 to 32.

Sustainability priorities
Pages 33 to 45.

Financial performance
Pages 46 to 48.

Focused effort

The Group's strategic pillars and priorities are shown below, forming the foundation of our focused growth strategy and value creation plan. They are designed to help us grow together; not just as a Company, but as a global team, and to do so in an efficient and effective way.

Milestones reached in the current period and focus areas for the future for each strategic priority are as follows:

i. Extend leadership in RUO antibodies

Objective: To help advance and accelerate our customers' research and, in turn, support market share gains. We seek to do this through the ongoing curation and expansion of our product portfolio, combined with the addition of data, knowledge and information that demonstrates the performance and increased utility of those products in a broader range of experiments and applications. This strategy is enhanced through a focus on in-house proprietary products. Through continuous innovation we are focused on ensuring that our portfolio is aligned with the targets, research areas and biological pathways in highest demand from our customers.

Our 2021 priorities were

- To successfully introduce and commercialise the next cohort of in-house products to important research areas
- To further enhance product validation and continue to raise quality standards
- To define plan to transition to 100% recombinant portfolio

2021 milestones achieved

- Continued share gains, with the latest data showing a c.2ppt increase in antibody citation share in CY2020, to 22% (source: CiteAb)
- Introduction of over 2,500 recombinant antibody-based products in CY2021 aligned to major research areas (includes recombinant RabMAbs, conjugated antibodies, antibody pairs, SimpleStep ELISA kits, and alternative formulations)
- Recombinant portfolio increased to over 27,000
- Record product satisfaction rates achieved, supported by the Group's product quality initiatives, with the Group's CRISPR gene knockout validation programme extended to over 4,000 products
- Total revenue contribution from in-house products reached new high of 61% (including BioVision) in CY2021 (CY2020: 54%)

2022 priorities

- **Successfully introduce and commercialise the next cohort of in-house Ab products to important research area needs**
- **Continue to drive improvements in antibody quality, capability, and capacity**
- **Implement integrated approach to product innovation**

Relevant KPIs

- Total revenue growth (CER)
- In-house catalogue revenue growth (CER)
- Customer tNPS

ii. Remove innovation constraints and launch new lines

Objective: To develop our innovation capabilities to meet a broader range of our customers' needs and grow within our addressable markets, including:

- **Antibody-based products for high-value markets.** We are extending the range of products derived from our catalogue of in-house primary antibodies, including conjugated antibodies, antibody pairs, SimpleStep singleplex assays and Fireplex multiplex products; and
- **Complementary product areas that increase antibody innovation capacity.** Areas include bioactive proteins, as well as disease relevant engineered cell lines and associated cell lysates.

Our 2021 priorities were

- To continue to drive successful adoption of new product lines (kits and assays, proteins, cell lines, conjugation) consistent with our multi-year growth plans

2021 milestones achieved

- Over 30% CER revenue growth across non-primary antibody products in CY2021, with these categories now accounting for c.33% of catalogue revenue
- Strengthened antibody conjugation offering following the integrations of Expedeon, BrickBio and Marker Gene Technologies
- Completed the build out of protein team and launched over 300 in-house bioactive proteins
- Opened new engineered cell-lines R&D facility and successfully launched first group of in-house developed cell lines
- Opened major new site in Waltham, Massachusetts, in July 2021 and expanded facilities in Hangzhou, China, and Eugene, Oregon, increasing new product development capacity

2022 priorities

- **Successfully introduce and commercialise the next cohort of in-house products to important research area needs**
- **Continue to expand protein, cell lines and kit development capacity**
- **Implement integrated approach to product innovation**

Relevant KPIs

- Total revenue growth (CER)
- In-house catalogue revenue growth (CER)
- Customer tNPS

iii. Be a leading discovery partner for biopharma organisations

Objective: To be a leading discovery partner to organisations looking to access high-quality antibodies and antibody expertise for commercial use by providing access to our portfolio of high-performance in-house products, our antibody and assay development expertise and commercial and manufacturing capabilities. This includes third party instrumentation platforms and **multiplex partners** developing novel platforms or upgrading their existing platforms. We believe this will lead to increased opportunities for the development of custom solutions, partnerships, and collaborations.

Our 2021 priorities were

- To continue to grow the number of viable products, agreements and relationships across 'Abcam Inside' initiatives

2021 milestones achieved

- Continued business development and generation of customer interest, benefiting from the investments made in innovation capabilities, business development and commercial teams over the last several years
- Executed 85 outbound commercial agreements with new and existing partners, including the initiation of over 30 new service, commercial supply agreements and/or licences
- Commercialised several hundred recombinant RabMAb clones under these agreements, either through co-development programmes on third party platforms or as diagnostic tools, bringing the total to almost 1,000 (Dec-2020: 561), with over 3,000 more undergoing evaluation by partners

2022 priorities

- **Continue to establish and embed scalable approaches to serve biopharma**
- **Extend network of instrument, CRO and Dx partnerships**
- **Enhance the brand and customer experience for biopharma customers**

Relevant KPIs

- Number of products validated for use on third party platforms or with IVD potential ('Abcam Inside')
- Customer tNPS

iv. Be a leading digital company

Objective: To significantly enhance our digital channel by establishing a personalised digital relationship with our customers, which will be device agnostic, cloud based and driven by artificial intelligence. We believe this will help us to uniquely understand and anticipate researchers' needs and to provide them with the right set of tools to advance their research. Through faster response to customers and greater personalisation of the user experience, we aim to provide our customers with more relevant content to support their work.

Our 2021 priorities were

- To establish new web platform to enable greater personalisation of the digital experience
- To successfully deploy the next phase of our enterprise resource planning ("ERP") software
- To expand capabilities and use of AI/data analytics

2021 milestones achieved

- Progressed the next phase of the Group's digital customer vision, including content marketing, marketing automation and improvements to the user experience across the Group's desktop and mobile sites
- Initiated deployment of the final stages of ERP software, covering manufacturing and supply chain, with completion on track for 2022
- On track for launch of new product data management (PIM) systems, with 99.9% of our product data uploaded into test environments to support the launch

2022 priorities

- **Successfully complete final ERP deployments and decommission legacy systems**
- **Launch new customer websites globally, enabling greater personalisation of the digital experience**
- **Expand e-procurement and develop new digital journeys for biopharma and commercial partners**

Relevant KPIs

- Customer tNPS

v. Remove scalability constraints and sustain value

Objective: To strengthen our teams, systems and infrastructure while driving operational efficiency. Focus areas include increasing manufacturing capacity and automation and optimising our global network and procurement functions. We are also transforming our systems and processes by implementing ERP and other software solutions to replace legacy information technology systems.

Our 2021 priorities were

- To complete next phase of our global footprint expansion in the US and China
- To continue to improve product development times and success rates
- To reduce end-end supply chain movements and other sources of waste through greater cross-site collaboration
- To design and roll-out next global equity scheme

2021 milestones achieved

- Delivered planned developments of the Group's global footprint on time and budget, despite disruptions caused by COVID-19, including:
  - c.100,000 sq. ft facility opened in Waltham, Massachusetts, more than doubling previous site's footprint. New site established in Fremont, California, and site improvements made in Eugene, Oregon
  - Expanded and enhanced operations in Asia-Pacific, including Hangzhou and Shanghai sites in China, Adelaide, and Singapore
- Entered final stages of Oracle ERP project, covering manufacturing and supply chain. Successfully deployed in four major sites, with completion currently on track for 2022
- Continued to automate manual systems across customer operations, procurement, and finance to improve customer support levels and generate efficiencies
- Launched new all employee share scheme following the successful vesting of the initial scheme ('AbShare') – resulting in over 90% of employees becoming shareholders

2022 priorities

- **Complete footprint expansion to support growth plans**
- **Continue to drive process optimisation for all products**
- **Successfully integrate BioVision and deliver commercial value**

Relevant KPIs

- Total revenue growth (CER)
- Gross margin
- Adjusted operating profit
- Adjusted ROCE

vi. Selectively pursue acquisitions

Objective: Building on our track record of successfully identifying, completing and integrating strategic acquisitions and investments, our goal is to pursue opportunistic acquisitions in existing and adjacent customer segments to accelerate growth, expand geographic coverage and augment our capabilities and workflow solutions.

Our 2021 priorities were

- To continue to carefully evaluate potential opportunities that are aligned with our strategy
- To strengthen relationships for future deals

2021 milestones achieved

- Completed the acquisition of BioVision in October 2021, a leading innovator of biochemical and cell-based assays and major supplier to Abcam, for $340m;
- Continued to deliver on the integration plans and drive value from acquisitions made in the prior year, including Expedeon
- Continued to strengthen relationships across the industry in support of future deals

2022 priorities

- **Successfully integrate BioVision and deliver commercial value**
- **Continue to carefully evaluate potential opportunities that are aligned with our strategy**
- **Strengthen relationships for future deals**

Relevant KPIs

- Total revenue growth (CER)

Developing sustainable impact

In April 2022, we publish Our Impact 2021, our second sustainability report, presented for the 18 months ended December 2021. The report, together with our Gender Pay Gap Report and our Modern Slavery and Tax Strategy Statements, will be made available on our website. This is a summary of some of the main performance features of our Impact Report.

Key drivers shaping our customer and markets. Pages 9 to 15.

Further details of our growth strategies. Pages 28 to 32.

Our principles for reporting

We have considered the guidance of the Global Reporting Initiative (GRI) in the approach, structure, principles and indicators that we report on. Our GRI content index is downloadable from our website.

In November 2020, Abcam was admitted as a signatory to the UN Global Compact (UNGC), and our first UNGC progress report will be submitted by May 2022 and published on our website.

We recognise and support the UN Sustainable Development Goals (SDGs) and believe that we can and do make a valuable contribution towards the collective action in achieving them, and linkages to the SDGs, where we have the most impact, are shown throughout the report.

Our impact

As a dynamic life science company, we support life scientists in building the future and making life better for people all over the world. Abcam helps researchers around the world make new breakthroughs and discoveries that lead to better diagnosis and treatment.

Combined with our focus on impactful product innovation, we are building a sustainable business – providing a rewarding, diverse and inclusive workplace for our teams, building long-term industry partnerships based on trust, engaging in the communities we work in and minimising our impact on the environment.

GRI

SUSTAINABLE DEVELOPMENT GOALS

United Nations Global Compact

How we contribute to the SDGs

The United Nation's 17 Sustainable Development Goals (SDGs), form part of the 2030 Agenda for Sustainable Development adopted by the member states in 2015 and provide a shared blueprint for peace and prosperity for all people and the planet, now and in the future. The SDGs are an urgent call to action by all countries that 'recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.'

Abcam fully subscribes to the objectives of the SDGs. As a leading healthcare company, SDG 3 is at the core of our business. We have identified seven other SDGs to which we can and do make a significant contribution.

Ensure healthy lives and promote well-being for all at all ages

3 GOOD HEALTH AND WELL-BEING

Abcam's mission and purpose is centred on advancing the global understanding of human health, and the diagnosis and causes of disease. Our products and partnerships enable scientific breakthroughs that lead to the development of the medicines and treatments of tomorrow.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Through our constant pursuit of collaboration in science and innovation, we support key breakthroughs in life sciences. Our internal R&D resources continuously anticipate and adapt to the needs of the scientific and healthcare communities. Our attention to quality ensures that maximum value and speed is attained.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4 QUALITY EDUCATION

We promote and support the study of STEM subjects by young people and encourage and create scientific careers particularly for those groups and individuals for whom careers in science are generally inaccessible. Through our collaboration and support of the scientific community, we facilitate scientific learnings and breakthroughs. We promote continuous learning and development among our staff.

Ensure sustainable consumption and production patterns

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We are mindful of the quality and sources of the materials we use, and how our products are used. We apply due diligence across all our product lines, considering quality and ethics at every step. We work closely with our suppliers and partners to ensure compliance with our Supplier Code. We manage and seek to minimise our waste and ensure the responsible management and disposal of waste.

Achieve gender equality and empower all women and girls

5 GENDER EQUALITY

We recognise the need to support women in our workplaces, but also that by crating flexible working policies for all we can address gender imbalances. We are committed to gender pay parity and have set targets for the advancement of women within Abcam. Our goal is to make Abcam a more diverse and inclusive place for everyone.

Take urgent action to combat climate change and its impacts

13 CLIMATE ACTION

We recognise that climate change is a global imperative, and that we have a role to play in combatting it though the responsible use of natural resources, reducing our energy usage and transitioning to renewable energy where this is possible, and in reducing our overall carbon emissions. We measure and report on our carbon emissions.

Promote inclusive, and sustainable economic growth, full and productive employment, and decent work for all

8 DECENT WORK AND ECONOMIC GROWTH

Our aim is to be a leading employer, that provides rewarding and productive work for all. We encourage and support career development. In addition to fair and supportive work policies and practices, we create opportunities for employees to meaningfully engage in and benefit from the strategic and economic growth of the company through our share ownership schemes.

Strengthen the means of implementation and revitalise the global partnership for sustainable development

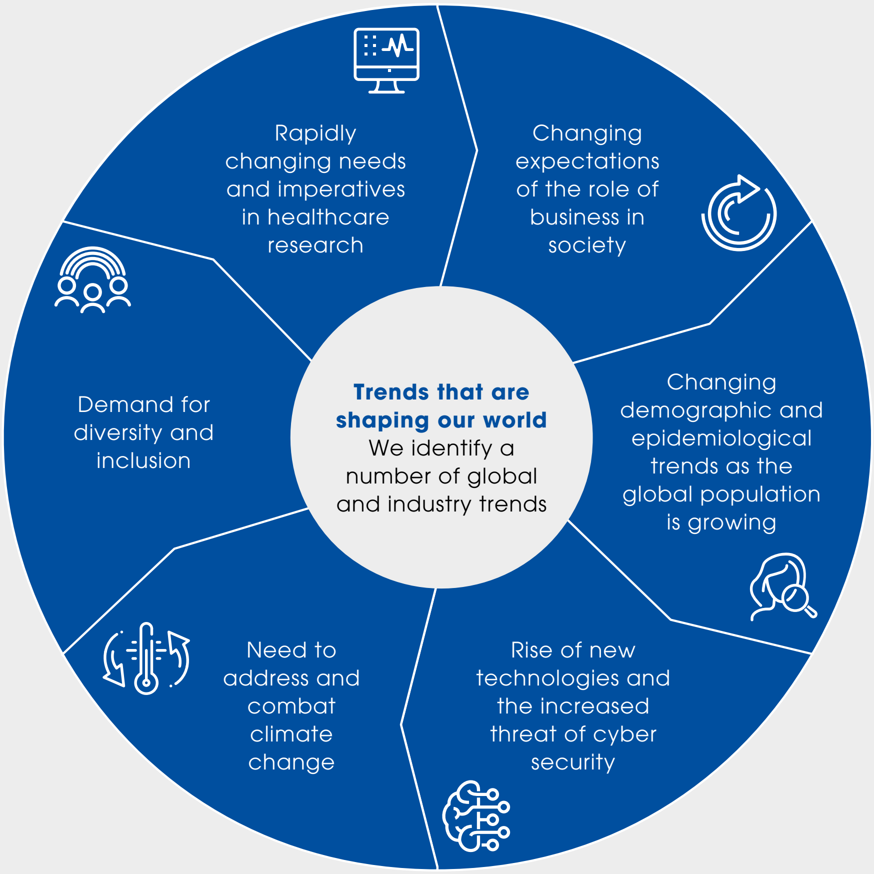
17 PARTNERSHIPS FOR THE GOALS

Collaboration and partnerships are at the heart of what we do, as we seek and facilitate scientific and technological innovations and breakthroughs. The way we work encourages and enables knowledge creating and sharing, both within and for our organisation and for the scientific community beyond.

Our approach to sustainability

We envision a world in which all life scientists have access to the precise tools and solutions they need to accurately advance their research, resulting in faster breakthroughs in scientific understanding, and an accelerated transition of those breakthroughs into clinical applications. This, we believe, will ultimately lead to improved diagnoses, treatments, and human health and wellbeing.

We recognise and consider the meta- and meso-trends that are shaping and threaten our world and will have an impact on our business and the markets we serve, on our employees and their families, on our business and scientific partners and broader community, and on the environment in which we live and work. Identifying these trends is an important part of our business planning, not only so that we can identify emerging risks to the sustainability of our business, but also so that we can identify opportunities to create value and make a positive impact.



In all that we do, we consider the needs and views of our stakeholders, the way in which we conduct our business can support them in meeting their needs, and what this means for us as a business.

Focusing on material matters

In 2020, we conducted a materiality assessment to better understand our sustainability context, and to identify and assess the environmental, social and governance issues that may affect the sustainability of our business and those that are of importance to our stakeholders. This included multiple stakeholder perspectives through more than 30 interviews, including members of the Board, shareholders and customers. Through this process, we identified 18 issues of material importance grouped broadly into five categories.

In 2021, we commissioned a detailed audit of our sustainability reporting and alignment with best practices including:

- A benchmark of reporting against our peers and leading companies in our sector.
- An assessment and analysis of shareholder and analyst feedback on our reporting, and what they wanted more information on.

The outcomes of this audit have been considered and are increasingly being incorporated into our reporting, as will be evident in this year's report. The audit also informed and confirmed our assessment of material issues which are:

Product	Product quality Innovation Research funding Biomedical ethics
People	Employee engagement Developing human capital Talent attraction & remuneration Supporting STEM careers Safety & wellbeing
Partnerships	Data & IP protection Supply chain integrity
Planet	Climate change Reducing emissions Waste management
Governance	Geopolitical conflict Data and IP protection Cyber security Business ethics

Our sustainability strategy and framework

Building on engagement with stakeholders and our understanding of our most material ESG sustainability issues, we have developed a strategic framework aimed at delivering sustained social, financial, and environmental value.

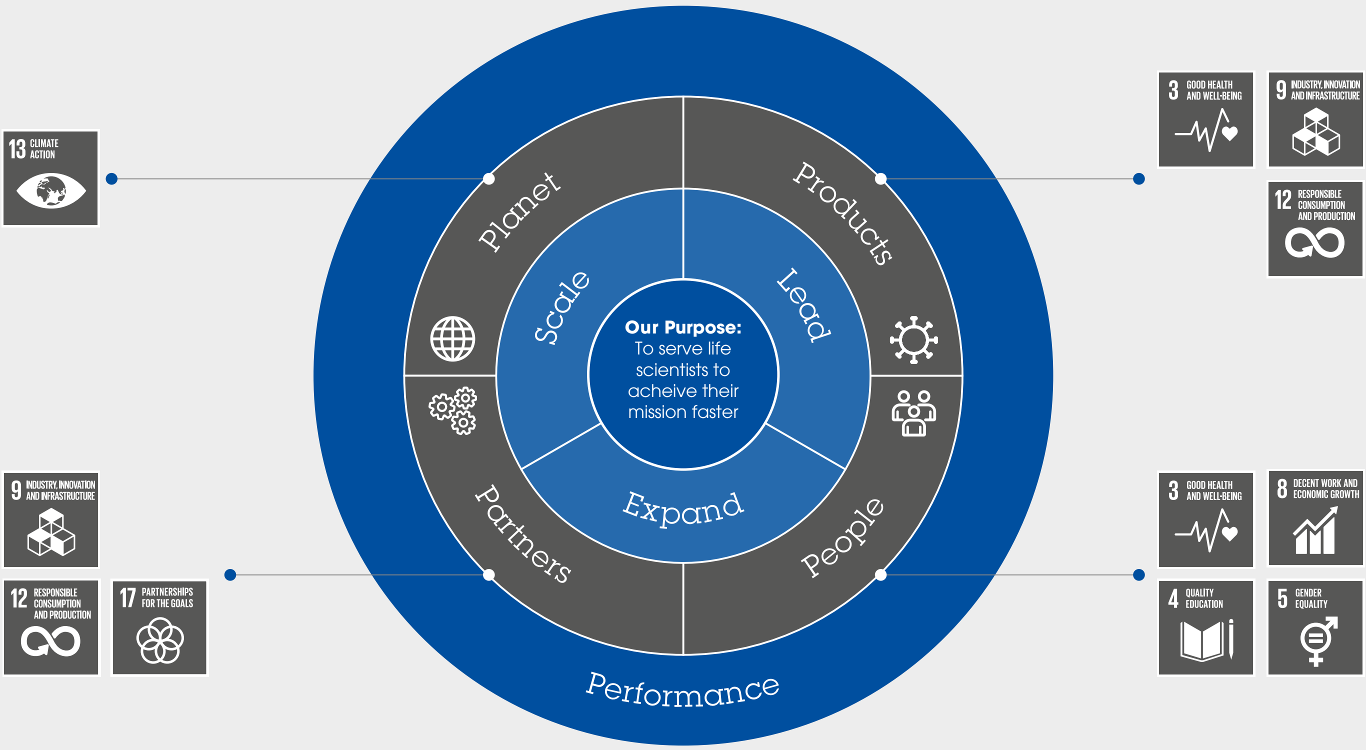
1. The framework is centred on our **purpose:** to serve life scientists to achieve their mission, faster
2. **Three strategic pillars** support the achievement of this purpose, namely:
   a. Sustaining and extending antibody and digital leadership
   b. Driving expansion into complementary market adjacencies
   c. Building organisational scalability and sustaining value creation
3. Our pursuit of sustainable value creation is embodied in and reported in the areas of **Products, People, Partner and Planet**, which are in turn aligned with specific SDGs. In reality, these areas are inter-dependent and not mutually exclusive, but they provide a valuable base to articulate, measure, manage and report our commitments, targets, KPIs and performance.

Strategic focus areas:

- Offer **products** that serve unmet research needs, provide broader access to those products across life science research and ensure those products are manufactured using materials sourced from an ethically-sound supply chain
- Empower our **people** and provide an exceptional and inclusive workplace which allows them to innovate and serve our customers
- Encourage collaboration with **partners** to extend our reach and influence in responsible, mutually beneficial ways
- Work in a way that minimises our impact on the **planet**

In 2020, we published 10 long-term sustainability commitments, and committed to introducing more specific and measurable targets as we progress in our sustainability journey. These 10 long-term sustainability commitments remain valid today. We have developed specific ambitions and targets, and allied KPIs that we report on.

Alignment to the UN SDGs



Our 10 long-term sustainability commitments

Products

1. Improve product quality to reduce wasted R&D resources and accelerate the transition of early-stage research to impact on society
2. Ensure ethical production across our supply chain and reduce animal use
3. Provide exceptional product support

People

4. Attract, retain and develop our teams to support our future growth
5. Promote diversity and inclusion, including gender equality
6. Protect data and privacy
7. Inspire the next generation of scientists and promote access to STEM careers

Partnerships

8. Increase our impact through long-term, mutually beneficial relationships based on trust
9. Uphold our ethical standards across our value chain

Planet

10. Reduce our environmental impact

Sustainability Governance

We have a culture founded on trust that our people will make the right decisions and do the right thing. This is reflected in our **Code of Conduct**, 'How we do things at Abcam', which outlines our high standards and how we strive for the very best in all that we do.

Because sustainability is cross-cutting, the impact that we make is considered and guided at many levels – it is built into our Board structures and our robust governance framework is bolstered by committees, groups and colleagues who feel empowered to instigate and drive activity. This means many of our more impactful programmes are driven from the bottom-up.

- The Board has overall oversight of our sustainability performance and is supported by the Audit and Risk Committee.
- CEO Alan Hirzel has overall responsibility for delivering our linked business and sustainability objectives, supported by members of the Executive Leadership Team (ELT), the Global Leadership Team (GLT), and championed by SVP of HR, Nick Skinner, as our Global Sponsor for Corporate & Social Responsibility. Specific groupings within the company, operating at a global and regional level, that have responsibility for and champion sustainability include the Ethics Committee, the Sustainability Group, and the Diversity and Inclusion Group.
- Additionally, employee-led groups identify and champion specific projects and interests, for example the Environment Champions, Charity Committees, Employee Resource Groups and Staff Forums.

We are also transparent and provide multiple ways for colleagues to report concerns, including an anonymous whistleblowing hotline 'Speak Up' managed by a third party and anonymous direct access to our CEO, 'Ask Alan'. We investigate every whistleblowing report and respond openly on our global Yammer channel to every question submitted to 'Ask Alan'. Our staff forums are also able to escalate ideas and issues to the relevant groups.

Key drivers shaping our customer and markets. Pages 9 to 15.

Further details of our growth strategies. Pages 28 to 32.

Reporting on our focus areas

Products

Our goal	To contribute to society through innovation and development of quality and relevant products that advance biomedical research, diagnostics and treatment.
Why this is important	Across the life sciences sector, the events of the last 18 months have amplified the need for efficient workflows and robust data generation, to enable the faster delivery of positive outcomes for science and health. Widespread access to high-performance, reproducible, off-the-shelf assays and kits has become invaluable to enable the biopharma industry and academia to achieve meaningful advances at pace. In the year under review we have seen continued growth of Abcam's footprint, with new facilities, employees and partners added to support our promise of being the most influential life science company.
Our commitments and performance	**Meeting the needs and requirements of the scientific community we serve is fundamental to our success, especially in terms of consistency and quality** Ensure product quality to reduce wasted R&D resources and accelerate the transition of early-stage research to impact society – More than 5,000 new products launched in CY2021 – 98.96% product satisfaction rate (12-month rolling) (CY2020: 98.75%) – 0 FDA recalls – Cambridge, Waltham and Hangzhou are ISO9001:2015 certified and Fremont has ISO13485 certification for IVD component manufacture. **Our commitment to continued innovation enables us to better serve our customers and their ability to accelerate biological breakthroughs** Extend our antibody leadership, and through the ongoing curation and expansion of our product portfolio, support scientific service and breakthroughs. – Approximately 1,000 antibodies validated for use on third party instrumentation platforms or for diagnostic use to date – Total revenue contribution from in-house products and services (including BioVision) increased to 61% (CY2020: 54%) – More than 2,000 custom projects undertaken for partners since 2013

Reporting on our focus areas

People

Our goal	We aim to attract, develop, and retain the best talent so that we can deliver on our purpose, our vision and our strategy. We listen to and value our employees, recognise and reward their performance and achievements and provide a safe and empowering environment where they can collaborate, innovate and thrive.
Why this is important	We are passionate about creating a positive, healthy and dynamic work environment where people feel valued, respected and encouraged to voice their ideas and opinions. Our growth is fuelled by our strong performance culture and internal talent mobility. We know that our people set us apart from our competitors.
Our commitments and performance	**Our business success depends on our ability to attract and retain brilliant people** Attract and retain talent to support our future growth – Employee Net Promoter Score (eNPS) of +41 (12 month rolling average to Dec-21); top 25% of organisations on Peakon platform – ~30% of roles filled internally – Employee turnover (voluntary) of 15% – Ranked in UK's top 10 best places to work for three consecutive years by Glassdoor – Won Gold and Silver at the Employee Experience Awards 2021 **We provide a safe, fulfilling and rewarding workplace, where people can grow and thrive** Develop, support and empower our employees – Four days lost due to health and safety incidents – 80% employees with clear career paths – Over 90% eligible participation in the Abshare share scheme which vested in November 2021; two million shares delivered to colleagues in 14 countries at vesting – 100% participation in new Abcam Growth Plan – 30% increase in digital learning since launch of Abcampus, our curated learning platform

Our commitments and performance
continued

We have an important role to play in discovering, mentoring and developing future generations of scientists, for our benefit and that of society as a whole

Inspire the next generation of scientists and promote access to STEM careers

- Significant support to apprentice programme, 54 starts since 2015
- Focus on promoting social mobility through our partnerships with In2Science (since 2018), Form the Future, Cambridge Launchpad, the Henrietta Lacks Foundation, and selected education establishments around the world.

As signatories to the UNGC we are committed to upholding and respecting human rights, and ensuring that our suppliers do the same

Respecting and upholding human rights among employees and our supply chain

- Zero human rights incidents
- 100% of third party suppliers signed up to our Code of Conduct

Our diverse teams know that they are recognised and valued, and we do all that we can to fostering an inclusive culture

Encourage and promote diversity in our workplaces and beyond

- Women make up 54% of our workforce
- 46% of our leadership roles are held by women
- 37% of our Board members are women
- Median UK gender pay gap reduced by 6.1ppt (in the 12 months to 5 April 2021)
- Global family leave policy of 18 weeks fully paid maternity leave and six weeks fully paid paternity leave
- Seven Employee Resource Groups covering gender, race, sexual orientation, mental health, social mobility, family networks and diverse abilities
- D&I targets now linked to executive and senior leadership remuneration

We have a responsibility to engage with and support the communities that house us

Providing meaningful support for local communities

- Over 30 charities supported through charitable giving
- Partnered with several local charities and agencies (such as Maggie's, myGwork and Work180) to show employees how they have an impact in our communities
- Expanded our outreach into community schools in and around Boston and have maintained our Co-ops and internship programmes both in the US and UK.

Reporting on our focus areas

Partnerships

Our goal	Our ongoing priority is to maintain and build strategic and commercial partnerships – both inbound and outbound, to support the advancement of drug discovery, diagnostic development and commercialisation.
Why this is important	In pursuing our ambition to be the most influential life sciences company in the world, we know that we need to have a strong, mutually-beneficial and long-term partnership network, with suppliers, partners, customers, academics, non-governmental organisations (NGOs), charities and funding bodies.
Our commitments and performance	**We increase our impact through long-term, mutually beneficial partnerships** Maintain and establish relationships with new and existing suppliers and partners – Signed 85 outbound agreements with new and existing partners in CY2021, including the initiation of over 30 new service or supply agreements – Approximately 500 new clones commercialised under licence by our partners for sale to third parties, bringing the total number of commercialised clones to almost 1,000 **We work with people and organisations that have a common commitment to the highest ethical standards and to making a positive difference in the world** Uphold ethical standards across our supply chain – 100% of third party suppliers signed up to our Code of Conduct – No whistle blower complaints from suppliers and partners – Goal for top 100 suppliers to be audited by EcoVadis, a leading global provider of sustainability ratings. To date, over 70 major suppliers have been audited, with an average rating above benchmark

Reporting on our focus areas

Planet

Our goal	We consider and minimise our environmental footprint and impact at every stage of our product lifecycle, in the way we operate, and at all of our sites. We comply, as a minimum, with all relevant environmental legislation, and consider environmental risks in all that we do. We recognise that climate change is a global imperative and that we should play our part in combatting it.
Our commitments and performance	**We recognise that climate change is a pressing global issue and that we need to consider and plan for the impact that it may have on our business, as well as contributing to its mitigation** Monitor and reduce our emissions, and contribute to achieving global climate change targets – Process to determine climate-related risks and opportunities underway – Total Streamlined Energy and Carbon Reporting ("SECR") Scope 1, 2 & 3 emissions of 87.9 ktCO_2e globally (18 months to 31 December 2021), with Scope 3 emissions comprising 94% of total emissions (see page 44 for further details) – Reduction in Scope 1 & 2 carbon intensity, where we have most control, with the Group's carbon intensity ratio (Scope 1&2 tCO_2e per $m revenue) reduced from 13.6 (12 months to 30 June 2020) to 8.4 (18 months to 31 December 2021) – Annual response to CDP and, from 2022, TCFD reporting – 19% of energy sourced from renewables (L18M), saving over 750 tCO_2e – Building Management Systems installed in all new sites – LED lighting installed at all sites **We aim to reuse and recycle as much as possible, minimising waste sent to landfill** Reduce waste throughout our value chain – Largest waste stream (~30%) generated is general waste; solid biohazardous waste makes up ~15% – 153 tonnes of waste sent to landfill (18m to 31 December 2021), with an associated carbon footprint of 71 t CO_2e **Our environmental management systems are designed to ensure compliance, as a minimum, with all environmental legislation in the countries in which we operate** Comply with all relevant environmental legislation – No incidents of non-compliance

Reporting on our focus areas

Planet continued

Streamlined Energy and Carbon Reporting (SECR)

Reflective of the sentiment behind our environmental policy, this year we chose to go beyond compliance for SECR. We are reporting on our Scope 1, 2 & 3 emissions globally rather than just in the UK. The disclosure also extends to fugitive emissions from the operation of facilities and chemical process emissions in the form of CO_2 (liquid and dry ice). We continue to increase analysis of our emissions under Scope 3, which captures all upstream and downstream emissions related to our business. In the table below, Scope 1 relates to emissions from activities for which the Company own or control including combustion of fuel and operation of facilities, and Scope 2 relates to emissions from the purchase of electricity, heat, steam and cooling for use at the Group's locations, all of which have been converted using government published conversion factors.

Carbon Emissions

	12 months to 30 June 2020			**18 months to 31 December 2021**		
tCO_2e	UK	Rest of World	Global	**UK**	**Rest of World**	**Global**
Scope 1	952	602	1,554	**494**	**617**	**1,111**
Scope 2	618	2,580	3,198	**778**	**3,335**	**4,113**
Scope 1&2 sub-total	**1,570**	**3,182**	**4,752**	**1,272**	**3,952**	**5,224**
Scope 3			50,256			**82,633**
Total			**55,008**			**87,858**

Energy consumption used to calculate emissions

	12 months to 30 June 2020			**18 months to 31 December 2021**		
kWh	UK	Rest of World	Global	**UK**	**Rest of World**	**Global**
Scope 1	2,219,808	649,155	2,868,963	**518,389**	**392,147**	**910,536**
Scope 2	2,416,952	5,116,286	7,533,238	**3,664,806**	**8,423,040**	**12,087,846**
Scope 1&2 sub-total	**4,636,760**	**5,765,441**	**10,402,201**	**4,183,195**	**8,815,187**	**12,998,382**

Carbon Intensity

tCO_2e/$m revenue	12 months to 30 June 2020	**18 months to 31 December 2021**
Global Scope 1&2 emissions, tCO_2e	4,752	**5,224**
Revenue, $m	348.4	**620.3**
Carbon intensity ration	13.6	**8.4**

Streamlined Energy and Carbon Reporting (SECR) continued

We consider the most appropriate intensity factor to be tCO_2e per million dollars of revenue (to allow global comparisons). As shown in the table, the Group's carbon intensity fell from 13.6 tonnes/$m of revenue in the 12 months to 30 June 2020, to 8.4 tonnes/$m in the 18 months to 31 December 2021, reflecting the increase in revenue of the business and reduction in our Scope 1 emissions. This SECR data, which is derived from analysis by a third party, forms the baseline from which we continue to compare our activity going forward, with an ambition to reduce our carbon footprint and put in place related science-based carbon reduction targets.

The calculation above for greenhouse gas emissions estimates cover all material sources of emissions for which Abcam is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach.

All available emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included, along with the addition of fugitive and process emissions and the extension of the scope to global emissions, rather than UK emissions only.

The calculation covers all of our UK and global operations that are consolidated in the financial statement, the offices leased to conduct these operations, activities for which Abcam own and control and business travel carried out in employee-owned vehicles and rental vehicles. Data has been obtained from across the business from invoices and spreadsheets held by Finance. Where there were data gaps, energy consumption was calculated using pro-rata extrapolation of available data. This was deemed as appropriate as sufficient seasonal data was available to allow for a reasonable estimate. It was only required to fill small data gaps of one month for electricity consumption at Pleasanton and Branford, and for part-monthly gaps at Adelaide. Energy was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2021, IEA Emissions Factors 2019 and US EPA Emissions Factors 2020 (it was not possible to obtain 2019 factors).

Please note that this disclosure covers a period of 18 months from 1 July 2020 to 31 December 2021. Therefore, comparisons to previous years will be impacted.

Energy Efficiency Action

Between 1 July 2020 and 31 December 2021, we made efforts to improve energy efficiency across our sites in the UK and US. Following the Energy Savings Opportunities Scheme (ESOS) report, we are in the process of handing over control of our BMS system at our Cambridge site to optimise energy performance. We are also planning to formalise energy management with ISO 50001 certification. At the Eugene site in the US, light fixtures have been replaced with more efficient LED lighting.

For more detail, refer to our Impact Report which may be found at: corporate.abcam.com/sustainability

CFO Report

The Group has changed its year end to 31 December. As a result, this year's results will present an 18-month accounting period, which ended on 31 December 2021. The comparison to the previously reported 12 months ended 30 June 2020 therefore presents a substantial period-on-period increase due to the longer period of account in the current reporting period and provides little helpful insight into the underlying performance of the business. In order to provide a more useful comparison, this review largely focuses on the comparison of the 12 months ended 31 December 2021 ("CY2021") to the 12 months ended 31 December 2020 ("CY2020").

The audited financial statements in the back of this report contains the statutory results for the 18 months ended 31 December 2021 and a comparison to the year ended 30 June 2020.

The CFO's Report and Financial Review includes discussion of alternative performance measures which are defined further in the Notes to the Consolidated Financial Statements. These measures include adjusted financial measures, which are explained in note 1c and reconciled to the most directly comparable measure prepared in accordance with IFRS in note 3. Further detail on the Group's financial performance is set out in the audited financial statements and notes thereto.

Constant exchange rates ("CER") growth is calculated by applying the applicable prior period average exchange rate to the Group's actual performance in the respective period.

Summary Performance

	Reported Results				Adjusted Results			
	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 June 2020 (audited, restated) £m	**12 months ended 31 Dec 2021 (unaudited) £m**	**12 months ended 31 Dec 2020 (unaudited) £m**	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 June 2020 (audited, restated) £m	**12 months ended 31 Dec 2021 (unaudited) £m**	**12 months ended 31 Dec 2020 (unaudited) £m**
Revenue	462.9	260.0	**315.4**	269.3	462.9	260.0	**315.4**	269.3
Gross profit	329.2	180.2	**224.6**	188.5	332.3	180.2	**227.7**	188.5
Gross profit margin (%)	71.1%	69.3%	**71.2%**	70.0%	71.8%	69.3%	**72.2%**	70.0%
Operating profit	24.4	10.4	**7.1**	1.0	95.5	54.0	**60.4**	50.6
Operating profit margin (%)	5.3%	4.0%	**2.3%**	0.4%	20.6%	20.8%	**19.2%**	18.8%
Earnings per share								
Basic earnings/(loss) per share	7.7p	6.0p	**1.9p**	(0.4)p	33.2p	20.5p	**20.8p**	18.0p
Diluted earnings/(loss) per share	7.6p	6.0p	**1.9p**	(0.4)p	32.9p	20.3p	**20.6p**	17.8p
Net (debt)/cash at end of the year	(24.1)	80.9	**(24.1)**	211.9	(24.1)	80.9	**(24.1)**	211.9
Return on Capital Employed	3.1%	1.6%	**0.9%**	0.1%	12.0%	8.3%	**7.6%**	6.6%

Continued strong performance

The Group reported revenue for CY2021 of £315.4m (CY2020: £269.3m), a CER growth rate of 22%. This figure includes a contribution of approximately one percentage point, or £2.6m, from BioVision following the acquisition's completion on 27 October 2021. Growth in revenue from our own, in-house (catalogue) products was 41% (CER) for CY2021, including a four-percentage point contribution from BioVision.

While laboratories continued to relax COVID-19 related restrictions during the period, and data indicates overall lab activity levels increased through 2021, activity had not fully returned to pre-COVID levels by the end of the period due to the emergence of the Omicron variant in late 2021.

Adjusted operating profit (before all share-based payment costs) for CY2021 was up 19%, to £60.4m (CY2020: £50.6m). This equates to an adjusted operating profit margin (excluding share-based payments) of 19.2% (CY2020: 18.8%). After share-based payment charges related to share incentive schemes in force prior to the start of the year, of £12.9m, like-for-like adjusted operating profit was £47.5m, equivalent to an adjusted operating profit margin of 15.1% (CY2020: 13.9%).

Total revenue and adjusted operating profit for the 18 months ended 31 December 2021 was £462.9m and £95.5m respectively. The Group's statutory results for the 18 months ended 31 December 2021 are covered in more detail in our audited financial statements contained herein.

Investing in future growth

Despite the disruption inflicted on our customers and industry by COVID-19, the long-term opportunities for growth across our markets continue to strengthen and, consistent with the strategic plans we set out in November 2019, we have further invested in our business through the period to capture these opportunities. Our global team increased to approximately 1,750 colleagues by the end of 2021 (31 December 2020: 1,600) and, overall, total adjusted operating costs in CY2021 rose 21% to £167.3m. We also committed a further £47m in capital expenditure (net of landlord contributions) during CY2021 to growth and scaling opportunities across the business, including capitalised product innovation, global footprint enhancements – including the opening of our flagship US site in Waltham, Massachusetts – and the implementation of the final stages of our ERP implementation.

Underpinning our invest-to-grow strategy is our robust balance sheet and financial position. Net cash generation from operating activities increased to £62.9m in CY2021 (CY2020: £58.9m) and we ended the period with a small net debt position of £24.1m.

Operational leverage and increased profitability

As expected, over the last two years the Group's profit margins have been suppressed by the effects of both COVID-19 and the implementation of the Group's Five-Year Growth Plan. Many of our major investment plans are now substantially complete, and as we look forward, we expect to see the rate of investment reduce and the resultant delivery of operational leverage as the value of our investments are realised. We are pleased with the progress made over the most recent six-month period, where our adjusted operating margin (excluding share-based payments) was 20.3% as compared to 17.8% for the first six months of CY2021 (or 16.5% in H2 compared to 13.3% in H1 on a 'like-for-like' basis, including share-based payments relating to pre-2021 share plans).

As we look forward, we expect this operating leverage to continue to levels consistent with those levels laid out in our Five-Year Growth Plan, with a goal to reach over 30% in CY2024.

Acquisition of BioVision

In July 2021, we announced the signing of an agreement to acquire BioVision for $340m on a cash-free, debt-free basis. The purchase closed in October 2021, and we are now working on the integration, building on our combined expertise, and enhancing our presence in cell-based and metabolic assays. To support the financing of the acquisition, we drew down approximately £120m on our revolving credit facility in October 2021.

US Nasdaq listing

The Group successfully added a secondary US listing on Nasdaq in October 2020, supplementing its existing admission to trading on the London Stock Exchange's AIM market whilst raising approximately £127m ($180m). The listing supports the Group's plans to enhance liquidity in our shares, attract a greater number of US-based life science and growth investors and provide the Group with an acquisition currency in the US market. We were pleased with the demand for the offering from long-term, life science investors. Interest has grown since, with the number of American Depository Receipts (ADRs) in issue doubling.

The board continues to review options to increase share liquidity, to ensure investor demand is met and intends to consult with shareholders on these options in due course.

Outlook, 2022 guidance and long-term goals to 2024

We have made good progress in many areas during the year and our top line performance has seen good momentum coming out of the pandemic. Whilst short-term returns on our core business have inevitably been reduced by COVID-19 and our investments, I am confident in a continuation of the trajectory we have seen over the last six months, and the potential return our organic and inorganic investments will generate over the medium- and long-term.

CY2022 Guidance

Global lab activity continues to recover, though some uncertainty remains, with trading performance in the first two months of CY2022 in line with our expectations.

For CY2022 overall, we currently estimate total reported revenue to increase by approximately 20% on a constant exchange rate basis, including the impact from the acquisition of BioVision, with organic CER growth of mid-teens. We expect continued adjusted gross margin improvement through CY2022, due to the contribution of higher margin in-house products and the full year effect of BioVision transaction. Total adjusted operating costs (including depreciation and amortisation) are expected to grow at a mid-teens percentage rate, as we slow the rate of investment and leverage our recent investments.

Long-term goals to CY2024

The Group expects to deliver improving operating leverage as the pace of investment graduates. We are increasing our 2024 revenue goal by £25m to £450m-£525m, adjusting to incorporate BioVision and our current operating performance. Our adjusted operating margin and ROCE targets remain unchanged.

This commentary represents management's current estimates and is subject to change. See the Cautionary statement regarding forward-looking statements on page 188 of this Annual Report.

Michael Baldock
CFO

Non-GAAP Alternative Performance Measures (APMs) – Calendar Year Results

Following the change in the Group's accounting reference date to 31 December, management has prepared calendar year results to enable a more consistent like-for-like review of the trading performance of the business. The calendar year results are Alternative Performance Measures and cover the trading periods for the 12 months ended 31 December 2021 (CY2021) compared with the 12 months ended 31 December 2020 (CY2020). The basis of preparation applied to these results is set out below and they are reconciled to the Group's Statutory IFRS Results on pages 142 and 143.

Basis of preparation

The CY2021 results have been derived from the audited IFRS results for the 18 months ended 31 December 2021 (as set out on pages 129, 132 and 156), less the unaudited results for the six months ended 31 December 2020. The CY2020 results have been derived from the audited IFRS results for the 12 months ended 30 June 2020 (as set out on pages 129, 132 and 156), less the unaudited results for the six months ended 31 December 2019, and adding back the unaudited results for the six months ended 31 December 2020.

Consolidated statement of profit and loss for the 12 months ended 31 December

	CY2021 (unaudited)			CY2020 (unaudited)		
£m	Adjusted	Adjusting items	Reported	Adjusted	Adjusting items	Reported
Revenue	**315.4**	**—**	**315.4**	269.3	—	269.3
Cost of sales	**(87.7)**	**(3.1)**	**(90.8)**	(80.8)	—	(80.8)
Gross profit	**227.7**	**(3.1)**	**224.6**	188.5	—	188.5
Selling, general and administrative expenses	**(150.6)**	**(39.1)**	**(189.7)**	(120.6)	(23.9)	(144.5)
Research and development expenses	**(16.7)**	**(11.1)**	**(27.8)**	(17.3)	(25.7)	(43.0)
Operating profit	**60.4**	**(53.3)**	**7.1**	50.6	(49.6)	1.0
Finance income	**0.3**	**—**	**0.3**	0.4	—	0.4
Finance costs	**(2.7)**	**—**	**(2.7)**	(3.6)	—	(3.6)
Profit/(loss) before tax	**58.0**	**(53.3)**	**4.7**	47.4	(49.6)	(2.2)
Tax credit/(charge)	**(10.2)**	**10.5**	**(0.3)**	(8.8)	10.1	1.3
Profit/(loss) for the financial period	**47.2**	**(42.8)**	**4.4**	38.6	(39.5)	(0.9)

Consolidated cashflow statement for the 12 months ended 31 December

£m	CY2021 (unaudited)	CY2020 (unaudited)
Operating cash flows before working capital	**68.2**	63.0
Change in working capital	**4.0**	(7.8)
Cash generated from operations	**72.2**	55.2
Income taxes paid	**(9.3)**	3.7
Net cash inflow from operating activities	**62.9**	58.9
Net cash inflow/(outflow) from investing activities	**(291.5)**	(153.7)
Net cash inflow from financing activities	**111.4**	116.0
Net (decrease)/increase in cash and cash equivalents	**(117.2)**	21.2
Cash and cash equivalents at beginning of period	**211.9**	189.9
Effect of foreign exchange rates	**0.4**	0.8
Cash and cash equivalents at end of the period	**95.1**	211.9
Free Cash Flow*	**6.0**	5.6

* Free Cash Flow comprises net cash generated from operating activities less net capital expenditure, cash flows relating to committed capital expenditure and outflows in respect of lease obligations

Reconciliation of the consolidated statement of profit and loss between the 18-month period ending 31 December 2021 and the 12-month period ending 31 December 2021

	18 months ended 31 December 2021			6 months ended 31 December 2020 (restated)			**12 months ended 31 December 2021 (CY2021)**		
	Adjusted	Adjusting items	Total	Adjusted	Adjusting items	Total	**Adjusted**	**Adjusting items**	**Total**
Revenue	462.9	—	462.9	147.5		147.5	**315.4**		**315.4**
Cost of sales	(130.6)	(3.1)	(133.7)	(42.9)		(42.9)	**(87.7)**	**(3.1)**	**(90.8)**
Gross profit	332.3	(3.1)	329.2	104.6	—	104.6	**227.7**	**(3.1)**	**224.6**
Selling, general and administrative expenses	(211.5)	(51.8)	(263.3)	(60.9)	(12.7)	(73.6)	**(150.6)**	**(39.1)**	**(189.7)**
Research and development expenses	(25.3)	(16.2)	(41.5)	(8.6)	(5.1)	(13.7)	**(16.7)**	**(11.1)**	**(27.8)**
Operating profit	**95.5**	**(71.1)**	**24.4**	**35.1**	**(17.8)**	**17.3**	**60.4**	**(53.3)**	**7.1**
Finance income	0.5	—	0.5	0.2		0.2	**0.3**	**—**	**0.3**
Finance costs	(4.6)	—	(4.6)	(1.9)		(1.9)	**(2.7)**	**—**	**(2.7)**
Profit before tax	**91.4**	**(71.1)**	**20.3**	**33.4**	**(17.8)**	**15.6**	**58.0**	**(53.3)**	**4.7**
Tax credit/(charge)	(16.9)	13.8	(3.1)	(6.1)	3.3	(2.8)	**(10.8)**	**10.5**	**(0.3)**
Profit for the period	**74.5**	**(57.3)**	**17.2**	**27.3**	**(14.5)**	**12.8**	**47.2**	**(42.8)**	**4.4**

Reconciliation of the consolidated statement of profit and loss between the 12-month period ending 30 June 2020 and the 12-month period ending 31 December 2020

	6 months ended 31 December 2020 (restated)			Year ended 30 June 2020 (restated)			6 months ended 31 December 2019 (restated)			**12 months ended 31 December 2020 (CY2020)**		
	Adjusted	Adjusting items	Total	Adjusted	Adjusting items	Total	Adjusted	Adjusting items	Total	**Adjusted**	**Adjusting items**	**Total**
Revenue	147.5	—	147.5	260.0	—	260.0	138.2	—	138.2	**269.3**	**—**	**269.3**
Cost of sales	(42.9)	—	(42.9)	(79.8)	—	(79.8)	(41.9)	—	(41.9)	**(80.8)**	**—**	**(80.8)**
Gross profit	104.6	—	104.6	180.2	—	180.2	96.3	—	96.3	**188.5**	**—**	**188.5**
Selling, general and administrative expenses	(60.9)	(12.7)	(73.6)	(111.5)	(20.0)	(131.5)	(51.8)	(8.8)	(60.6)	**(120.6)**	**(23.9)**	**(144.5)**
Research and development expenses	(8.6)	(5.1)	(13.7)	(14.7)	(23.6)	(38.3)	(6.0)	(3.0)	(9.0)	**(17.3)**	**(25.7)**	**(43.0)**
Operating profit	35.1	(17.8)	17.3	54.0	(43.6)	10.4	38.5	(11.8)	26.7	**50.6**	**(49.6)**	**1.0**
Finance income	0.2	—	0.2	0.7	—	0.7	0.5	—	0.5	**0.4**	**—**	**0.4**
Finance costs	(1.9)	—	(1.9)	(2.8)	—	(2.8)	(1.1)	—	(1.1)	**(3.6)**	**—**	**(3.6)**
Profit before tax	33.4	(17.8)	15.6	51.9	(43.6)	8.3	37.9	(11.8)	26.1	**47.4**	**(49.6)**	**(2.2)**
Tax credit/(charge)	(6.1)	3.3	(2.8)	(9.4)	13.6	4.2	(6.7)	6.8	0.1	**(8.8)**	**10.1**	**1.3**
Profit for the period	27.3	(14.5)	12.8	42.5	(30.0)	12.5	31.2	(5.0)	26.2	**38.6**	**(39.5)**	**(0.9)**

Reconciliation of the consolidated cashflow statement between the 18-month period ending 31 December 2021 and the 12-month period ending 31 December 2021

	18 months ended 31 December 2021	6 months ended 31 December 2020 (restated)	CY2021
Operating cash flows before working capital	108.9	40.7	**68.2**
Change in working capital	(3.6)	(7.6)	**4.0**
Cash generated from operations	105.3	33.1	**72.2**
Income taxes paid	(9.1)	0.2	**(9.3)**
Net cash inflow from operating activities	96.2	33.3	**62.9**
Net cash inflow/(outflow) from investing activities	(313.7)	(22.2)	**(291.5)**
Net cash inflow from financing activities	126.4	15.0	**111.4**
Net (decrease)/increase in cash and cash equivalents	(91.1)	26.1	**(117.2)**
Cash and cash equivalents at beginning of period	187.3	187.3	**211.9**
Effect of foreign exchange rates	(1.1)	(1.5)	**0.4**
Cash and cash equivalents at end of the period	95.1	211.9	**95.1**
Free Cash Flow*	12.6	6.6	**6.0**

Reconciliation of the consolidated cashflow statement between the 12-month period ending 30 June 2020 and the 12-month period ending 31 December 2020

	6 months ended 31 Dec 2020 (restated)	12 months ended 30 June 2020	6 months ended 31 Dec 2019	CY2020
Operating cash flows before working capital	40.7	61.4	39.1	**63.0**
Change in working capital	(7.6)	4.0	4.2	**(7.8)**
Cash generated from operations	33.1	65.4	43.3	**55.2**
Income taxes paid	0.2	(2.4)	(5.9)	**3.7**
Net cash inflow from operating activities	33.3	63.0	37.4	**58.9**
Net cash inflow/(outflow) from investing activities	(22.2)	(148.1)	(16.6)	**(153.7)**
Net cash inflow from financing activities	15.0	184.6	83.6	**116.0**
Net (decrease)/increase in cash and cash equivalents	26.1	99.5	104.4	**21.2**
Cash and cash equivalents at beginning of period	187.3	87.1	87.1	**189.9**
Effect of foreign exchange rates	(1.5)	0.7	(1.6)	**0.8**
Cash and cash equivalents at end of the period	211.9	187.3	189.9	**211.9**
Free Cash Flow*	6.6	19.0	20.0	**5.6**

* Free Cash Flow comprises net cash generated from operating activities less net capital expenditure, cash flows relating to committed capital expenditure and outflows in respect of lease obligations

Financial review

Revenue

	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 Jun 2020 (audited) £m	12 months ended 31 Dec 2021 (unaudited) £m	12 months ended 31 Dec 2020 (unaudited) £m	12 month % Change CER	CY2021 % Split**
Catalogue revenue by region						
The Americas	**163.7**	96.8	**112.4**	95.3	**26%**	38%
EMEA	**121.5**	68.4	**82.3**	73.2	**15%**	28%
China	**84.4**	39.1	**57.1**	42.7	**34%**	19%
Japan	**28.4**	18.8	**18.6**	19.3	**5%**	6%
Rest of Asia Pacific	**34.8**	20.0	**23.4**	21.0	**17%**	8%
Catalogue revenue sub-total*	**432.8**	243.1	**293.8**	251.5	**22%**	100%
In-house catalogue revenue*	**245.0**	114.4	**171.5**	128.8	**39%**	58%
Third-party catalogue revenue	**187.8**	128.7	**122.3**	122.7	**4%**	42%
Custom products and services	**8.4**	6.3	**5.7**	5.7	**6%**	30%
IVD	**8.9**	4.7	**6.3**	5.9	**15%**	33%
Royalties and licenses	**10.2**	5.9	**7.0**	6.2	**20%**	37%
Custom Products & Licensing (CP&L) sub-total	**27.5**	16.9	**19.0**	17.8	**14%**	100%
BioVision	**2.6**	—	**2.6**	—		
Total reported revenue	**462.9**	260.0	**315.4**	269.3	**22%**	

* Includes BioVision product sales sold through Abcam channels post closing of the transaction on 26 October 2021 but excludes incremental BioVision sales sold through non-Abcam channels of £2.6m.
** Numbers may not add up due to rounding

In the 18-month statutory reporting period ended 31 December 2021, the Group generated revenue of £462.9m, which represents an increase of 78% on the results for the 12 months ended 30 June 2020, reflecting the extended accounting period.

The Directors believe underlying business performance is better understood by comparing the performance for the 12 months ended 31 December 2021 (CY2021) and the 12 months ended 31 December 2020 (CY2020). In CY2021 revenue was £315.4m, representing CER growth of 22% and reported growth of 17%, after a five percentage point headwind from foreign currency exchange. The acquisition of BioVision added approximately one percentage point to revenue growth.

Revenue growth continues to be driven by a recovery in laboratory activity from the depressed levels experienced in 2020 due to the COVID-19 pandemic, and by increasing demand for our growing portfolio of in-house products.

Catalogue revenue grew 23% CER in CY2021 compared with CY2020 (18% reported), with revenue growth from our in-house products of 41% CER including BioVision (35% reported) or 36% CER excluding BioVision. Except for Japan, which suffered greater COVID-19 related disruption, all major territories grew at double digit rates, with China, which now accounts for 19.4% of revenue, the fastest growing region with CER growth of 34%.

Custom Products & Licensing ('CP&L') revenue, rose 14% on a CER basis (7% reported). Within CP&L, IVD and royalty and license sales grew double digit on a CER basis as the number of out-licensed products and commercial deals continues to grow, whilst custom projects returned to growth as customer activity levels improved following a more muted period of activity due to COVID-19.

Gross margin

	18 months ended 31 Dec 2021 (audited) %	12 months ended 30 Jun 2020 (audited) %	12 months ended 31 Dec 2021 (unaudited) %	12 months ended 30 Dec 2020 (unaudited) %
Reported Gross Margin	**71.1**	69.3	**71.2**	70.0
Amortisation of fair value adjustments	**0.7**	—	**1.0**	—
Adjusted Gross Margin	**71.8**	69.3	**72.2**	70.0

Reported gross margin for the 18 months ended 31 December 2021 was 71.1%. Reported gross margin for the period was impacted by the fair value adjustment of BioVision inventory following the acquisition, totalling £6.0m. Approximately half, or £3.1m, of this cost was amortised in the period, with the balance of £2.9m to be amortised in CY2022. Before this impact, adjusted gross margin for CY2021 increased by just over two percentage points to 72.2% (CY2020: 70.0%), reflecting a favourable movement in product mix towards high margin in-house products, as well as volume leverage resulting from the increase in revenue. In-house product sales (including CP&L revenue) contributed 61% of total revenue in CY2021 (CY2020: 54%).

Operating profit

Operating profit for CY2021 increased to £7.1m (CY2020: £1.0m). Adjusted operating profit for the same 12-month period increased to £60.4m (CY2020: £50.6m), representing an adjusted operating profit margin of 19.2% (CY2020: 18.8%) reflecting the Group's planned investment, the impact of COVID-19, and the step up in depreciation and amortisation. The calculation of adjusted operating profit has been updated to exclude share-based payments of £20.0m and £13.3m in CY2021 and CY2020 respectively. A reconciliation between reported and adjusted operating profit is provided in note 7 to the financial statements.

Reported operating profit for the 18 months ended 31 December 2021 was £24.4m (12 months to 30 June 2020: £10.4m).

Operating costs and expenses

	Reported*				Adjusted*			
	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 June 2020 (audited, restated) £m	12 months ended 31 Dec 2021 (unaudited) £m	12 months ended 31 Dec 2020 (unaudited) £m	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 June 2020 (audited, restated) £m	12 months ended 31 Dec 2021 (unaudited) £m	12 months ended 31 Dec 2020 (unaudited) £m
Selling, general & administrative	**(263.3)**	(131.5)	**(189.7)**	(144.5)	**(211.5)**	(111.5)	**(150.6)**	(120.6)
Research and development	**(41.5)**	(38.3)	**(27.8)**	(43.0)	**(25.3)**	(14.7)	**(16.7)**	(17.3)
Total operating costs and expenses	**(304.8)**	(169.8)	**(217.5)**	(187.5)	**(236.8)**	(126.2)	**(167.3)**	(137.9)
Depreciation and amortisation	**(57.0)**	(29.7)	**(41.0)**	(32.5)	**(42.9)**	(20.7)	**(31.9)**	(22.0)
Total operating costs and expenses excl. Depreciation and amortisation	**(247.8)**	(140.1)	**(176.5)**	(155.0)	**(193.9)**	(105.5)	**(135.4)**	(115.9)
of which share-based payments	**(29.0)**	(9.3)	**(20.0)**	(13.3)	**—**	—	**—**	—

* Details of items excluded from reported costs and expenses are provided in Adjusting Items below and in note 7 to the financial statements.

CY2021 vs. CY2020
Planned investments made during the period in our platform and team to support the Company's growth saw total reported operating costs and expenses increase by £30.0m, or 16%, to £217.5m. On an adjusted basis, total costs and expenses increased by £29.4m or 21%, to £167.3m (CY2020: £137.9m). Within this, adjusted SG&A expenses, increased by 25% and adjusted R&D expenses decreased by 3.5%, representing 48% and 5% of revenue, respectively.

Adjusted depreciation and amortisation charges increased in line with guidance provided in September 2021, to £31.9m, reflecting increased amortisation charges following the implementation of additional Oracle Cloud ERP modules. Reported depreciation and amortisation charges included an additional £9.1m related to the amortisation of acquired intangibles (CY2020: £9.6m). Total adjusted depreciation and amortisation charges (excluding the amortisation of acquired intangibles) are expected to rise by approximately £5m in CY2022, as a result of the final Oracle ERP deployments and planned investments in our global supply chain. This is around £5m lower than previously expecting, following a change in the assessment of the useful economic life of the Oracle ERP system implemented during the year (see note 1 to the financial statements for further information).

18 months ended 31 December 2021 vs. 12 months ended 30 June 2020
On a reported basis, total operating costs and expenses for the 18 months ended 31 December 2021 were £304.8m. On an adjusted basis, costs and expenses increased £110.6m from £126.2m to £236.8m, reflecting the longer accounting period and investments made in the business.

Adjusting Items

	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 June 2020 (audited, restated) £m	12 months ended 31 Dec 2021 (unaudited) £m	12 months ended 30 Dec 2020 (unaudited) £m
Amortisation of fair value adjustments	**(3.1)**	—	**(3.1)**	—
Impairment of intangible assets	**(1.1)**	(14.9)	**(1.1)**	(14.9)
System and process improvement costs	**(9.5)**	(4.6)	**(7.0)**	(5.0)
Acquisition costs	**(8.3)**	(4.1)	**(8.3)**	(2.8)
Integration and reorganisation costs	**(6.6)**	(2.1)	**(4.7)**	(4.0)
Amortisation of acquisition intangibles	**(13.5)**	(8.6)	**(9.1)**	(9.6)
Share-based payments*	**(29.0)**	(9.3)	**(20.0)**	(13.3)
Total adjusting items affecting operating profit before tax	**(71.1)**	(43.6)	**(53.3)**	(49.6)

* Share-based payments, which are non-cash items, are now included as an adjusted item as management believes it is more useful to exclude share-based compensation expenses from adjusted profit measures to better understand the long-term performance of the core business.

In the 18 months ended 31 December 2021, adjusting items totalled £71.1m with £53.3m incurred in CY2021. Major adjusting items in CY2021 included £7.0m of system and process improvement costs resulting from the implementation of the Oracle ERP system, due to complete in the CY2022; £8.3m of acquisition costs predominantly related to BioVision; £4.7m of integration and reorganisation costs related to the upgrading of our global footprint and the integration of BioVision; £9.1m related to the amortisation of acquired intangibles; and a charge of £20.0m related to share-based compensation. In previous reporting periods share-based payments have not been included within adjusting items. With the launch of the Profitable Growth Incentive Plan ("PGIP") in October 2021, management considers it to be more appropriate and more consistent with the Group's closest comparable companies to include share-based payments in adjusting items. A breakdown of the share-based compensation charges is as follows:

Share-based payment charges	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 June 2020 (audited, restated) £m	12 months ended 31 Dec 2021 (unaudited) £m	12 months ended 30 Dec 2020 (unaudited) £m
Schemes approved prior to CY2021	(21.9)	(9.3)	(12.9)	(13.3)
2021 approved schemes, including PGIP	(7.1)	—	(7.1)	—
Total share-based payments	**(29.0)**	(9.3)	**(20.0)**	(13.3)

Following the launch of the new share-based incentive schemes aligned to the Group's 2024 growth strategy (comprising the Profitable Growth Incentive Plan (PGIP) for senior leaders and Abcam Growth Plan for all other employees globally), it is estimated that total share-based payment charges of approximately £30m will be incurred in CY2022, rising to approximately £45m by CY2024.

Interest and tax

In the 18 months ended 31 December 2021, net finance costs totalled £4.1m with £2.4m incurred in CY2021, a reduction of £0.8m on CY2020 following the repayment of the Group's revolving credit facility ('RCF') in November 2020. The Group subsequently redrew £120m on the RCF in October 2021 following the acquisition of BioVision.

The reported tax rate for CY2021 was 6.4% and the adjusted tax rate was 18.6%. The Group was required to restate its deferred tax balances during the period following the UK government's decision to increase the UK Corporation Tax rate to 25% (from 19%) in 2023. The Group also benefited from 'patent box' relief in the UK in the period (where a lower rate of tax is applied to certain profits on patented income than the standard UK Corporation Tax rate).

The Group currently estimates an adjusted tax rate of 19% in CY2022, before rising in CY2023 following the increase in the UK Corporation Tax rate to 25% from 1 April 2023.

In the 18 months ended 31 December 2021 the Group reported a net tax charge of £3.1m on reported profits and £16.9m on adjusted profits, equivalent to an effective tax rate on adjusted profits of 18.5%.

Cash flow and net cash

	18 months ended 31 Dec 2021 (audited) £m	12 months ended 30 June 2020 (audited, restated) £m	12 months ended 31 Dec 2021 (unaudited) £m	12 months ended 30 Dec 2020 (unaudited) £m
Operating cash flows before working capital	**108.9**	61.4	**68.2**	63.0
Change in working capital	(3.6)	4.0	4.0	(7.8)
Cash generated from operations	**105.3**	65.4	**72.2**	55.2
Income taxes paid	(9.1)	(2.4)	(9.3)	3.7
Net cash inflow from operating activities	**96.2**	63.0	**62.9**	58.9
Cash outflow from investing activities	(313.7)	(148.1)	(291.5)	(153.7)
Cash inflow from financing activities	126.4	184.6	111.4	116.0
(Decrease)/increase in cash and cash equivalents	**(91.1)**	99.5	**(117.2)**	21.2
Cash and cash equivalents at beginning of period	187.3	87.1	211.9	189.9
Effect of foreign exchange rates	(1.1)	0.7	0.4	0.8
Cash and cash equivalents at end of the period	**95.1**	187.3	**95.1**	211.9
Free Cash Flow*	**12.6**	19.0	**6.0**	5.6

* Free Cash Flow comprises net cash generated from operating activities less net capital expenditure, cash flows relating to committed capital expenditure and outflows in respect of lease obligations

The Group remains highly cash generative at the operating level, with cash inflows from operating activities in the CY2021 of £62.9m (CY2020: £58.9m). After an increase in net capital expenditure (including cash flows relating to committed capital expenditure and capital repayments on leases), Free Cash Flow was £6.0m (CY2020: £5.6m).

Cash outflows on investing activities were £291.5m. This sum includes the acquisition of BioVision for £244.9m as well as net tangible and intangible capital expenditures of £46.6m (CY2020: £43.6m). Net capital expenditure includes a landlord reimbursement of £13.2m relating to leasehold improvement costs, primarily for the new Waltham site. Major areas of capital expenditure included £21.3m in respect of global footprint developments (net of landlord contributions) and £25.3m on intangible assets (CY2020: £29.0m). Intangible assets included £8.3m in respect of the Oracle ERP project, £8.5m in respect of other software developments relating to the Group's digital transformation and £7.5m of internally developed technology relating to new in-house products (CY2020: £10.4m).

Following the drawdown of £120m on the RCF in October 2021 to partially fund the acquisition of BioVision, cash inflows from financing activities totalled £111.4m, resulting in a net debt position (excluding lease liabilities) as of 31 December 2021 of £24.1m (CY2020: net cash of £211.9m). As at 1 January 2022, the combined interest rate on drawdowns from the RCF amounted to 0.9715%.

Balance sheet

Key elements of change in the balance sheet during the 18-month period comprised the following:

Goodwill and Intangibles

Goodwill increased to £364.8m (30 June 2020: £195.0m), predominantly as a result of the BioVision acquisition which added £177.0m.

Intangible assets increased by £84.1m to £234.2m (30 June 2020: £150.1m) where again the impact of the BioVision acquisition, of £80.6m, was responsible for most of the increase. A further £24.5m related to software development, of which £14.8m was in respect of the Oracle Cloud ERP system and a further £12.0m related to the additions from internal development of the Group's product range, reflective of the cash flows described above. These additions were offset by amortisation charges of £28.8m, impairment charges of £3.8m and small exchange rate movements.

Property, plant and equipment

Property, plant and equipment additions of £45.5m were made in the 18-month period, including £28.9m on global footprint developments. Included within the 18-month additions was spend of £7.9m on laboratory equipment across our sites in the UK, the US and China. The Group invested an additional £2.9m on edited cell lines.

Leases: Right of use assets

During the period overall leases reduced £33.2m, predominantly as a result of landlord leasehold incentives received in the US, resulting in a net book value at 31 December 2021 of £88.2m. As at 31 December 2021, the outstanding balance sheet liability in respect of the right of use assets was £110.5m.

Borrowings

The Group's three-year revolving credit facility, which was re-signed in December 2020, was drawn down by £120m in October 2021 in order to fund the acquisition of BioVision. As of 31 December 2021, the drawn down amount remained £120m, leaving £80m undrawn, as well as an accordion option of up to £100m.

Return on capital employed ('ROCE')

£m unless otherwise stated	31 December 2021 £m	31 December 2020 £m
Current assets	**211.5**	306.2
Non-current assets	**774.6**	512.4
Total assets	**986.1**	818.6
Less: Current liabilities	**(187.2)**	(52.0)
Capital employed	**798.9**	766.6
Adjusted operating profit	**60.4**	50.6
Return on Capital Employed, %	**7.6%**	6.6%

Capital employed by the Group rose by £32.3m during the year, to £798.9m, resulting in a modest improvement in ROCE for the period, which increased one percentage point, to 7.6%, reflecting the increased profitability of the Group.

As expected, over the last two years the Group's ROCE has been suppressed by the effects of both COVID-19 and the implementation of the Group's 2024 growth plan. Many of our major investment plans are now substantially complete, and as we look forward, we expect to see the rate of investment reduce and the resultant delivery of operational leverage and subsequent rise in ROCE from current levels as the value of our investments are realised.

Michael S Baldock
Chief Financial Officer
14 March 2022

We measure our performance against a number of strategic and financial KPIs. Success against our strategic KPIs forms a component of the Executive Directors' and senior management's remuneration.

Strategic performance measures	Revenue growth from in-house products (CER)	Transactional Net Promoter Score (tNPS)
Performance	41% (CY2021) CY2020: 15%	+56 (CY2021) CY2020: +59
Description	Total constant currency revenue growth of our in-house (catalogue) products published. Includes sales from BioVision fallowing completion of the acquisition in October 2021 There are approximately 38,000 in-house products published on our catalogue.	Transactional (often referred to as 'touchpoint') Net Promoter Score (tNPS) is an industry standard benchmark used to gauge the loyalty of our customer relationships based on their interactions with us.
Why this metric is important	Innovating new, high-quality products and growing our in-house product portfolio is fundamental to our long-term growth strategy.	Allows us to monitor customer satisfaction on a timely basis, helping to determine the likelihood of consumers recommending Abcam to a colleague.
How we performed	In-house product growth of over 40% represents a strong performance and and out-turn at the upper end of our internal targets.	We achieved a 12-month tNPS score of +56 in the year, toward the upper end of our target range.
Alignment to strategic priorities	1–6	1–5
Link to management remuneration	Yes. Performance against the Group's strategic KPIs determines part of management's Annual Bonus Plan (ABP) payout.	Yes. Performance against the Group's strategic KPIs determines part of management's Annual Bonus Plan (ABP) payout.
Related material	Our strategy (pages 28 to 32) Our impact (pages 33 to 45)	Our strategy (pages 28 to 32) Our impact (pages 33 to 45)

Financial performance measures

	Total CER revenue growth	Adjusted Gross Margin
Performance	22% (CY2021) CY2020: (1)%	72.2% (CY2021) CY2020: 70.0%
Description	Total revenue growth of the business on a constant exchange rate basis (CER). CER is achieved by applying the prior year's actual exchange rates to the current year's results.	Adjusted gross margin is calculated by dividing total gross profit achieved by total sales, before fair value adjustments on inventory relating to the BioVision acquisition.
Why this metric is important	Total revenue growth is a key metric for monitoring the Group's performance and ability to drive growth. Calculating growth on a CER basis allows management to identify the relative year-on-year performance by removing the impact of currency movements which are outside of management's control.	Gross margin is a key metric for monitoring the Group's earnings quality and potential.
How we performed	Total revenue CER growth of 22% represented a strong performance. reflecting the recovery in research activity levels following the disruptions in the prior year as well as growing demand for our portfolio of proprietary in-house products.	Gross margin improved in the period, reaching over 72%.
Alignment to strategic priorities	1–6	1–3, 5–6
Link to management remuneration	Yes. Performance against the Group's strategic KPIs determines part of management's LTIP payout.	No
Related material	CEO's report Our strategy Our performance	Our performance

Financial performance measures (cont'd)

	Adjusted Operating Profit	Return on Capital Employed
Performance	£60.4m (CY2021) CY2020: £50.6m	7.6% (CY2021) CY2020: 6.6%
Description	Operating Profit based on the related IFRS measure but excluding adjusting items (see note 7 of the consolidated financial statements for more information).	Return on Capital Employed (ROCE) is calculated by dividing adjusted operating profit by total capital employed at the end of the period. Capital employed is calculated by subtracting the Group's current liabilities from its total assets.
Why this metric is important	The Board considers this measurement of profitability a viable alternative to underlying profit. It represents a key metric of overall business profitability.	The Board believes that ROCE is a key tool in measuring the Group's financial efficiency and ability to create future growth in value. The Group attempts to maintain ROCE at a level well above the Group's estimated cost of capital.
How we performed	Adjusted operating profit increased by 19% to £60.4m. This figure was in line with our expectations, and equates to an adjusted operating margin of approximately 19%.	Return on capital employed improved in the year to 7.6% as profitability improved and the capital employed by the business remained relatively stable compared with the prior year.
Alignment to strategic priorities	3–6	1–6
Link to management remuneration	No	No
Related material	Our performance	Our performance

Free Cash Flow	Adjusted diluted EPS
£6.0m (CY2021) CY2020: £5.6m	20.6p (CY2021) CY2020: 17.8p
Free cash flow comprises net cash generated from operating activities less net capital expenditure and transfer of cash from/(to) escrow in respect of future capital expenditure.	Adjusted diluted earnings per share (EPS) is calculated by dividing the Group's profit after tax, after adjusting items, by the weighted average number of ordinary shares in issue, including those shares that may be awarded under future share option and awards.
The Board considers this measurement important for providing an indication of the amount of cash available for discretionary growth investment after removing capital-related items.	The Board considers this measurement an important indicator of the underlying profits generated for shareholders.
Free cash flow improved modestly in CY2021, to £6m, reflecting a combination of increased profitability, together with continued elevated levels of capital investment to support the Group's growth plans	Adjusted EPS increased in CY2021, reflecting the improvement in the Group's profitability over the period.
3–6	3–6
No	Yes, Adjusted EPS performance determines part of management's LTIP payout.
Our performance	Our performance

Further details can be found in our CFO's review, pages 46 to 57.

Managing risk to ensure growth is sustained

Risk management is an essential part of achieving the Group's vision to be the most influential life sciences company for researchers worldwide and is crucial to ensuring that Abcam can deliver on its strategic priorities. Abcam operates a risk management process that is effective and aligns with its dedicated, agile and audacious organisational culture.

The Group continuously improves and evolves its risk management framework, policies and procedures in order to identify, prevent and mitigate risks in the execution of strategy and day-to-day operations. Although no system of risk management can completely eliminate uncertainty, Abcam aims to ensure it is only exposed to appropriate risks which are managed effectively in accordance with the Group's tolerance to risk.

The Board has overall responsibility for Abcam's approach to risk management. Management takes responsibility for day-to-day risk management in line with the policies, responsibilities and accountabilities set by the Board. The Executive Leadership Team (ELT) and senior management are accountable for the identification and evaluation of risks across the business, and the implementation and monitoring of mitigating actions.

Risk management process

Identify risks

- The Board identifies Abcam's principal and emerging risks and threats, including a detailed review annually.
- Throughout the year conversations are held with each business function to identify and assess risks and issues.
- The most significant risks are scored and escalated to the consolidated risk register.

Set risk appetite

- The Board has defined a set of risk appetite statements which describe the types and amount of risk the Board is willing to tolerate in achieving Abcam's strategy and objectives.
- The risk appetite statements are shared with senior management, who control risks and make strategic decisions based on the Board's appetite.

Mitigate risks

- Each business function implements policies and controls to manage its risk appropriately and to ensure risks are reduced to an acceptable level.
- A key financial controls framework is in place and certified by control owners annually
- New this year, the key financial controls framework is complemented by Sarbanes-Oxley ("SOX").

Risk assurance

- The Group Finance function facilitates the risk management process and provides guidance and oversight.
- Independent assurance is obtained through the Group's internal audit function which reviews key areas of risk and the operation of controls.
- Specialist third parties are engaged to review specific areas of risk as necessary.

Risk reporting

- The status of significant and emerging risks is reported to each meeting of the Audit and Risk Committee (ARC).
- The ARC reviews the outputs from internal audit and other information on the operation of controls, including SOX.
- Abcam maintains open communication with employees, ensuring top-down and bottom-up communication of risks and issues.

Enhancements to the framework in the year

- The Board undertook a detailed review of principal and emerging risks, ensuring they remain relevant and up-to-date.
- Widened the pool of those consulted on risk management.
- Expanded the in-house audit team, building on its establishment in 2019.
- Further developed the maturity of risk management processes and reporting, particularly with reference to environmental risk.

Further information on the Audit and Risk Committee, and how it has discharged its responsibilities in relation to risk management throughout the year can be found on pages 83 to 87.

Climate risk

In 2021, Abcam commissioned Anthesis, a leading climate change consultancy, to support the Group in its assessment of relevant climate-related risks and opportunities. Additional information can be found on page 68.

Table of principal risks

↗ Increased risk
→ Stable
↘ Decreased risk

During the year, the Board carried out a robust assessment of the emerging and principal risks facing the Company, including risks that would threaten Abcam's business model, solvency or liquidity and reputation. Although the nature of the risks to which Abcam is exposed have not changed substantially, the assessment resulted in some revision to how the principal risks are grouped and expressed.

The principal risks are set out below, along with the Group's tolerance to that risk, how the risk is managed or mitigated, and a summary of and our assessment of emerging threats in each area. The ordering of the risks reflects the Board's view on their significance in achieving Abcam's strategy and objectives as set out on pages 28 to 32.

Continued disruption as a result of the ongoing COVID-19 pandemic is not considered an additional risk specific to Abcam, and its impacts are contained within the existing risks as set out. It is not, therefore, considered as a principal risk in its own right.

Further information on the Group's financial risk management activities can be found in note 26 to the financial statements.

Strategic risk

Competition and customer 1

Change in year →

The risk that competitors introduce new technologies, channels or workarounds to respond better to rapidly evolving scientific and technological developments; or the risk that Abcam fails to understand and respond to changing consumer needs, strengthen product offerings and routes to market as well as our competitors.

Tolerance to risk

- Abcam is open to a higher level of competitive risk in order to achieve the Group's vision to be the most influential life sciences company for researchers worldwide.

How the risk is managed

- Continuously improve the quality, reliability and range of products and services offered, striving to be a trusted partner to life scientists.
- Abcam is dedicated to understanding the requirements of customers. As such, customer feedback is monitored constantly to ensure expert customer service and scientific support is provided.
- Innovation and investment in new and potentially disruptive technologies as appropriate in line with strategy.

Emerging threats

- The competitive environment is continually changing; It is anticipated that the level of competitive risk will continue to be significant.

Link to strategy

- Sustain antibody and digital marketing leadership.
- Drive continued expansion into complementary market adjacencies.
- Build organisational scalability and sustain value creation.

Strategic risk

Acquisitions and integrations 2

Change in year →

Risks include overvaluation of targets, failing to identify issues or risks in due diligence, or failing to integrate acquired operations or technologies effectively in order to realise the benefits.

There is also a risk of failure to identify and acquire businesses which could bring added value.

Tolerance to risk
- Abcam only has appetite for acquisitions that are compatible with the strategic goals of the company.

How the risk is managed
- The Group's experienced in-house Corporate Development team oversee all acquisition and integration activities and have been further strengthened during the year.
- External advisors are engaged as necessary.
- A rigorous due diligence process is always conducted to ensure Abcam fully evaluates the costs and benefits expected to accrue before any business purchase.
- The Board reviews and challenges the rationale and business case for any acquisition, challenging key assumptions. A separate investment committee also reviews all acquisition cases up to a certain threshold.
- Higher levels of capital are available to be committed for the right strategic investment opportunities.
- A detailed integration plan and dedicated integration teams are put in place prior to acquisition. Progress against the plan is tracked to ensure an effective process.

Emerging threats
- Increased frequency, scale and diversity of acquisitions results in management of integrations becoming more complex.

Link to strategy
- Drive continued expansion into complementary market adjacencies.
- Build organisational scalability and sustain value creation.

Operational risk

People and resources 3

Change in year →

The risk of failure to recruit and develop people at the right rate to support Abcam's strategy, failing to maintain an engaged and motivated workforce or to provide the tools and resources for employees to do their work effectively.

Tolerance to risk
- The Group has a lower level of tolerance to this risk.

How the risk is managed
- Ensuring sufficient investment in attracting and retaining high-quality personnel by providing employees with a rewarding package of salary and benefits. Executive and senior leaders were granted the Profitable Growth Investment Plan during the year. The award winning Abshare programme matured during 2021 and is being replaced by the equally attractive Abcam Growth Plan.
- Maintaining a high level of employee satisfaction and engagement by investing in appropriate quality resources and infrastructure to support the staff and efficient working practices. This includes focus on providing learning and development opportunities, training and career paths to enable people to fulfil their potential.
- Investment in custom-built premises across the globe to ensure they are fit to support current operations and growth plans.
- Regular monitoring of employee satisfaction and engagement to ensure Abcam remains an exceptional place to work.

Emerging threats
- As Abcam continues to strive for rapid growth, the need to attract, retain and develop the right people will increase.

Link to strategy
- Sustain antibody and digital marketing leadership.
- Drive continued expansion into complementary market adjacencies.
- Build organisational scalability and sustain value creation.

Table of principal risks

↗ Increased risk
→ Stable
↘ Decreased risk

Strategic risk

Transformation projects 4

Change in year →

The risk of failure to deliver on Abcam's transformational growth projects, including our ongoing ERP implementation and reinvention of the digital channel.

Tolerance to risk
- A moderate tolerance to this risk, but no appetite for investment that does not have an appropriate business case and full oversight.

How the risk is managed
- Abcam is investing what is required to ensure the Group maintains an exceptional public website and digital experience.
- The ERP transformation programme continues with a dedicated team including internal subject matter experts and highly experienced external consultants.
- The project is being supported by an effective governance structure and senior leadership in place to oversee delivery.
- The Group is working closely with an experienced third party systems implementation partner to ensure we implement best-in-class systems and processes.

Emerging threats
- Customers' increasing expectations with regard to their digital experience, and the pace and complexity of Abcam's growth, mean that this risk will continue to be important.

Link to strategy
- Sustain antibody and digital marketing leadership.
- Drive continued expansion into complementary market adjacencies.
- Build organisational scalability and sustain value creation.

Operational risk

Cyber security and IT infrastructure 5

Change in year ↗

The risk that Abcam fails to operate IT systems, software and hardware that are sufficiently effective, reliable and robust to support the business in its operations, or that Abcam's critical IT infrastructure is compromised or subject to cyber attack.

Tolerance to risk
- No appetite for loss of data, for any breaches of laws related to cyber security, or for anything more than infrequent and modest downtime of the website, so that high levels of service and trust with customers can be maintained.

How the risk is managed
- The Group has a dedicated cyber security function, supported by outsourced service providers, which is working to ensure that Abcam has the necessary systems, processes and governance to mitigate key cyber security risks.
- Training and awareness campaigns are carried out to ensure employees know how to identify and deal with cyber security threats.
- Appropriate physical and software safeguards are implemented, including maintaining latest patch levels, software versions and firmware updates, external firewall and advanced antivirus protection.
- Security threats and attacks are actively monitored in real time and protection increased in line with additional demands to do so.
- Investment in IT infrastructure, systems and processes globally so that employees are able to carry out their responsibilities effectively and securely.

Emerging threats
- The volume and variety of cyber threats continues to evolve globally.
- The COVID-19 environment has led to a significant increase in the number of attacks being attempted against companies worldwide.

Link to strategy
- Sustain antibody and digital marketing leadership.
- Build organisational scalability and sustain value creation.

Strategic risk

Geopolitical/economic disruption and research funding 6

Change in year →

The risk of unfavourable geopolitical or economic changes, including the risk of a substantial reduction in funding for life sciences research in one of Abcam's significant territories.

Tolerance to risk
- A moderate tolerance to this risk, accepting that as a large multi-national business, such risks are not all in the Group's control and therefore a willingness to accept that such risks cannot be fully eliminated.

How the risk is managed
- By proactive monitoring of potentially disruptive events such as the geopolitical, economic and research funding environment, and consideration of the impact on our strategy and making relevant required changes to Abcam's policies, footprint and business processes in a timely manner.
- Continued geographic penetration to diversify revenues from any single government funding source and to avoid over-concentration in any particular region.
- Diversification of the range of products and services offered, for example "Abcam Inside" expanding reach outside of academic markets.

Emerging threats
- Although there is an increasing recognition of the value of scientific research in the aftermath of the COVID-19 pandemic and therefore a positive outlook for life sciences funding, the fact remains that there is a global economic recession as a result of COVID-19 which will require close monitoring to ensure that Abcam's sales strategy is targeted to the relevant areas where research funding is being invested.

Link to strategy
- Sustain antibody and digital marketing leadership.
- Drive continued expansion into complementary market adjacencies.
- Build organisational scalability and sustain value creation.

Operational risk

Business continuity 7

Change in year →

The risk that a disruptive event or disaster occurs at a key facility, impacting our ability to serve customers.

Disruption to operations could arise from many different sources including environmental, health and safety or contamination issues, or interruption in service from key suppliers.

Tolerance to risk
- A lower tolerance to this risk where focus is to ensure sufficient investment in business continuity management to react to anything other than planned shutdowns in logistics, distribution or production facilities.

How the risk is managed
- We have appointed a member of the senior leadership team to oversee all business continuity plans. These plans are to always have back-up sources or pathways which can be used in a timely manner to continue to deliver high levels of customer service.
- Geographic diversification of manufacturing and logistics/warehousing facilities, and flexibility of operations, means that we can continue to serve customers if a particular office or site is disrupted.
- Diversification of suppliers for third party product and critical manufacturing materials, avoiding over-reliance on any particular third party.
- Environmental, health and safety policies and procedures are in place and adhered to, supported by routine internal checks.
- Strict inbound quality control and quarantine procedures.

Emerging threats
- Business continuity threats arising from the external environment are inherently unpredictable, however Abcam's response to the COVID-19 pandemic has demonstrated the ability to respond to a major crisis effectively.

Link to strategy
- Sustain antibody and digital marketing leadership.
- Build organisational scalability and sustain value creation.

Table of principal risks

↗ Increased risk
→ Stable
↘ Decreased risk

Compliance risk

Laws, regulations, legislation and compliance 8

Change in year →

Failure to comply with legislation and regulation in the markets and countries in which Abcam operates.

Tolerance to risk
- No appetite for non-compliance with established laws or regulations in countries where the Group operates.

How the risk is managed
- To proactively monitor changes in regulations and legislation, including those relating to taxes and tariffs and ensure that all obligations are complied with and forthcoming legislation is appropriately planned for.
- Senior management monitors changes to laws and regulations and oversees actions to ensure compliance, supported by the Legal department.
- The Group ensures that employees understand legal risks and how to comply via anti-bribery and corruption training for all staff, reinforced by our Code of Conduct.
- Targeted internal and external audit reviews are undertaken to ensure policies and training are embedded.
- External advice is taken for new or emerging legislation or for where capabilities are not available in-house.
- In response to the US listing, the Group has hired skilled personnel with SOX experience

Emerging threats
- Changes to import/export regulations as a result of Brexit and the similar issues arising from the frequently changing political landscape in the US and China.
- Changes to regulation in China concerning the development of intellectual property.
- Listing on Nasdaq further exposes Abcam to regulatory requirements

Link to strategy
- Sustain antibody and digital marketing leadership.
- Drive continued expansion into complementary market adjacencies.
- Build organisational scalability and sustain value creation.

Reputational risk

Ethical business and CSR 9

Change in year →

The risk of not meeting high standards of quality and ethical business practice.

Tolerance to risk
- Low appetite for risks that could lead to damage to reputation or loss of trust of customers or other stakeholders. Ensure Abcam acts as a responsible business within the communities and environments in which it operates, and meets high ethical standards.

How the risk is managed
- Codes of Conduct in place for employees, suppliers and distributors are intended to ensure everyone representing Abcam acts ethically and responsibly.
- Feedback from stakeholders is monitored and responded to, for example through monthly employee pulse surveys, customer transactional Net Promoter Score (tNPS), customer feedback and any complaints.
- Continued drive for improved product quality, including formalised quality management systems and product testing using knockout validation.
- Supplier qualification procedures to ensure high ethical standards are adhered to within the supply chain.
- The section 'Our value creation model' on pages 16 to 45 sets out the Group's work on Sustainability, Ethical business and CSR.

Emerging threats
- The expected standards of corporate social responsibility demanded by customers, other stakeholders and the general public continue to increase, for example in relation to sustainability and climate change.

Link to strategy
- Sustain antibody and digital marketing leadership.

Climate Risk

In 2021, Abcam commissioned Anthesis, a leading climate change consultancy, to support the Group in its assessment of relevant climate-related risks and opportunities. Material risks and opportunities were identified through two variables:

- The effect and vulnerability to the risk
- The effect and management strategy for the opportunity

Vulnerability was assessed by the current management strategies that Abcam has in place to manage and mitigate that risk. A risk and opportunity hotspot analysis considered the potential impacts on our facilities/processes, supply chain, and people. Risks and opportunities were categorised as being not material, low, moderate and high. No high-risk issues were identified.

Abcam intends to use the recommendations to support development of its first Task Force on Climate-Related Financial Disclosure (TCFD). The priority focus area will be the governance pillar, together with a strategy that takes into consideration how climate related risks and opportunities are considered within overall business management decisions.

Longer-term viability statement

The UK Corporate Governance Code requires the Board to assess the prospects of the Group over a period longer than the 12 months required by going concern provisions and to issue a 'viability statement'. The Board has selected a five-year assessment period for the viability statement as this aligns with our innovation pipeline and strategic planning window, and also covers the period of large cash outflows on major capital projects.

The process adopted to assess viability involved collaborative input from a range of business functions to model a series of theoretical 'stress test' scenarios linked to the Group's principal risks. Particular focus was given to business growth being constrained by not having appropriate people, resources and infrastructure and the availability of research funding. These scenarios included both significant adverse financial outcomes and operational failures.

Consideration was given to the impact of mitigations as well as their inter-dependencies. The Audit and Risk Committee reviewed the process before the viability evaluation was provided to the Board to assist in its assessment.

The Directors have assessed the Group's prospects and resilience with reference to its current financial position, its recent and historical financial performance and forecasts, the Board's risk appetite, and the principal risks and mitigating factors. The Group is operationally and financially strong and has a track record of consistently generating profits and cash, and this is expected to continue. The COVID-19 pandemic is not expected to impact the longer-term viability of the Group.

Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

Corporate governance
Achieving Abcam's strategic goals through good governance and integrity across our entire business.

Corporate governance

I am pleased to present the Corporate Governance Report for the 18 months ended 31 December 2021, which includes details about the Board and our individual roles and responsibilities and a summary of the activities of the Board. The Chair of each Board Committee also discusses the activities of that Committee during the past 18 months to illustrate how we have discharged our responsibilities to all stakeholders during that time.

Related content: Chief Financial Officer's Report and Financial Review – pages 46 to 48

The UK Corporate Governance Code

The Board is cognisant of the requirements of the Corporate Governance Code (the Code) and the FRC's Guidance on Board Effectiveness and has kept under review implementation of best practice processes. Although as an AIM-traded company we are not required to comply with the Code, the Board believes that robust corporate governance is vital to maintaining the long-term sustainable performance and growth of our business and we feel that applying the Code continues to be appropriate given Abcam's market capitalisation. The principles of the Code, and its supporting provisions, cover five broad areas and the Board is responsible for overseeing Abcam's measures for compliance with the Code. You can find further detail on the areas covered by the Code in the following sections of this Governance report, with additional information contained in the Strategic report:

Board leadership and company purpose – pages 72 to 77;
Division of responsibilities – pages 72 and 73;
Composition, succession and evaluation – pages 74 to 75 and 81 to 82;
Audit, risk and internal control – pages 83 to 87;
Remuneration – pages 88 to 117.

I am happy to report that in the past 18 months we have complied with all the principles of the Code and all of the provisions save for provision 36, as the Remuneration Committee does not have a formal policy for post-employment shareholding requirements. More details can be found in our Statement on Corporate Governance in the Directors' Report on page 119. In accordance with AIM Rule 26, you can also find details of our compliance with the Code and our explanations for any non-compliance at https://corporate.abcam.com/investors/governance/.

Section 172

The Board, advised by the Company Secretary, is mindful of its duties under section 172(1)(a) to (f) of the Companies Act 2006 when considering any decisions and the impact those decisions may have upon all stakeholders. Abcam's principal stakeholders and the impact we have upon them, including details of how we have engaged with our employees, is discussed at pages 17 to 23.

Board changes during FY20/21

As announced last year, Jonathan Milner, co-founder of Abcam, left the Board after choosing not to seek re-election at the 2020 AGM.

On 28 January 2021, Bessie Lee and Mark Capone joined the Board as Non-Executive Directors. Both Bessie and Mark bring extensive and complementary executive and non-executive experience to the Board of Abcam. Bessie brings deep insight into customer and digital marketing dynamics in China, one of our key strategic markets, whilst Mark brings a wealth of experience within the life science sector and a first-hand understanding of our diagnostic and biopharma customers.

Sally Crawford joined the Board as a Non-Executive Director and as Chair designate of the Remuneration Committee on 13 August 2021. Sally has had a distinguished career in the healthcare industry and her experience and expertise will be a valuable asset to the Group as we continue to partner with biopharma and diagnostic customers and work towards our long-term growth plans.

On 19 May 2021, after seven years with the Company, Lady Louise Patten retired from her roles as Non-executive Director, Senior Independent Director and Chair of the Remuneration Committee. Giles Kerr, who joined the Board in 2018, has become Senior Independent Director and Mara Aspinall acted as Chair of the Remuneration Committee for an interim period before Sally Crawford took over as Chair of the Remuneration Committee at the end of 2021.

What the Board has focused in the last 18 months

In June 2021, following a review by the Board of the appropriate year end for Abcam, we moved our accounting reference date from 30 June to 31 December. Throughout those 18 months, the Board has been active in implementing Abcam's strategy and the measures necessary to meet our goals.

In October 2020 Abcam completed a secondary listing on Nasdaq, further supporting our long-term growth strategy and liquidity by providing direct access to a significant incremental pool of capital and increasing our flexibility for future investments. In connection with our listing on Nasdaq we undertook a review of our governance structures and policies, including the terms of reference for each of the Board Committees to ensure that they were in line with the requirements of Nasdaq, to the extent they apply to Abcam.

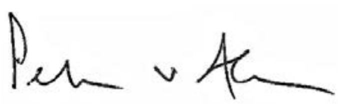
The Board recognises the many environmental, social and governance issues that may affect the sustainability of Abcam's business, and which are of importance to Abcam's stakeholders, and in November 2020 Abcam published its first ESG Impact Report, setting out Abcam's sustainability framework, you can find further details on pages 33 to 45. We have created a strong foundation from which to generate sustainable value for our stakeholders, and we will continue to engage with all stakeholders to understand and act on the ESG related matters which are of most importance to them.

As indicated in the 2020 Remuneration Committee Report, the Remuneration Committee engaged with shareholders in October 2020 and carried out further consultation with 22 of Abcam's largest shareholders in Spring 2021 with a view to more closely aligning Abcam's remuneration practices with its strategy. Following that consultation, we have launched a new 2021 Profitable Growth Incentive Plan (the "2021 PGIP") to align the long-term incentives offered to Abcam's entire leadership team with the delivery of its Five-Year Growth Plan. Alongside this, our new employee share scheme, the Abcam Growth Plan, will provide rewards for our wider employee base linked to achievement of Abcam's strategic goals. Further detail on how the Remuneration Committee has engaged with our stakeholders and details of our new Remuneration Policy and the 2021 PGIP can be found on pages 88 to 117.

The final quarter of 2021 saw the completion of the acquisition of BioVision for $340 m, which brings enhancements to our in-house product development capabilities and product offering that are a valuable step towards our strategic goals.

The year ahead

Over the coming year, in addition to our normal duties, our continued focus will be on implementing our strategy as we move from the installation phase to refinement and growth, in particular integrating the BioVision business into the Group. Following our successful listing on Nasdaq, we intend to review Abcam's options to increase share liquidity and we will consult with shareholders on these options in due course.



Peter Allen
Chairman
14 March 2022

Governance structure

Board

The Board has established a corporate governance structure with clearly defined responsibilities and accountabilities. The structure is designed to safeguard and enhance the long-term sustainable success of Abcam, creating value and benefit for our shareholders and other stakeholders.

Responsible for the long-term success of the Group, it sets strategy and oversees implementation, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group. The Chairman encourages rigorous debate at Board meetings on how Abcam is meeting its agreed goals and objectives, and he ensures that the Directors receive accurate, timely and clear information.

Meet our Board of Directors on pages 74 and 75.

Matters reserved for the Board

To retain control of key decisions, the Board has identified certain reserved matters for its approval. Other matters, responsibilities and authorities are delegated to Board Committees. The schedule of matters reserved for the Board reflects the requirements of the Code and can be found, along with the terms of reference for each of its Committees, on the Company's investor relations website at corporate.abcam.com.

Board meetings, information and support

The Board aims to meet in person six times during the year with further scheduled telephone conferences to approve the annual and interim accounts. In addition, ad hoc meetings may be called to discuss urgent matters arising during the course of the year. Four such ad hoc Board meetings and seven ad hoc Remuneration Committee meetings were called the 18 months ended 31 December 2021 to discuss Abcam's listing on Nasdaq, the Profitable Growth Incentive Plan and Executive Directors' Remuneration Policy and the acquisition of BioVision. Following the developments in working practices last year in response to the COVID-19 pandemic, the Board has continued to meet through a combination of in-person attendance and video conferences. This has allowed Board meetings to continue to be conducted in largely the same manner as prior to imposition of social distancing restrictions, save that Board members are no longer all present in the same location. The Chair expects Non-Executive Directors to provide sufficient commitment to the Company for advance preparation and attendance at Board and Committee meetings, together with ad hoc availability at other times.

	Scheduled Board meetings	Ad hoc Board meetings	Audit and Risk Committee	Scheduled Remuneration Committee	Ad hoc Remuneration Committee	Nomination Committee
Current Directors						
Peter Allen	12/12	4/4	n/a	6/6	7/7	3/3
Giles Kerr	12/12	4/4	7/7	6/6	7/7	3/3
Mara Aspinall	12/12	4/4	6/7	6/6	7/7	3/3
Mark Capone[1]	8/8	2/2	n/a	4/4	5/5	n/a
Bessie Lee[2]	8/8	1/2	n/a	n/a	n/a	n/a
Sally Crawford[3]	3/3	0/0	2/2	2/2	1/1	n/a
Alan Hirzel	12/12	4/4	n/a	n/a	n/a	n/a
Michael Baldock	12/12	4/4	n/a	n/a	n/a	n/a
Former Directors						
Jonathan Milner[4]	2/2	1/1	n/a	n/a	n/a	n/a
Louise Patten[5]	6/6	1/2	3/3	2/2	5/5	1/1

(1) Mark Capone was appointed to the Board and Remuneration Committee on 27 January 2021
(2) Bessie Lee was appointed to the Board on 27 January 2021
(3) Sally Crawford was appointed to the Board, Remuneration Committee (and as Chairman designate), and Audit & Risk Committee on 12 August 2021
(4) Jonathan Milner stood down from the Board on 5 October 2020
(5) Louise Patten stood down from the Board on 18 May 2021

The Chair meets the Non-Executive Directors without the Executive Directors present at least once a year. The Non-Executive Directors, led by the Senior Independent Director, meet without the Chair present at least once a year to appraise the Chair's performance.

The Directors have access to advice from the Company Secretary who is a qualified solicitor and acts as secretary to the Board and its Committees.

The Chair, Executive Directors and Company Secretary are responsible for ensuring Board members are provided with information concerning the state of the business and its performance, and with information necessary for them to effectively discharge their duties and responsibilities in a timely manner. Matters to be included on the agenda for future meetings are discussed at Board meetings so that Non-Executive Directors have the opportunity to influence the content, ensuring time spent is appropriately balanced between reviewing strategic, operational and financial matters, together with governance.

Chairman	**Peter Allen**	A large part of the Chairman's role is to ensure the Board of Abcam operates effectively in directing the Company to deliver long-term sustainable performance and growth. The Chair seeks to ensure that Board proceedings are conducted in such a way as to allow all Directors to have the opportunity to express their views openly and that judgements are made objectively. In particular, he seeks to facilitate the Non-Executive Directors providing constructive support and challenge to the executive leadership of Abcam. The Chair also ensures that Board members are aware of and understand the views of major shareholders and other key stakeholders and helps the CEO and Executive Leadership Team set the 'tone from the top' regarding purpose, goals, vision and values for the whole organisation.
Senior Independent Director (SID)	**Giles Kerr**	Acts as a sounding board for the Chair and as a trusted intermediary for other Directors. Available to discuss any concerns with shareholders that cannot be resolved through the normal channels of communication with the Chair or Executive Directors.
Independent Directors	**Mara Aspinall** **Mark Capone** **Bessie Lee** **Sally Crawford**	Assist in the development of strategy and monitor its delivery within the Company's established risk appetite. Responsible for bringing sound judgement and objectivity to the Board's deliberations and decision-making process. Constructively challenge, support and review the performance of Executive Directors.
Executive Directors		Responsible for the implementation of the Board's strategy, day-to-day management of the business and all matters which have not been reserved for the Board.
	Alan Hirzel **CEO**	Responsible for the day-to-day management of the business, developing Abcam's strategic direction for consideration and approval by the Board, and implementing the agreed strategy.
	Michael Baldock **CFO**	Supports the CEO in developing and implementing strategy. Responsible for the financial and operational performance of the Group.
Committees		The terms of reference for each of the Committees can be found at corporate.abcam.com/investors/governance/
	Nomination Committee	Reviews and recommends to the Board the structure, size and composition of the Board and its Committees. It also has oversight responsibility for succession planning of the Board and senior management. More details on pages 81 and 82.
	Audit and Risk Committee	Reviews and is responsible for the oversight of the Group's financial and reporting processes, the integrity of the financial statements, the external and internal audit processes, and the systems of internal control and risk management. More details on pages 83 to 87.
	Remuneration Committee	Reviews and recommends to the Board the Executive Remuneration Policy and determines the remuneration packages of the Executive Directors and the Chair. Has oversight of the remuneration packages of the Executive Leadership Team. More details on pages 88 to 117.
Executive Leadership Team (ELT)		A team that operates under the direction and authority of the CEO and CFO and comprises the direct reports of the CEO. It assists the Executive Directors in implementing strategy and policies and managing the operational and financial performance of the Group.
Global Leadership Team (GLT)		The GLT comprises the ELT and other senior global leaders who meet as required in person and by video conference to support the delivery of Abcam's strategic activities and the annual planning process. This enables the CEO and the ELT to hear from different areas of the business whilst providing the opportunity to communicate with and engage the GLT members on global initiatives.

Board of Directors

Peter Allen, BA (Hons) ACA
Chairman

N R

Appointed
June 2018

Background
Peter has nearly 30 years' experience as an executive director, non-executive director and chairman in a wide range of life science companies playing a significant role in their growth. He spent nine years as Chairman of Clinigen plc (2012-2021), three years as Chairman of Proximagen Neurosciences plc (2009-2012), six years at ProStrakan Group plc as Chairman (2007–2013) and interim CEO (2010–2011) and 12 years at Celltech Group plc (1992–2004) as CFO and Deputy CEO.

Current external appointments
Peter is currently Non-Executive Chairman of AIM-traded Advanced Medical Solutions plc and Oxford Nanopore Technologies plc, that recently listed on the London Stock Exchange. He is a Non-Executive Director of Istesso Ltd.

Skills, experience and contribution
A chartered accountant by background, Peter brings to Abcam his experience as a chairman and board member and has substantial experience in M&A, international growth, fundraising and investor relations, as well as the commercialisation of intellectual property.

Giles Kerr, ACA
Non-Executive Director and Senior Independent Director

N A R

Appointed
December 2018

Background
Giles has substantial commercial and financial experience from service on numerous public and private company boards and as an audit partner. From 1990 he served in a variety of increasingly senior roles at Amersham plc, including as Chief Financial Officer and a Board member from 1997 to 2004, when the company was acquired by GE Healthcare. Prior to his role at Amersham, he was a National Partner with Arthur Andersen. He was Director of Finance of the University of Oxford from 2005 until 2018 and was previously a Director of Victrex plc, BTG plc, Quanta Dialysis Technologies, Elan Corporation Inc and Adaptimmune plc.

Current external appointments
Giles is currently Chairman of PayPoint plc, as well as a Non-Executive Director of Senior plc and a number of smaller private companies.

Skills, experience and contribution
A Fellow of the Institute of Chartered Accountants of England and Wales with over 20 years' experience in key senior positions in a number of companies, Giles has played a pivotal role in their development and growth. Giles brings his first-hand understanding of Abcam's academic research customers from his time at Oxford University.

Mara Aspinall, MBA
Non-Executive Director

N A R

Appointed
September 2015

Background
Mara is Managing Director of BlueStone Venture Partners and Managing Member of Health Catalysts Group, a life sciences consulting firm. Previously, Mara was President and CEO of Ventana Medical Systems/Roche Tissue Diagnostics, leading the company to market leadership worldwide and primacy in companion diagnostics. Mara spent 12 years at Genzyme Corporation (now part of Sanofi) as President of Genzyme Genetics and Genzyme Pharmaceuticals. She is co-founder of the International School of Biomedical Diagnostics at Arizona State University, the only institution dedicated to the study of diagnostics as an independent discipline. Mara is certified in Cybersecurity Oversight from Carnegie Mellon University.

Current external appointments
Mara is a Director of Allscripts Healthcare Solutions Inc, Castle Biosciences, Blue Cross Blue Shield Arizona, OraSure Technologies, and small private emerging life sciences companies.

Skills, experience and contribution
Mara contributes her considerable international experience in the biotechnology and diagnostics industries with public and private companies. Mara's specific focus areas are acquisition integration, global manufacturing, quality systems and strategic marketing.

Mark Capone, MSc, MBA
Non-Executive Director

R

Appointed
January 2021

Background
Based in the US, Mark Capone is an accomplished life sciences executive. He spent over 17 years with Myriad Genetics, latterly as CEO and President, over which time he grew the company into a leading global precision medicine company. Prior to this Mark spent 17 years with Eli Lilly and Company in positions across the entire value chain. Mark is currently CEO of Precision Medicine Advisors, a consultancy for molecular diagnostics, pharmaceuticals, and biotechnology organizations, which he founded in 2020, a non-executive of Nephrosant, a private US company focused on developing diagnostic tools for chronic kidney disease, Microba, a precision microbiome science company. and a non-executive director and member of the remuneration committee of Owlstone Medical Ltd, a breath biopsy diagnostic company focused on early detection of cancer and precision medicine.

Current external appointments
Mark is currently CEO of Precision Medicine Advisors, a non-executive director of Nephrosant and Owlstone Medical Ltd and an executive advisor of Microba.

Skills, experience and contribution
Mark has significant Life Science industry experience and of working in companies of different scale. He is an accomplished healthcare CEO with experience in molecular diagnostics, genetics, biotechnology, medical devices, and pharmaceuticals. He has extensive US public and private board experience across a large range of companies specialising in growth.

Key to Committees
- N Nomination
- A Audit and Risk
- R Remuneration
- ● Committee Chair

Bessie Lee, MS, BA
Non-Executive Director

Appointed
January 2021

Background
Based in China, Bessie Lee is the CEO Greater China of JonesLangLaSalle and Founder of Withinlink, a China-based venture capital firm and start-up incubator focused on marketing technology. Prior to this Bessie spent almost three decades at WPP plc, holding CEO roles in China for Mindshare, GroupM and finally WPP.

Current external appointments
Bessie is currently CEO Greater China of JonesLangLaSalle, Founder of Withinlink (Shanghai) Investment Management Co Ltd, and a Non-Executive Director of Electrocomponents plc, Homeplus Digital Co Ltd (formerly China Networks Systems Co Ltd) and Shanghai Fuge Information Technology Co Ltd.

Skills, experience and contribution
Bessie has significant experience of building and growing data and technology led businesses, both as a CEO and investor. She is an entrepreneur who set up her own tech incubator and has a deep understanding of consumer behaviours in China and Asia.

Sally W. Crawford
Non-Executive Director

R A

Appointed
August 2021

Background
Sally has held a number of senior leadership and board positions in the healthcare industry spanning more than three decades. She served as chief operating officer of Healthsource Inc., a publicly held managed care organisation, from its founding in April 1985 until January 1997. During her tenure at Healthsource, she led development of the company's operating systems and marketing strategies and supported strategic alliances across the industry.

Current external appointments
Sally has extensive board experience, and she is the current Lead Independent Director at Hologic, Inc. and Compensation Chair at Prolacta Bioscience and former Compensation Chair at Hologic and Insulet Corporation.

Skills, experience and contribution
Sally has had a distinguished career in the healthcare industry and has experience and expertise of working with biopharma and diagnostic customers. This expertise and experience will be a valuable asset to Abcam as it continues to partner with customers in the biopharma and diagnostic areas to deliver its long-term growth plans.

Alan Hirzel MS, MBA
Chief Executive Officer

Appointed
January 2014

Background
Alan joined the business in 2013 following a strategic review which he led with the Founder and Board to define a long-term growth plan for Abcam. He has subsequently led the Company to achieve over 100% growth, and through substantial organisation change. Prior to joining Abcam, Alan was a Partner at Bain & Company where he advised global executives and private equity investors on growth strategy, performance improvement and acquisitions. Early in his career he worked in a variety of roles from life science researcher at Cornell University to new product development research at Kraft Foods. He holds BS, MS and MBA degrees from Cornell University. He also has a passion for social enterprise and was involved in establishing two social venture philanthropy organisations in the UK and later acted as a Trustee for the National Citizen's Service Trust.

Current external appointments
Alan has no external appointments.

Skills, experience and contribution
Alan brings to the Abcam Board a rare combination of a strong scientific background, and global business and leadership experience. He has a keen focus to ensure Abcam engages with the needs and mission of its consumers in the lab.

Michael S. Baldock, BA
Chief Financial Officer

Appointed
February 2020

Background
After graduating from Harvard University in 1986 Michael began a successful career in investment banking spanning more than three decades, advising and working closely with companies, their executive and finance teams. Over that time, Michael worked in a variety of increasingly senior roles at Drexel Burnham Lambert Group, SG Warburg, Lazard and HSBC, where he latterly ran the global healthcare sector team and investment banking in the Americas. In addition, from 1998 to 2000 Michael and a former client partnered to form Bentley Health Care Inc, an oncology outpatient treatment centre company in New York. In 2008, Michael co-founded Ondra Partners, an independent financial advisory firm.

Current external appointments
Michael has no external appointments.

Skills, experience and contribution
Michael has over 30 years of relevant functional and sector experience acquired through senior leadership roles at HSBC, Lazard, Bentley Health Care and SG Warburg. He was a founding partner at Ondra Partners, an independent financial advisory firm which advised Abcam for several years. He is seasoned corporate finance and M&A practitioner with broad industrial experience and deep knowledge of the healthcare industry.

Board composition and roles

The Board comprises the Chair, two Executive Directors and five Non-Executive Directors.

The Directors are satisfied that the current composition of the Board reflects an appropriate balance of skills, knowledge, experience and diversity.

The table below provides an overview of the skills and experience of our Directors.

Skills and experience	Directors
Executive and strategic leadership	8 Directors
Extensive knowledge of our business and the life sciences sector	7 Directors
Broad international exposure, including in particular the United States and/or China	8 Directors
Experience in finance and accounting	5 Directors
Experience of acquisitions and integration of acquired businesses	8 Directors
Expertise in corporate governance and compliance	6 Directors
Investor relations and engagement	8 Directors
Experience in relation to employee engagement and remuneration including incentive programmes	7 Directors
Expertise in sustainability and experience in community engagement	1 Directors

Gender diversity

The percentage of women on the Board is currently 37%, putting us ahead of the recommended targets for FTSE 350 companies.

Our percentage of women on the Board and on the executive leadership team increased to 36% as at 31 December 2021 (31% as at 30 June 2020), and we continue to seek to increase the pipeline of women into both the Board and senior management.

Director independence

The Board considers all Non-Executive Directors to be independent within the meaning of the UK Corporate Governance Code Provision 10. The Board considers that the Non-Executive Directors each demonstrate an appropriate degree of independence in character and judgement and are free from any business or other relationship which could materially interfere with the exercise of their judgement.

In determining the independence of the Non-Executive Directors, the Board specifically considers the beneficial interests of such Directors in the share capital of the Company. Those interests are set out on page 99 and do not in the opinion of the Board detract from their independent status.

In accordance with its procedures, all Directors are required to notify the Board of any conflicts of interest and a register of such interests is maintained by the Company Secretary and formally reviewed at Board meetings. Any planned changes to their interests, including directorships outside the Group, are notified to the Board. In addition, all directors are required to confirm annually all relationships that they have that may represent a conflict of interest.

The independent Non-Executive Directors declared no relationships in the period which were considered a conflict with Abcam's business and therefore nothing was deemed to impact their independence.

Board development

The Board receives training and updates on corporate governance matters throughout the year. In the 18-month period ended 31 December 2021 additional training was provided on the AIM Rules, the Gender Pay Gap Report, the Corporate Governance Code and the additional regulatory and governance requirements imposed on Abcam as a result of its listing on Nasdaq.

On their appointment to the Board, new directors receive a tailored induction programme to enhance their knowledge and understanding of the Company's business, strategy and governance structure, as well as their own duties and responsibilities. They will spend time with the Executive Directors, Non-Executive Directors, Executive Leadership Team and Company Secretary, and other key personnel across the business. New directors also receive a briefing on appointment to the Board covering their role and duties as a director of a company traded on AIM and listed on Nasdaq. This briefing is conducted by our external legal advisers.

Board evaluation

Board and Committee evaluation is a valuable tool in maintaining and improving Board effectiveness.

A Board Effectiveness Review was conducted in the 18 months ended 31 December 2021 facilitated by the Senior Vice President of Human Resources, building upon the findings of last year's externally facilitated Board Effectiveness Review. In this review the Board shared feedback on its effectiveness along with detailed feedback on each individual's strengths and potential capability gaps. Based on the results of this review, a training plan has been developed for the Board, more details of the review are set out in the Nomination Committee Report on page 81.

Key Board activities

What we did in the period to 31 December 2021

Strategy

- Monitored implementation of Abcam's strategy including receiving presentations from members of the Executive Leadership Team on the progress of the strategy in their respective areas.
- Considered and approved strategic transactions and opportunities including the acquisition of BioVision.
- Monitored the continuing impact of the COVID-19 pandemic on the implementation of strategy.
- Oversaw the opening of new and expanded sites in China, Massachusetts, and California.
- Oversaw the US listing on Nasdaq of American Depositary Shares.

Financial performance

- Considered the financial performance of the business and key performance targets.
- Approved the budget.
- Monitored performance against budget through regular presentations from the CFO.
- Changed our accounting reference date to 31 December.
- Reviewed the 6-month interim, 12-month interim and period end results, and presentations to analysts, and approved the Transitional 20-F and Form 20-F for filing with the SEC and the Annual Report and Accounts.

Internal control and risk management

- Reviewed the approach to risk management and the assessment of the Company's principal risks.
- Approved the Company's risk appetite, this being the level of risk that the Company is willing to take in pursuit of its objectives.

Governance, stakeholders and shareholders

- Continued to monitor the composition of the Board and its Committees.
- Adopted revised Terms of Reference for the Board Committees and adopted new or revised policies covering Whistleblowing, Non-Audit Services, Related Party Transactions, Share Dealing and Anti-Bribery and Corruption, in line with their schedule of review and in connection with the listing on Nasdaq
- Expanded Asia, digital, and life science industry experience within the Board of Directors with the appointments of Bessie Lee, Mark Capone and Sally Crawford, as Non-Executive Directors.
- Received key legal and regulatory updates on topics such as the Gender Pay Gap Report, the Corporate Governance Code, the AIM Rules, Nasdaq rules, and SEC regulations.
- Received an annual 'Governance and Compliance Healthcheck' conducted by the General Counsel in order to continue to monitor performance against the requirements of the Corporate Governance Code, section 172 of the Companies Act 2006, the UK Bribery Act and US Foreign Corrupt Practises Act, General Data Protection Regulation, Modern Slavery Act, and health and safety legislation and regulations throughout the world.
- Published our first Impact Report, setting out our sustainability framework and increased our continuing focus on environmental, social and governance matters.
- Extensively engaged with our shareholders on remuneration and launched the PGIP and Abcam Growth Plan.
- Oversaw the vesting of AbShare, our employee share plan that launched in 2018, making over 90% of eligible employees shareholders in Abcam.

Purpose and culture

The Board continues to promote and develop Abcam's purpose in order to deliver sustainable value creation for all stakeholders. The Board recognises that a resilient business is also a sustainable business, and that being part of a successful value chain that can adapt to meet changing external demands creates value for all stakeholders. The Board contributed to our Impact Report 2020 and the creation of our sustainability framework, building upon on our longstanding core social purpose of serving scientists. More details can be found in our Strategic Report on pages 1 to 45.

Section 172 duty

The Board believes that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a–f) of the Companies Act 2006 in the decisions taken during the 18 months ended 31 December 2021. The Board, advised by the Company Secretary, is mindful of its section 172 duties when it determines the impact of decisions upon all stakeholders. You can find our section 172 statement on page 17, information on our stakeholders on pages 18 to 23, and information on the Board's principal decisions below.

Principal Decisions

Principal decision	How the Board considered our stakeholders in the decision
Listing on Nasdaq	The Board determined that it was appropriate for a business of Abcam's size and maturity, taking into account its exposure to the US market and strategy, to seek a listing on the Nasdaq. In assessing this opportunity, the Board considered that a listing on Nasdaq would provide access to a broader US investor base and deeper US capital pools to support Abcam's strategy and growth, presenting potential further benefits to customers and partners. The Board determined that this would provide Abcam with additional flexibility for future acquisitions and would also provide additional liquidity for shareholders. The Board also considered the additional costs, regulation and governance that would result from listing on Nasdaq and how these would impact shareholders. The Board assessed the impact of the additional regulation and governance, in particular the additional reporting obligations, on Abcam's employees who would be required to deliver these additional requirements on a continuing basis. It was concluded that additional resource with relevant expertise would be recruited and software solutions would be procured in order to help Abcam comply with these requirements without putting undue strain on existing employees. Stakeholders impacted: customers, employees, partners, shareholders
Acquisition of BioVision	Central to the Board's decision to acquire BioVision was the fact that it was one of Abcam's largest third party product suppliers and its acquisition would improve Abcam's product offering for customers, and partners. The acquisition would allow Abcam to provide its customers with access to additional products not previously available to them, and combining Abcam's and BioVision's capabilities would create opportunities for innovation of new products and services. The Board considered the impact of the acquisition on Abcam employees, and identified through diligence that BioVision would be a good cultural fit for Abcam. An integration plan was approved by the Board to ensure a smooth incorporation of the BioVision team into the Abcam business with minimal disruption to employees. Having identified that integrating BioVision into Abcam would place additional demands on Abcam's employees, it was decided to engage a third party firm of integration specialists to help manage the workload. Careful consideration was given to the price paid for BioVision, and it was concluded that the agreed price allows for the strategic benefits of the acquisition to be delivered at a cost that creates potential for long-term value generation for shareholders. Stakeholders impacted: customers, employees, partners, shareholders

Principal decision	How the Board considered our stakeholders in the decision
Remuneration policy, 2021 PGIP and Abcam Growth Plan	The Board identified that with the AbShare employee share scheme vesting and Executive Directors, Remuneration Policy also expiring, and in line with the requirements of the Corporate Governance Code, any new employee incentive scheme and Remuneration Policy should support Abcam's strategy and promote long-term value creation. Having extensively engaged with shareholders to seek their views and considered the needs of Abcam's business, the Board determined that a key goal of Abcam's approach to remuneration should be to retain and motivate not just the executive team, but Abcam's entire leadership team through the next phase of its growth. To achieve this goal, the Board developed the Profitable Growth Incentive Plan ("PGIP") for approximately 150 senior leaders and a new Executive Directors' Remuneration Policy, which applied the PGIP to the Executive Directors. The Board also recognised the importance in having the new Remuneration Policy and PGIP approved by shareholders and adopted in advance of it being implemented and so called a General Meeting for that purpose. The Board also considered that having all employees aligned to Abcam's strategy would result in better service for our customers and partners, and create value for our shareholders, and so concluded that the new all employee share incentive plan, the Abcam Growth Plan, should reflect the PGIP. Both the PGIP and the Abcam Growth Plan seek to motivate all of Abcam to deliver its 2024 strategy, with the target of approximately doubling revenue through sustainable growth and investment in our future, creating sustainable value for our shareholders and serving life scientists globally to help them achieve their mission faster. The new employee incentive schemes allow our employees to share in this value creation in a meaningful way. Stakeholders impacted: customers, employees, partners, shareholders
Impact 2020 and sustainability framework	Abcam has always sought to operate in the manner of a socially responsible corporate citizen. Introducing our Impact Report and establishing a sustainability framework has helped formalise how we tell our sustainability story. The Board considered that this approach would improve Abcam's ability to assess its progress against relevant areas within the sustainability framework, and would allow stakeholders to more accurately assess the extent to which we meet our stated aspirations. The Board wished to build on the introduction of the Impact Report and formally appointed the CEO as the individual responsible for ESG matters at Abcam. The Board has also received updates on progress in ESG matters throughout the 18-month period ended 31 December 2021 and in response to these updates was able to prioritise Abcam's focus by identifying areas where improvements can be made now, such as revising and renewing certain policies, and those areas where change will take more time and resource, such as engagement with our entire supply chain to meaningfully reduce our Scope 3 emissions. Stakeholders impacted: customers, employees, partners, communities, shareholders

Principal decision	How the Board considered our stakeholders in the decision
Responding to the COVID-19 pandemic	As the COVID-19 pandemic progressed the Board has regularly reviewed and endorsed management's proposals to manage the impact of the pandemic on Abcam's customers, employees, partners, communities and shareholders. In considering how best to respond to these impacts, the Board has received regular updates on the return of Abcam's customers and partners to labs and the effect this has had on Abcam's business. The Board determined that it was important that Abcam remained a safe place across our global business, where our people had the confidence and support to return to our facilities and serve our customers. These steps have included creating space and facilities for social distancing at our sites, increased cleaning, providing ready access to face masks and hand sanitiser on our sites, and regular communication with employees. The Board has been cognisant of the direct and indirect impacts of the pandemic on the wellbeing of our employees and as a result has sought to provide employees with flexibility and support to exercise personal choice in how they work during the pandemic, whilst encouraging and maintaining the safety of our workforce as a whole. The Board has also considered Abcam's impact on the wider community and concluded that by taking steps to keep our sites fully operational, we are helping our customers and partners who are conducting research into COVID-19 and helping scientists around the world to better understand the virus. Stakeholders impacted: customers, employees, partners, communities, shareholders

Employee engagement

The UK Governance Code has an emphasis on stakeholder engagement and in particular engagement between the Board and the workforce.

It is also a requirement of the Code that we as a Board has in place mechanisms to ensure that we understand the views of the workforce, and three potential methods for engagement with the workforce are identified by the Code. As a Board we have not chosen one of the identified methods and instead have decided to continue with our existing methods of workforce engagement.

We provide details of how we have engaged with employees during the 18-month period ended 31 December 2021 on page 19. The Board considers the measures taken on employee engagement to be effective because they create and foster open and honest dialogue between employees and the Board and maintain the Board's awareness of employee sentiment, which in turn informs the Board's decision making.

Shareholder engagement

The Board is committed to maintaining an open and constructive dialogue with shareholders to ensure there is a common understanding of the strategic objectives, governance and performance of the Company. Further detail of how we have engaged with shareholders throughout the 18 month period ended 31 December 2021 can be found on pages 22 to 23.

This year, the Committee has added Board experience with three new Non-Executive Directors. Ensuring a smooth transition has been critical through this period.

Peter Allen
Nomination Committee Chairman

Committee meetings

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Committee members and attendance

	Meetings
Peter Allen (Chairman)	3/3
Mara Aspinall	3/3
Giles Kerr	3/3
Past members	
Louise Patten	3/3

Key responsibilities of the Committee

The Committee is responsible for reviewing Board composition and balance, considering the skills and capabilities required for each new Board appointment, leading the process for the Board in relation to new appointments and reviewing succession planning for the Board and senior leadership. The Committee continues to perform this with utmost professionalism and diligence.

Board changes in the year

As outlined in the report last year, the Nominations Committee has conducted a search for additional Non-Executive Directors to join the Board. This was a rigorous process overseen by the Nominations Committee and was aimed at building out experience in the digital and China markets and increasing our depth of experience in life sciences.

I led the search supported with the leading executive search and board advisory consultancies, Lygon Group and Slone Partners. We developed the profiles we were looking for, and the experience we wished to add to the Board. This was an extensive global search to find suitable candidates to join the Board. On this basis a shortlist of candidates was developed before interviews were conducted with all members of the Board, together with meetings with some members of the Executive Leadership Team.

Board members were unanimous in appointing Bessie Lee and Mark Capone on 28 January 2021.

Based in China, Bessie Lee is the Chief Executive Officer, Greater China at JLL. Bessie is also the founder of a China based venture capital firm, Withinlink focused on marketing technology, which she founded in 2015. Prior to founding Withinlink, Bessie spent almost three decades at WPP plc, holding Chief Executive Officer roles in China for Mindshare, GroupM and finally WPP.

Based in the US, Mark Capone is an accomplished life sciences executive with more than 35 years' experience. He spent over 17 years with Myriad Genetics, latterly as Chief Executive Officer and President, over which time he grew the company into a leading global precision medicine company. Prior to joining Myriad Genetics, Mark spent 17 years with Eli Lilly and Company in positions across the entire value chain.

Mark is currently the Chief Executive Officer of Precision Medicine Advisors, a consultancy for molecular diagnostics, pharmaceuticals and biotechnology organisations, which he founded in 2020.

On 19 May 2021 Louise Patten notified the Board of her intention to retire from the Board and from her roles as Senior Independent Director and Chair of the Remuneration Committee. Giles Kerr became Senior Independent Director and Mara Aspinall became interim chair of the Remuneration Committee.

The Board thanks Louise for her contribution to Abcam in over seven years and wishes her every future success.

The Nominations Committee oversaw a search for a suitable replacement and again worked with Slone Partners to identify candidates who would bring Remuneration experience to the organisation. The Board and members of the Executive Leadership Team met with shortlisted candidates.

The Board were again delighted to unanimously appoint Sally W. Crawford to the Board, Chair (Designate) of the Remuneration Committee and as a member of the Audit and Risk Committee. I want to pay tribute to Mara Aspinall who led the Remuneration Committee on an interim basis and supported with Sally's induction and a smooth transition. Sally took over the responsibility for Chairing the Remuneration Committee on 1 December 2021.

Sally has held a number of senior leadership and board positions in the healthcare industry spanning more than three decades. She served as chief operating officer of Healthsource Inc., a publicly held managed care organisation, from its founding in April 1985 until January 1997. Since January 1997, Sally has been a healthcare consultant in New Hampshire, US, for clients such as Bayer Healthcare Diabetes Division, as well as healthcare investors, providers, regulators and managed care payers.

As we have welcomed new Non-Executive Directors to the Board we have supported their induction with training, meeting experts and also site visits. I am delighted with how well the transition has gone and the additional insight we are getting from our new Board Directors.

Board diversity and appointments procedure

Abcam recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage and the Company's long-term sustainable success.

Board composition is central to the effective leadership of the Group and therefore prior to commencing any search for prospective Board members, the Committee draws up a specification, reflecting on the Board's current balance of skills and experience and those that would be conducive to the delivery of the Company's strategy. Selection for Board appointments is made on merit against this specification.

Gender diversity

Following the Board changes in the year, female representation on the Board stands at 37.5%. This puts Abcam above the recommended targets for FTSE 350 companies in terms of female board representation. Abcam continues to see the development of female executive talent as an important area.

Activity in the year

In addition to the Board changes outlined above, I have also had the opportunity to get to know many of our investors through extensive discussions as we consulted on some of our changes, and I appreciate the amount of time our investors have made available to me.

We have undertaken a Board Effectiveness Review this year facilitated by the Senior Vice President of Human Resources. This allowed me to review the effectiveness of the Board. I was pleased with the results and each Board Director has received individual feedback. It has helped me in developing a training plan for the Board and has given me insight into the strengths and potential capacity gaps we will need to fill in the future as the Company grows.

We have been pleased to see the depth of succession building for the Executive Leadership Team and that Abcam has continued to be able to develop and grow talent internally, as well as attract great candidates from the external market. We were pleased to see an internal promotion into the role of SVP, Research and Development and a new addition to the team in the role of SVP Sales, Service and Business Development. Both are women.

Priorities for 2022

The Committee will continue to focus on succession planning, particularly for Executive Leadership Team positions, as well as supporting the mentoring of the senior team. I will also be supporting the development of the Board in delivering the training identified from the Board Evaluation process. During the course of 2022, we will undertake another Board evaluation to build on the review undertaken this year and to ensure we continue as a high-performing Board.

Peter Allen
Nomination Committee Chairman
14 March 2022

The Committee plays a key role in governance of the Group's financial reporting and risk management and ensures that shareholders' interests are protected and the Company's long term strategy is supported.

Giles Kerr
Audit and Risk Committee Chairman

Committee meetings

7

Committee members and attendance

	Meetings
Giles Kerr (Chairman)	7/7
Mara Aspinall	6/7
Sally Crawford	2/2
Past members	
Louise Patten	3/3

Introduction

As Chairman of the Committee, I am pleased to present the report of the Audit and Risk Committee for the 18 months ended 31 December 2021.

This report sets out the work of the Committee over the 18 months and offers insight into how the Committee has discharged the responsibilities delegated to it by the Board and the key areas of focus has considered in doing so.

In meeting its responsibilities, the Committee continues to consider the provisions of the UK Corporate Governance Code and the FRC Guidance on Audit Committees and the applicable requirements of the SEC and NASDAQ in relation to the listing of Abcam's securities on NASDAQ. The Committee's Terms of Reference are available on corporate.abcam.com.

The Committee works to a structured programme of activities which is focused on the Group's reporting cycle, principal risks and risk appetite and keeps in mind a forward looking strategic agenda. The Sarbannes-Oxley (SOX) requirements as a result of the US listing during the year are a new addition to the programme. These activities are supplemented throughout the year as key matters arise.

The Committee's primary focus has been:

- monitoring the integrity of the Company's external reporting and accounts. Of particular importance this year has been new US requirements following the NASDAQ listing and the change in year end;
- appraising a formal update to the Group's principal risks and risk appetite statements;
- review of the growing Internal Audit function and its outputs,
- assessing the progress made the first year of the Company's SOX programme; and
- overseeing the judgements and estimates made in the accounting valuations of Biovision made in the year, in particular in respect of intangible assets acquired.

In exercising its duties, the Committee undertakes a crucial role in providing effective governance over the Group's financial reporting and internal control procedures thereby ensuring that shareholders' interests are protected and the Company's long term strategy is supported.

Committee governance

Membership

The Committee continues to be comprised exclusively of independent Non-Executive Directors. Louise Patten stood down from the Committee and the Board on 19 May 2021. Sally Crawford joined the Committee on her appointment to the Board on 13 August 2021.

Independence and experience

The Board has confirmed that it is satisfied that the Committee members provide an appropriate depth of financial, risk management and commercial experience across different industries including life sciences and in listed companies. The Committee acts independently of management. The Board has also confirmed that it is satisfied that Giles Kerr being a chartered accountant and having held other finance appointments meets the requirement for recent and relevant financial experience.

Meetings

The Chief Financial Officer, Vice President Global Finance, Company Secretary (acting as secretary to the Committee), Head of internal audit, other members of senior management and representatives of the Company's external auditor (PricewaterhouseCoopers LLP (PwC)) attended by invitation.

Representatives of the Group's external auditor meet with the Committee at least once a year without Executive Directors or management being present.

External advice

The Board makes funds available to the Committee to enable it to take independent legal, accounting or other advice when the Committee believes it necessary to do so.

Key Committee activities during 2020/21

Financial reporting

- Considering matters of accounting significance, estimation and judgement including those in respect of the Biovision acquisition made during the year;
- Monitoring the integrity of the Annual Report and Accounts, the Interim Statement and any formal announcements relating to financial performance, to ensure clarity and completeness of disclosures, including those relating to alternative performance measures (including adjusted performance measures);
- Receiving presentations from management on all financial reporting matters;
- Reviewing the results and conclusions of work performed by the external auditor;
- Reviewing the basis for the going concern statement in light of financial plans and reasonably possible scenarios especially considering the continued impacts on the business of COVID-19;
- Reviewing the longer-term viability statement (LTVS) including appraising the Board's approach and use of its five-year plan on which the LTVS is based, linkage to strategy, principal risks, together with related scenario stress analysis; and
- Considering if the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

Fair, balanced and understandable

The Annual Report and Accounts continues to focus strongly on key strategic messages and the Committee has had due attention to this emphasis and balance where it may affect disclosures elsewhere in the Annual Report and Accounts. In ensuring that the Group's reporting is fair, balanced and understandable, the Committee reviewed the classification of items between adjusted and reported performance measures and the clarity and comprehensiveness of disclosures around adjusting items.

In addition, the Committee gave due consideration to the integrity and sufficiency of information disclosed in the Annual Report and Accounts to ensure that they clearly explain the Group's financial position, performance, business model and strategy. An assessment of the narrative reporting was also undertaken to ensure consistency with the financial statements, including appropriate disclosure of material or significant items necessary to aid a reader's understanding and appropriate balance of reported and adjusted performance measures.

Risk management, internal control and SOX

The Committee receives updates on risk, internal control and SOX matters at each meeting. This regular monitoring allows timely identification of issues and formal tracking of remediation plans. The main areas of assessment were:

- Considering the formal review undertaken in the year of the Groups' principal risks, emerging risks and risk appetite statements and recommending to the Board the adoption thereon;
- Monitoring continual improvements in risk management including reviewing actions to mitigate risk and challenging the assessment of risk mitigations in line with risk appetite;
- Reviewed the internal audit plan for the current and forthcoming year ensuring alignment with key risks;
- Reviewing the effectiveness and integrity of the internal controls framework with particular reference to the requirements of SOX this year. The Committee has reviewed the material weaknesses identified under the requirements of SOX as reported by management and engaged with the associated remediation plan;
- Monitoring progress on the implementation and project governance of transformational projects; and
- Receiving updates on continual strengthening of cyber security measures.

Compliance

The Committee reviews and considers the operation of the Group's compliance initiatives. These include the employee Code of Conduct 'How we do things at Abcam', a global whistleblowing hotline and portal, an anonymous messaging inbox for messaging the CEO, and compulsory online training for anti-bribery and corruption and GDPR.

During the year the Committee received updates from management on GDPR, the compliance requirements of the Sarbannes-Oxley Act and an annual governance 'health check'.

Matters of significance and judgement

The Committee received reports from management and the external auditor setting out the significant accounting and financial reporting matters and judgements in respect of the financial statements as well as how these matters were addressed. The following sets out the main areas of judgement considered by the Committee. For each area, the Committee was satisfied with the accounting and disclosures in the Annual Report and Accounts.

Matters of accounting significance and judgement	Committee's review and conclusions
Costing of internally developed technology capitalised within intangible assets Internal costs are capitalised as internally developed technology within intangible assets which is used to generate antibodies and kits. The point at which such internal costs are included and capitalised as well as their magnitude (where the amount capitalised comprises mainly of attributable salary costs and consumables used in the manufacture process) is a key area of judgement.	The Committee discussed and challenged management's review and also considered the report from the auditor on the results of its testing. The Committee considered management's assessment of technically feasibility, intention and adequate resources to complete projects together with the level of expected sales to support the assets. This was also considered in light of historical track records of value generation and internal governance procedures to approve capitalisation.
Classification of costs associated with system process improvements The strategic ERP programme is a complex, multi-year global business transformation with numerous phases across multiple functions necessary to secure the Group's longer-term growth ambitions. The work involves both internal and external costs and judgement is required both in respect of whether the amounts qualify for capitalisation and whether amounts which are expensed are incremental given that these are separately disclosed as such. A number of ERP modules have successfully gone live during the year. The nature and scope of the programme remains fundamentally the same as set out at the beginning of the year. However, in reviewing the assets at go live, management has concluded that there is an indication of impairment on one element of the R&D programme which will not be progressing to rollout and is therefore impaired. Management has therefore written off the asset. Primary oversight of this important programme at Board level has been maintained.	In line with last year, the Committee received reports from management and the external auditor regarding the classification of amounts expensed versus those capitalised and remained satisfied with the treatment. This included the implications of the adoption of the IFRIC, published in March 2021, relating to SaaS arrangements – the committee reviewed the output and approved the treatment of the restatement. Detailed aspects of the project continually evolve and regular updates are provided usually at Board level. The Committee was satisfied with management's conclusion regarding the write down. During the period management revised its estimate of the useful economic life of the ERP software from five years to 10 years, changing the Group's policy from three to five years to three to 10 years. The Committee reviewed the details of the policy change and approved the change and treatment
Accounting adjustments and related to the Biovision acquisition As set out in note 29 to the consolidated financial statements, the Group purchased Biovision during the year. The valuations included external as well as internal valuations which included management judgement and estimation.	The Committee received and reviewed reports from management and the external auditor and, where appropriate, challenged these judgements and estimates.
Carrying Value of acquired intangibles Throughout the year, management assesses for indicators of impairment and reports to the Committee. Specifically management reviewed assets relating to the Firefly Bioworks multiplex and assay technology, concluding that the fair value significantly exceed the carrying value of the assets.	The Committee received and reviewed reports from both management and the external auditor and, where appropriate, challenged the assumptions taken and the conclusion reached.

Matters of significance and judgement continued

Reporting matters	Committee's review and conclusions
Going concern and Longer-term viability statement Assumptions underlying going concern and the longer-term viability statement made on pages 119 and 68, respectively are based upon the Group's budget and five-year financial and operating plans. These include appropriate scenario analysis and take into account the Group's principal risks as well as the ongoing effects of the COVID-19 virus. **Profitable Growth Incentive Plan** The plan was approved at a General Meeting on 1 July 2021. Management recommended that this should be treated as an adjusting item to ensure readers of the accounts could continue to properly assess the underlying performance of the business.	The Committee, in conjunction with the Board, reviewed the plans and scenarios and was satisfied that in respect of the longer-term viability statement, a period of five years was suitable and concurred with management's conclusions that the viability statement is appropriate. The Committee paid particular attention to the scenarios in respect of how the continuing effects of the COVID-19 virus may affect customers and therefore the business. Both the speed and extent of recovery were considered. The Committee was satisfied that severe but plausible downside scenarios were appropriate whilst still supporting the Group's longer term viability and its going concern statement. The Committee considered the material impact the PGIP programme would have on the accounts and noted how other businesses treated similar programmes. The Committee agreed with management's recommendation.

Internal audit

The internal audit function provides independent and objective assurance over the design and operating effectiveness of the system of internal control though a risk-focused approach. The function reports into the Committee and administratively to the CFO.

This is the first full year of the in-house Internal audit function. KPMG is retained to conduct specific IT audits. During the year and in response to the US listing, an additional team member was recruited with a specific focus on in-house SOX testing.

Prior to the start of each financial year, the Committee reviews and approves the annual internal audit plan, a further review occurs during the year to take account of any need to refocus. The programme was refocused during the year to allow appropriate attention on the first year of the SOX programme. Internal audits completed during the 18 month period were:

- Acquisition and integration
- Post implementation review of a transformation project
- Business continuity
- Corporate risk register review – Project Enterprise

Progress updates on actions arising from current and prior reports were provided at each Committee meeting.

The Committee is satisfied that the internal audit programme remains risk focused, is functioning satisfactorily across the Group, that management is open to reviews and takes action on recommendations on a timely basis.

The Committee continues to review how the internal audit function will need to evolve in future years.

External auditor

Independence and objectivity

Both the Board and the external auditor (PwC) have safeguards in place to protect the independence and objectivity of the external auditor. The Committee receives details of any relationships between the Company and PwC that may have a bearing on their independence. These were reviewed by the Committee during the year and remain satisfactory. In accordance with International Standards on Auditing (UK), PwC formally confirmed to the Board its independence as auditor of the Company.

Following the US listing a number of incremental procedures were required to be carried out during the first year of listing. Consequently, additional fees in respect of both the control environment and the US listing document have been incurred in the year and are set out in note 6 to the consolidated financial statements.

Non-audit fees
Any non-audit services require approval by the Committee and the amounts are set out in note 6 to the consolidated financial statements. Non-audit fees comprised fees in relation to interim reviews, the Group's US filings and the Group's US listing.

Non-audit fees amounts to £1,379,000 (2019/20: £99,000) compared to £1,084,000 of audit fees (2019/20: £487,000). Audit fees for period to 31 December 2021 have increased due to additional audit work relating to the change in year end and the acquisition of BioVision. The non-audit fees include assurance work in relation to Sarbanes-Oxley and the US 20F filing and fees in relation to the Group's US listing.

Auditor appointment and tendering
PwC has served as Abcam's external auditor since September 2013, when a full tender process was undertaken. The current audit partner, Sam Taylor, has served for three years.

PwC's objectivity, independence and performance are considered to remain strong and the Committee has recommended to the Board that PwC be re-appointed as external auditor for the 2022 financial year, subject to approval at the AGM.

Auditor effectiveness
The Committee undertakes an annual assessment of the effectiveness of the external auditor. This assessment incorporates the views of management in addition to the Non-Executive Directors to facilitate continued improvement in the external audit process.

The assessment considered:

- Audit risk identification whereby this is a key factor in the delivery of a thorough, robust and efficient global audit in accordance with pre-set timescales. These risks remained broadly consistent with the prior financial year, but with additional focus on acquisitions given the activity in this area during the year;
- Provision of accurate, robust and perceptive advice on key accounting and audit judgements, technical issues and best practice;
- The level of professionalism and technical expertise consistently demonstrated and maintenance of continuity within the core audit team; and
- Strict adherence to independence policies and other regulatory requirements.

The Committee concluded that the above factors had been met, and that it continued to be satisfied with PwC's performance and effectiveness.

Conclusions
The Committee's oversight of financial reporting, external and internal audit, risk and the development of the SOX control environments have been areas of significant focus. These are likely to remain so for the 2022 financial year as the Group grows and develops in line with its strategy.

The Committee remains focused on ensuring that finance and risk capability is enhanced appropriately to manage in an increasingly complex business and an increasingly regulated environment.

I am confident that the Committee has the necessary skills and experience to continue to meet the challenges ahead.

Giles Kerr
Audit and Risk Committee Chairman
14 March 2022

Remuneration Committee Chairman's statement

Our remuneration structure aims to support Abcam's long-term sustainable growth and value creation by aligning interests across our global team to the delivery of our strategy and fostering a philosophy of share ownership.

Sally Crawford
Remuneration Committee Chair

Committee meetings

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Committee members and attendance

	Meetings
Sally Crawford (Chair)	3/3
Mara Aspinall	13/13
Giles Kerr	13/13
Peter Allen	13/13
Mark Capone	9/9
Past members	
Louise Patten	7/7

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for 2020/21. This is my first report as Chair of the Remuneration Committee since stepping into the role in December 2021. On behalf of the Committee, I would like to thank Louise Patten for her valuable contributions over the seven years she was Chair before stepping down on 18 May 2021 and express my gratitude to Mara Aspinall for the great support she provided me whilst she was acting as interim Chair prior to my appointment.

I have long been an admirer of Abcam's commitment to it's people and track record of aligning interests across the Company with those of our shareholders. This commitment was demonstrated by our global multi-award winning share plan, AbShare, which vested in November 2021, making over 90% of our eligible global workforce shareholders. Through this and a wide range of other people-centric initiatives, Abcam has continued to position itself as a great place to work, being recognised by our people as one of Glassdoor's top five companies to work for in the UK in both 2020 and 2021.

In this report, I am pleased to share an overview of the Committee's key decisions over the 18 months to 31 December 2021 and how we are aligning our remuneration structure even more closely to the delivery of our strategy through our new Remuneration Policy approved by shareholders at the General Meeting in July 2021 ('Policy').

2020/21 company performance

It has continued to be a challenging time with the impact of the global pandemic continuing to be felt by everyone around the globe. In this demanding environment, our global team have delivered another strong performance.

We achieved the major strategic, operational, and financial goals we set for the business in the 18 month period. Whilst continuing to make significant operational changes as we implement our growth strategy, feedback from our customers was excellent, with a Customer tNPS of +56, and continued to scale and grow our in-house products. We also started to see some of the operational leverage arising from growth resulting in expanding margins as the business begins to transition from the installation phase of our strategy to refining and realising benefits from what we are building.

Abcam's outlook remains attractive and we are on track to achieve the five-year plan that we described in 2019.

2020/21 remuneration outcomes

The Committee always seeks to ensure that the remuneration of our Executive Directors reflects the underlying performance of the business. When approving outcomes, we therefore considered performance against our financial and strategic targets along with wider business and individual performance and believe that the decisions outlined below fairly reflect performance over the full 18-month financial period.

Executive Director base salaries
Neither Alan Hirzel or Michael Baldock received a salary increase during the 18 months to 31 December 2021 and their base salaries are unchanged for 2022, at £629,760 and £408,000 respectively. Salaries among the wider UK workforce increased 4% during this period (2.7% on an annualised basis), and globally by 5%.

Details of the fees for members of the Non-Executive Board are set out on page 97. While no members of the Non-Executive Board are involved in determining their own fees, they are provided in this report as part of our reporting on Directors' remuneration.

Executive Directors' pension contribution reduction
Both Alan Hirzel and Michael Baldock's pension entitlement remain aligned with the wider UK workforce following the reduction in pension entitlement for Alan Hirzel to 8% of base salary effective 1 July 2020. Michael Baldock's pension entitlement was aligned to the wider UK workforce when he was appointed.

Annual Bonus Plan (ABP)
Annual bonus outcomes were considered in the context of financial, strategic, diversity and inclusion (D&I) and personal performance. Due to the 18-month accounting period, two performance periods were operated and, after detailed review, the performance out-turns for each were as follows:

1. **12 months ended 30 June 2021** – out-turns were 37.5% (out of 50%) and 28.9% (out of 33%) of the maximum award for the financial and strategic measures respectively, reflecting strong performance against targets for the period. In combination with performance which exceeded targets under the personal and D&I objectives, this means the ABP will pay 81.7% and 83.4% of the maximum for the CEO and CFO, respectively.
2. **6 months to 31 December 2021** – out-turns were 37.5% (out of 50%) and 24.8% (out of 33%) of the maximum award for financial and strategic measures, respectively, reflecting strong performance against targets for the period. In combination with performance which significantly exceeded personal objectives and exceeded D&I targets, the ABP will pay 77.6% of the maximum for both the CEO and CFO.

30% of the earned bonus for the Executive Directors will be deferred into shares for two years. Further details regarding the achievement against each performance target are set out on pages 94 to 95.

Long Term Incentive Plan (LTIP)
The 2018 awards were intended to reward and incentivise senior leaders over the three-year period from 1 July 2018 to 30 June 2021. Under the 2018 LTIP, Alan Hirzel received two awards: (1) LTIP A, measured against Earnings Per Share (EPS) and Strategic KPIs; and (2) LTIP B, measured against Revenue Growth. Michael Baldock was not appointed when the 2018 awards were granted. However Tranche 2 of his Recruitment Award was measured against the same performance conditions as LTIP A.

1. **LTIP A** – overall vesting of 24% of maximum award. Recombinant antibody and immunoassay revenue growth performance was above the maximum targets set and customer engagement (tNPS) performance above the threshold target. EPS performance was below the threshold target set due to the significant strategic investments made by the Company over the performance period.

2. **LTIP B** – overall vesting of 76% of maximum based on performance that was above the threshold target with revenues growing at a compound rate of 8.4% over the performance period.

No adjustments have been made to out-turns to reflect the impact of COVID-19 or any other factors over the performance period. The EPS out-turn under LTIP A reflects the evolution of Abcam's strategy and significant strategic investments focused on growth since the awards were granted.

The Committee considered that the formulaic out-turns for both the annual bonus and LTIP were appropriate in the context of wider business performance and reflective of the broader stakeholder experience. Further details regarding the achievement against the performance targets are on page 96.

2021 Remuneration Policy
I would like to thank our shareholders for their engagement over the course of 2020/21 in the development of Abcam's new Remuneration Policy ('Policy') and Profitable Growth Incentive Plan ('PGIP'), both of which were approved at the July 2021 General Meeting.

We recognised the importance of stakeholder engagement when considering our Remuneration Policy and its future implementation and consulted extensively with shareholders prior to the General Meeting. The Committee was grateful for the time and contribution of all those shareholders who participated in the consultation process, and for the broad indications of support for Abcam's management team and the principles underlying our proposals.

In the development of the PGIP and Policy, careful consideration was given to remuneration structures and specifically the scale of long-term incentive plans among peer companies. As an increasingly global business, to sustain its future success Abcam must be able to effectively compete for and retain talent in a global marketplace, in particular when competing against US-listed life science and healthcare companies.

As announced in December 2021, we reviewed the key areas on which we received feedback during the consultation process and responded to this by reducing the overall quantum available to the Executive Directors, implementing a cap on the plan, and extending participation to approximately 150 senior leaders in the Company. Alongside the PGIP for senior leaders, Abcam have also implemented a new global share plan for the wider workforce as the successor to AbShare (see Remuneration in wider context section below).

Whilst we were pleased to gain support for the 2021 Remuneration Policy, we recognise that there were a significant number of votes opposing these resolutions. We held follow up meetings with shareholders since the general meeting and are grateful to shareholders for taking the time to express their views.

The Remuneration Committee continues to believe that the remuneration package offered to Executive Directors is fair whilst remaining competitive amongst our peers, including in the US which is our key market for talent. The Committee is committed to ensuring the Company's leadership is motivated to deliver long-term sustainable growth through the successful implementation of the Five-Year Growth Plan to 2024. As such, the Policy and PGIP align all senior leaders to the delivery of Abcam's strategic goals, with a continued focus on profitable growth and long-term sustainable value creation.

Due to the technical requirements of the Companies Act 2006, we will be putting the Remuneration Policy to shareholders for approval again at the AGM in May 2022. Further details are available in the Notice of AGM and the full Policy is set out from pages 104.

Remuneration in wider context

Alongside decisions made on executive remuneration, the Committee provides oversight of the remuneration of the Executive Leadership Team, broader workforce trends and inputs into the formulation of reward programmes across our global workforce. This includes the strategic review and approval of our incentive plans and their performance criteria to ensure each plan is aligned to the interests of our stakeholders and the long-term success of the Company.

A recent example of the Committee's role in this regard was in the design and approval of our new all employee share plan, the Abcam Growth Plan, which ensures that all employees globally are incentivised and meaningfully rewarded for delivering Abcam's strategic goals to 2024. This programme builds on the success of AbShare with another generous offer of equity participation for our people. Participants in the PGIP are not eligible to participate in the Abcam Growth Plan. Over the course of 2021, the Committee has also provided oversight to a strategic review of our reward structure in China which provided greater alignment across their incentive plans to Abcam's strategic goals.

As a result of these initiatives, employee engagement scores on the topic of reward have significantly increased over the 18 months to 31 December 2021 and remain in the top 25% of comparator companies.

When making decisions on executive remuneration and setting our Directors' Remuneration Policy, the Committee does so in consideration of our global workforce to ensure our total reward offer supports business priorities and is aligned to stakeholder interests, whilst supporting our culture and values. Further details on how the decisions made for Executive Directors compares to the wider workforce are provided on page 101.

Next steps

We trust that we have provided the information you need to be able to support the Committee's decisions during 2020/21 and to ratify the already approved Policy at the AGM. Our ongoing dialogue with shareholders and other stakeholders is valued greatly and, as always, we welcome your feedback on this Directors' Remuneration Report.

Sally Hetlinghoff Crawford

Sally Crawford
Remuneration Committee Chair
14 March 2022

Remuneration Principles

Strategically aligned

Our remuneration structure reflects and is aligned with our business strategy and culture. Equity ownership is central to our approach to remuneration which we believe can drive the right long-term behaviour and alignment with stakeholders' interest in the Company's sustainable long-term profitable growth. To further align the interests of Executive Directors with those of stakeholders, they are required to build and maintain significant shareholdings in Abcam over time, equal to two-times their base salaries in value.

We have consistently demonstrated our commitment to employee share ownership through AbShare, our previous multi-award winning share purchase plan, and more recently through the implementation of its successor programme, the Abcam Growth Plan. In line with our culture & behaviours, both plans are centred around dedication through company ownership. They are equally audacious and bold in ambition, enabling all of our people globally to share meaningfully in Abcam's success. The Executive Directors and other senior leaders on the PGIP are not eligible to participate in the Abcam Growth Plan.

Pay for performance

The remuneration of our leaders is structured to promote the long-term success of the Company and to reward value creation for our stakeholders.

Short-term incentives

Assessment of short-term incentives under the Annual Bonus Plan (ABP) is made against a scorecard of performance measures built around Abcam's key financial, strategic and ESG priorities for the relevant year. There is a deferral of shares under the ABP for Executive Directors and senior managers for a further two-year period following the initial year of performance.

Long-term incentives

Awards are linked to Abcam's long-term profitable growth strategy. To further promote equity ownership and long-term performance, vesting occurs at the end of three-and-a-half years with holding periods applying after the awards vest.

Wellbeing

Flexibility and choice are key to our employee benefits package through which we aim to support colleagues financial, physical and mental wellbeing. We want to be there for our people when it really counts which is why all of our employees globally receive company-paid life insurance and offer an above market global family leave policy with 18 weeks fully paid maternity leave and six weeks fully paid paternity leave.

Market competitive

All elements of our remuneration are reviewed regularly to ensure they remain market competitive in order to attract and retain talent as well as to avoid excessive overpayment.

Fair pay

We are committed to paying our people fairly, ensuring that all our employees are appropriately and fairly rewarded.

Clear, transparent and simple

A key priority is to ensure that all of our employees understand how they are rewarded and we believe our remuneration structures should be as clear and simple as possible, so that everyone can understand how they are remunerated for performance.

Compliance and risk

The Committee's role is to ensure our remuneration structures are compliant with the laws and corporate governance requirements that apply and risk assessment is a key consideration of all remuneration decisions.

Implementation of Directors' Remuneration Policy in 2022

Executive Directors' base salaries

No salary increase has been awarded to the CEO or CFO since 1 July 2020. The average increase for the wider UK workforce during this time has been 4%.

		Salary 1 July 2020 £000	Change	Salary as at 1 Jan 2022 £000
Alan Hirzel	CEO	630	0.0%	**630**
Michael Baldock	CFO	408	0.0%	**408**

Annual Bonus Plan

The overall framework under the Annual Bonus Plan (ABP) will be as follows.

	Maximum % of salary
Annual Bonus Plan	150%, of which 30% of any bonus is deferred into shares

2022 measures	Weighting
Financial targets	**50%**
Strategic targets	**33%**
Personal objectives	**10%**
Environmental, social & governance (ESG)	**7%**

At the Committee's discretion, the bonus may be restricted if any of the four performance elements (financial, strategic, personal or ESG) shows serious underperformance, or if the Committee determines that there has been underperformance on the part of an Executive Director in their role.

Profitable Growth Incentive Plan ("PGIP")

The PGIP-approved by shareholders at the General Meeting in July 2021 – aims to align Abcam's reward to shareholders and incentivise Executive Directors to deliver Abcam's revenue growth ambition by the end of 2024, underpinned by Return on Capital Employed ('ROCE').

The one-off conditional share awards under the PGIP were granted on 14 July 2021 and are subject to a three-and-a-half year performance period from 1 July 2021 to 31 December 2024. Awards are subject to the delivery of Abcam's revenue growth targets and a Return on Capital Employed (ROCE) underpin.

No further awards will be made to the existing Executive Directors over the life of the plan. The Committee does though reserve the right to make PGIP awards to any future new Executive Director hires during the plan period, albeit that there are no plans to recruit or increase the number of Executive Directors at this time.

Further details are set out on from page 89 of the Remuneration Report and from page 108 of the Remuneration Policy.

Pensions and flexible benefits

The Executive Directors are entitled to contributions from the Company into a flexible benefits fund which can be used for defined contribution pension plan contributions, a range of flexible benefits, or an equivalent cash supplement where their pension arrangements are fully funded. They also receive a range of core benefits such as life insurance, private medical cover and annual health screens. The Executive Directors' pension contributions are aligned with those of the wider UK workforce at 8% of base salary.

Non-Executive Directors

During 2016 the Company put in place fee arrangements for all Non-Executive Directors where a portion of their fees would be delivered as a fixed number of fully paid ordinary shares and this structure will be continued in 2022 with a re-calibrated notional share price and will remain in place until 2024.

Annual Report on Remuneration

AUDITED INFORMATION

Executive Directors' single figure for total remuneration in 2020/21

The aggregate remuneration provided to Directors is set out below.

		Fixed				Variable (performance-related)			
		Base salary £000	Benefits[1] £000	Pensions and pension-related[2] £000	Total fixed £000	Annual bonus[3] £000	LTIP[4,5,6,7] £000	Total variable £000	Total remuneration £000
Alan Hirzel	**Total 18 months ended 31 Dec 2021**	**945**	**20**	**76**	**1,041**	**1,139**	**1,964**	**3,103**	**4,144**
	Annualised equivalent for the period ended 31 Dec 2021	630	11	50	691	753	1,964	2,717	3,408
	Total 2019/20	615	13	78	706	348	618	966	1,672
Michael Baldock	**Total 18 months ended 31 Dec 2021**	**612**	**128**	**49**	**789**	**749**	**54**	**803**	**1,592**
	Annualised equivalent for the period ended 31 Dec 2021	408	83	33	524	493	54	547	1,071
	Total 2019/20	167	29	7	203	92	154	246	449

1 The Company operates a flexible benefits scheme through which the Executive Directors are entitled to participate in a range of benefits which include life insurance, private healthcare and company car benefits. The figures also include tax compliance support provided by the Company. Michael Baldock is covered under the Company's international medical insurance cover and has received £60,542 under his relocation support over the 18 months ended 31 December 2021.

2 Alan Hirzel and Michael Baldock were entitled to contributions from the Company of up to 8% of base salary into a defined contribution pension plan. Where the Executive Directors have elected not to receive full contributions from the Company, they are entitled to draw an equivalent cash supplement, adjusted for employer's National Insurance (NI) contributions, such that the Company is in a neutral position.

3 Bonus is paid 70% in cash and 30% as deferred shares which vest on the second anniversary immediately following a period of 10 dealing days after the Company announces its preliminary results for the financial year, subject to continuous employment. For the 12 months to 30 June 2021, the value of the deferred share award was £231,815 for Alan Hirzel (2019/20: £104,473) and £153,367 for Michael Baldock (2019/20: £27,552). For the six months to 31 December 2021, the value of the deferred share award will be £109,862 for Alan Hirzel and £71,176 for Michael Baldock.

4 LTIP figures for the period ended 31 December 2021 for Alan Hirzel represents the value of the 2018 LTIP, based on the actual share price of £16.89 when the 116,301 shares were released. For Michael Baldock, it represents the value of Tranche 2 of his Recruitment Award from which 3,301 shares were released subject to the same performance conditions as the 2018 LTIP A award for Alan Hirzel, based on the average share price over the final quarter of the 2021 calendar year, being £16.46.

5 LTIP figures for the period ended 31 December 2021 for Alan Hirzel and Michael Baldock represent a share price increase from £12.33 and £12.11 at grant to £16.89 and £16.46, meaning the amount attributed to share price gains is £530,333 and £14,359, respectively.

6 2019/20 LTIP figure for Alan Hirzel has been restated to reflect the value of the 41,241 shares released based on the actual price when they were released on 3 November 2020 of £14.99. 2019/20 LTIP figure for Michael Baldock has been restated to reflect the value of the 9,410 shares released based on the actual price of £16.40 when they were released on 3 February 2021. In last year's report, both figures were calculated using the average 2019/20 Q4 share price of £13.14.

7 The 2019/20 LTIP figure for Alan Hirzel and Michael Baldock represents the value of his 2017 LTIP award under which the share price has increased from £10.20 and £12.11 at grant to £14.99 and £16.40, meaning the value attributed to share price growth was £197,544 and £40,369, respectively.

Annual Bonus Plan (ABP) – targets and performance outcomes

Annual bonus outcomes were considered in the context of financial, strategic, diversity and inclusion (D&I) and personal performance over the 18 months to 31 December 2021. The outcomes for the two individual periods have been assessed in the round to ensure that the Committee is satisfied that the overall result is appropriate in the context of business performance and reflective of the wider stakeholder experience during the period. The Executive Directors' maximum annual opportunity for the 12 months to 30 June 2021 was 150% of base salary and for the six months to 31 December 2021 it was 75% of salary. 30% of the earned bonus for the CEO and CFO will be deferred into shares for two years.

ABP performance outcome for the 12 months to 30 June 2021

Performance element	Measure	Weighting	Threshold (25%)	Target (50%)	Exceeds (75%)	Maximum (100%)	Overall achievement	Out-turn (% of overall maximum)
Financial	Adjusted Profit Before Tax (PBT)[1]	50.0%	£23.6m	£34.2m	£44.7m	£60.1m	**£56.1m**	37.5%
Strategic	Proprietary Product Revenue Growth	16.5%	Proprietary product revenue growth exceeded the maximum target or 31%				**Maximum**	16.5%
	Customer Engagement (tNPS)	16.5%	Customer engagement tNPS exceeded the target of +56				**Exceeds**	12.4%
Personal	Personal objectives for Executive Directors comprising a range of targets	10.0%	The current Executive Directors significantly exceeded expectations under their personal objectives for the year, which included the effective communication of the new strategy externally with shareholders and fostering capability in the senior management team in order to lead the business for the next five years. Alan Hirzel conducted extensive shareholder and analyst engagement; successfully onboarded new Executive Leadership Team members; and continues to build a highly energised and collaborative global team. Michael Baldock led the work towards the BioVision acquisition; provided oversight to the first year of SOX compliance work; delivered significant improvement across financial reporting; and continues to build a highly engaged function.				**Maximum**	10.0%
Diversity & Inclusion	Progress against D&I objectives	7.0%	The Executive Directors continue to increase efforts to grow a diverse team and inclusive culture. Promotions for women to, and within, our leadership teams increased, as did the proportion of female recruits at this level. We appointed two new female Board members and welcomed two women to our executive leadership team, enhancing the gender balance within our senior teams. We have also recruited a Head of Diversity & Inclusion to drive further progress in this area and report on Diversity & Inclusion regularly to Executive teams. Michael Baldock was heavily involved in steering a social mobility initiative in partnership with a leading external body.				**Alan Hirzel (Exceeds):** **Michael Baldock (Maximum):**	5.3% 7.0%
Alan Hirzel overall:		100.0%						81.7%
Michael Baldock overall:		100.0%						83.4%

1. Financial performance is based on the Group's adjusted profit before tax (adjusted PBT), on a budgeted exchange rate basis. The PBT targets set under the ABP have been disclosed in full. For the strategic measures, targets have been disclosed where not considered commercially sensitive.

ABP performance outcome for the six months ended 31 December 2021

Performance element	Measure	Weighting	Threshold (25%)	Target (50%)	Exceeds (75%)	Maximum (100%)	Overall achievement	Out-turn (% of overall maximum)
Financial	Adjusted Profit Before Tax (PBT)	50.0%	£13m	£18.9m	£24.7m	£33.2m	**£26.5m**	37.5%
Strategic	Proprietary Product Revenue Growth	16.5%	Proprietary product revenue growth exceeded target level performance of 24%				**Exceeds**	12.4%
	Customer Engagement (tNPS)	16.5%	Customer engagement tNPS achieved was greater than the target of +56				**Exceeds**	12.4%
Personal	Personal objectives for Executive Directors comprising a range of targets	10.0%	The current Executive Directors significantly exceeded expectations under their personal objectives for the year, which included the effective communication of the new strategy externally with shareholders and fostering capability in the senior management team in order to lead the business for the next five years. Alan Hirzel continued his extensive shareholder engagement; successfully onboarded new Executive Leadership Team members; and sponsored the implementation of a new global all employee share plan, aligning interests across the global team. Michael Baldock signed and closed the BioVision acquisition; delivered significant improvement across financial reporting; and continues to build a highly engaged function.				**Maximum**	10%
Diversity & Inclusion	Progress against D&I objectives	7.0%	The Executive Directors continued their efforts to build a diverse team and inclusive culture. During this period, they successfully onboarded a Head of D&I to drive forward this agenda globally. Both Executive Directors personally sponsor thriving Employee Resource Groups (ERGs); supported D&I data collection effort to establish baseline measures for D&I; and Abcam was recognised by peers in UK as Britain's Most Admired Company for its commitment to Diversity, Equity and Inclusion (by Britain's Most Admired Companies)				**Exceeds**	5.3%
Overall		100.0%						77.6%

1. Financial performance is based on the Group's adjusted profit before tax (adjusted PBT), on a budgeted exchange rate basis. The PBT targets set under the ABP have been disclosed in full. For the strategic measures, targets have been disclosed where not considered commercially sensitive.
2. Performance against Strategic KPIs has been assess on a rolling 12-month basis.

Long Term Incentive Plan (LTIP) – targets and performance outcomes

The 2018 awards were intended to reward and incentivise senior leaders over the three-year period from 1 July 2018 to 30 June 2021. Under the 2018 LTIP, Executive Directors received two awards: (i) LTIP A, measured against Earnings Per Share (EPS) and Strategic KPIs; and (ii) LTIP B, measured against Revenue Growth. Michael Baldock was not appointed when the 2018 awards were granted however Tranche 2 of his Recruitment Award was measured against the same performance conditions as LTIP A.

2018 LTIP A – performance outcome

Performance measures		Weighting	Threshold (25%)	Maximum (100%)	Overall achievement	Out-turn (% of overall maximum)
Financial	Compound annual EPS growth[1]	70.0%	8.0%	12.0%	**(15.8%)**	0.0%
Strategic	Recombinant antibody revenue growth	10.0%		Exceeded the maximum target of 20% growth	**Above threshold**	24.0%
	Immunoassay revenue growth	10.0%		Exceeded the maximum target of 30% growth		
	Customer Engagement (tNPS) relative to market leader	10.0%		Exceeded the threshold target of +55		
Overall		100%				24.0%

1 At threshold all measures out-turn at 25%. At maximum the measure out-turns at 100%. Out-turn is calculated as linear between threshold and maximum.

2018 LTIP B – performance outcome

Scenario	Weighting	Threshold	Maximum	Achievement	Out-turn % of maximum
Revenue Growth (CAGR)	100.0%	6.0%	10.0%	8.4%	76.0%

1 At threshold all measures out-turn at 40%. At maximum the measure out-turns at 100%. Out-turn is calculated as linear between threshold and maximum

2020/21 single figure for total remuneration for the Chairman and the other Non-Executive Directors (NEDs)

The Company has a philosophy of share ownership which is extended to the Chairman and NEDs by delivering one third of their fees as Abcam shares. Shares for NEDs are awarded at the beginning of the first open period following the announcement of the annual results. PAYE and NI are deducted and the net amount is used to purchase the actual shares delivered to each NED. Each NED has committed not to transfer or sell these shares during the term of their non-executive directorship.

Single figure for total remuneration

The aggregate fees paid to Non-Executive Directors who served the Company during the 18 months ended 31 December 2021:

	Fees								
	Total 18 months ended 31 Dec 2021			12 months ended 31 Dec 2021			2019/20		
	Total fee £000	Delivered as cash £000	To be delivered as shares[1] £000	Total fee £000	Delivered as cash £000	To be delivered as shares[1] £000	Total fee £000	Delivered as cash £000	To be delivered as shares £000
Current Non-Executive Directors									
Peter Allen	**393**	**262**	**131**	280	187	93	225	150	75
Sally Crawford[4]	**30**	**20**	**10**	30	20	10	—	—	—
Mara Aspinall[2, 3]	**132**	**91**	**41**	96	66	29	73	50	23
Mark Capone[2]	**76**	**53**	**23**	76	53	23	—	—	—
Bessie Lee[2]	**72**	**49**	**23**	72	49	23	—	—	—
Giles Kerr	**131**	**87**	**44**	89	60	30	77	51	26
Past Non-Executive Directors									
Louise Patten[5]	**101**	**101**	**—**	60	60	—	83	55	28
Jonathan Milner[6]	**48**	**48**	**—**	—	—	—	70	47	23
Total remuneration	**983**	**711**	**272**	704	495	208	528	353	175

1 Shares will be awarded at the beginning of the first open period following the announcement of the annual results in March 2022.
2 Mara Aspinall, Mark Capone and Bessie Lee received tax compliance support in the preparation of their tax returns relating to their fee from Abcam for which £9,607, £6,701 and £2,938 was paid by Abcam over the 18 months to 31 December 2021 and is included in the total fee figure.
3 Mara Aspinall began receiving a £15,000 supplemental fee following her appointment as Interim Chair of the Remuneration Committee on 18 May 2021. This supplemental fee will cease effective 1 January 2022 following the end of her interim period as Chair of the Remuneration Committee.
4 Sally Crawford began receiving a £15,000 supplemental fee following her appointment as Chair of the Remuneration Committee on 1 December 2021.
5 Louise Patten stepped down as Non-Executive Director on 18 May 2021. The 'Delivered as cash' figure for 18 months to 31 December 2021 represents the pro-rated cash element of her fees to her departure date and the cash equivalent of her share entitlement to this date converted at the closing price on 18 May 2021, being £14.08.
6 Jonathan Milner stepped down as Non-Executive Director on 5 October 2020. The 'Delivered as cash' figure for 18 months to 31 December 2021 represents the pro-rated cash element of his fees to his departure date and the cash equivalent of his share entitlement to this date converted at the closing price on 5 October, being £12.38.

Scheme interests awarded in period

	Date of conditional award granted in period	Award type	No. shares under award	Face value £000[3]	Threshold performance (% shares delivered)	Maximum Performance (% shares delivered)	End of performance period	Vesting date	End of holding period[5]
Alan Hirzel	14 Jul 21	PGIP	1,360,486	19,020	35%	100%	31 Dec 24	14 Apr 25	14 Oct 26
	26 Oct 21	ABP	15,401	232	n/a	n/a	n/a	23 Sep 23	n/a
	7 Dec 20	LTIP A	55,885	787	25%	100%	30 Jun 23	7 Dec 23	7 Dec 26
	7 Dec 20	LTIP B	122,947	1,732	40%	100%	30 Jun 23	7 Dec 23	7 Dec 26
	26 Oct 20	ABP	8,502	104	n/a	n/a	n/a	24 Sep 22	n/a
Michael Baldock	14 Jul 21	PGIP	680,243	9,510	35%	100%	31 Dec 24	14 Apr 25	14 Oct 26
	26 Oct 21	ABP	10,189	153	n/a	n/a	n/a	23 Sep 23	n/a
	7 Dec 20	LTIP A	28,964	408	25%	100%	30 Jun 23	7 Dec 23	7 Dec 25
	7 Dec 20	LTIP B	28,964	408	40%	100%	30 Jun 23	7 Dec 23	7 Dec 25
	26 Oct 20	ABP	2,242	28	n/a	n/a	n/a	24 Sep 22	n/a

1 Awards under the PGIP granted on 14 July 2021 are subject to Abcam's 2024 revenue growth targets underpinned by a Return on Capital Employed (ROCE) target of 12.5%. Achievement of £442.8m, £482.8m and £517.8m in annual revenues in 2024 and the 12.5% ROCE underpin will result in 35%, 75% and 100% of shares vesting, respectively, with linear progression between points. Revenue targets have been adjusted upwards by £17.8m since the general meeting in July 2021 to reflect the recurring revenues from the acquisition of BioVision.
2 LTIP A awards granted on 7 December 2020 are subject to EPS with a target range of 8-12% CAGR and Strategic priorities; and LTIP B awards granted on 7 December 2020 are subject to profitable revenue growth targets within a range of 6-10% CAGR.
3 Face values are based on the grant price for each Conditional Share Award, being £12.29, £14.09 and £15.05 for the 2020 ABP, LTIP and 2021 ABP grants, respectively. For the ABP awards the grant price is set based on the average share price over the 10 dealing days beginning on the day on which the Company announces its preliminary results for a particular Financial Year the award related to. For the 2020 LTIP, the grant price was the average closing price over the 10 dealing days prior to the grant date.
4 Awards under the PGIP granted on 14 July 2021 are one-off Conditional Share Awards subject to a three-and-a-half year performance period from 1 July 2021 to 31 December 2024. No awards under the LTIP will be granted to Alan Hirzel or Michael Baldock during the life of the plan, but any outstanding LTIP awards will continue to vest in line with the original terms. The price used to value the PGIP awards is £13.98 calculated using the 10 dealing average share price leading up to the grant date.
5 Shares released from the PGIP are subject to a post-vesting retention period, released in four equal tranches over an 18 month holding period following vesting taking the overall time horizon of awards to five years. Awards under the LTIP are subject to post-vesting retention periods with partial restriction on sale for an additional term of three years for the CEO and two years for the CFO.

Executive Directors' share scheme interests

	Date of conditional award granted in period	Price at award date	Award basis	Maximum receivable at 1 July 2020	Awarded during the period	Vested/ released during the period	Lapsed	**Maximum receivable at 31 December 2021**
Alan Hirzel								
ABP – Deferred shares[1]	26 Oct 20 & 26 Oct 21	£12.29 & £15.05	30% of prior year's bonus	23,334	23,903	(23,334)	—	**23,903**
PGIP[2]	14 Jul 21	n/a	0.6% of Share Capital	—	1,360,486	—	—	**1,360,486**
LTIP[3]	7 Dec 20	£14.09	400% base salary	448,488	178,832	(157,542)	(97,399)	**372,379**
SIP Free shares	—	—	—	345	—	(345)	—	**—**
SIP Matching shares	—	—	—	185	—	(185)	—	**—**
SIP Dividend shares	—	—	—	179	—	(103)	—	**76**
	—	—	—	**472,531**	**1,563,221**	**(181,509)**	**(97,399)**	**1,756,844**
Michael Baldock								
ABP – Deferred shares[1]	26 Oct 20 & 26 Oct 21	£15.05	30% of prior year's bonus	—	12,431	—	—	**12,431**
PGIP[2]	14 Jul 21	n/a	0.3% of Share Capital	—	680,243	—	—	**680,243**
LTIP[3]	7 Dec 20	£14.09	200% base salary	62,942	57,928	—	—	**120,870**
Recruitment Award	—	—	—	41,274	—	(9,410)	(4,348)	**27,516**
	—	—	—	**104,216**	**750,602**	**(9,410)**	**(4,348)**	**841,060**

1 The 2020 and 2021 Bonus Plan Deferred Share Award will vest on 24 September 2022 and 23 September 2023, respectively, subject to continuous employment.
2 PGIP Awards granted on 14 July 2021 are one-off awards subject to a three-and-a-half year performance period from 1 July 2021 to 31 December 2024. Maximum awards are equal to 0.6% and 0.3% of Issued Share Capital at grant, respectively, for the CEO and CFO. No awards under the LTIP will be granted to Alan Hirzel or Michael Baldock during the life of the plan, but any outstanding LTIP awards will continue to vest in line with the original terms.
3 2020 LTIP awards granted on 7 December 2020 to Alan Hirzel and Michael Baldock will vest on 7 December 2023, subject to performance.

Share Incentive Plan (SIP)

Since 2018, no awards have been granted under the SIP, except for dividend reinvestments.

Directors' beneficial shareholdings and share interests

A shareholding guideline of two-times salary for all Executive Directors has been in effect from the date of the 2015 AGM. This level is to be built up over a period ending on the later of the fifth anniversary of appointment or the fifth anniversary of introduction of the policy. Until the shareholding guideline is achieved, an Executive Director is prohibited from selling any shares they have acquired through a Company scheme. They can, however, sell sufficient shares to satisfy any tax liability that may arise on the release or exercise of an award.

Interests in share awards following departure from the Company enable Executive Directors to remain aligned with the interests of shareholders for an extended period post-employment. For good leavers, deferred annual share awards, and LTIP awards subject to holding periods, will typically vest within normal timeframes.

Shareholdings for all Directors is set out as follows:

	Beneficially owned 31 December 2021				Beneficially owned 30 June 2020			
	Not subject to retention conditions[1]	Subject to retention conditions[2]	Total	Value as a percentage of salary[3]	Not subject to retention conditions[1]	Subject to retention conditions[2]	Total	Value as a percentage of salary/fee[3]
Executive Directors								
Alan Hirzel	**232,573**	**51,322**	**283,895**	**781.2%**	145,009	35,246	180,255	390.7%
Michael Baldock	**6,990**	**2,986**	**9,976**	**42.4%**	—	—	—	0.0%
Non-Executive Directors								
Peter Allen	**12,000**	**6,563**	**18,563**		12,000	2,961	14,961	
Sally Crawford	**—**	**—**	**—**		—	—	—	
Mara Aspinall	**5,070**	**9,475**	**14,545**		5,070	7,852	12,922	
Mark Capone	**—**	**—**	**—**		—	—	—	
Bessie Lee	**—**	**—**	**—**		—	—	—	
Giles Kerr	**—**	**1,485**	**1,485**		—	460	460	
Past Non-Executive Directors								
Louise Patten[4]	**45,299**	**9,543**	**54,842**		45,299	8,417	53,716	
Jonathan Milner[4]	**18,190,256**	**7,983**	**18,198,239**		18,190,256	7,030	18,197,286	

1 Includes SIP shares held in trust which are not subject to forfeiture conditions upon termination of employment and shares held by connected persons.
2 Shares subject to retention conditions are entitled to dividends and accordingly are beneficially owned.
3 The share price as at 31 December 2021 being £17.33 (30 June 2020: £13.33) per share was used to value the beneficially owned shares for Alan Hirzel and Michael Baldock.
4 For Louise Patten and Jonathan Milner, the figure for beneficially owned shares is as at their respective termination dates.

Non-executive appointments at other companies

Michael Baldock served as a Non-Executive Director (NED) at Jaws Acquisition Inc. until 3 June 2021 and no longer serves as a NED elsewhere. Alan Hirzel did not serve as a NED elsewhere during the 18 months to 31 December 2021.

Payments to past Directors

In November 2021, Gavin Wood (Executive Director until 3 February 2020) exercised his remaining share options under the 2018 LTIP. He exercised 11,194 shares, selling 5,207 shares to cover taxes and held the remaining 5,987 shares. The total value of shares exercised was £192,760.68 based on the share price of £17.22 when the shares were exercised.

There have been no other payments to past Directors during the year.

Payments for loss of office

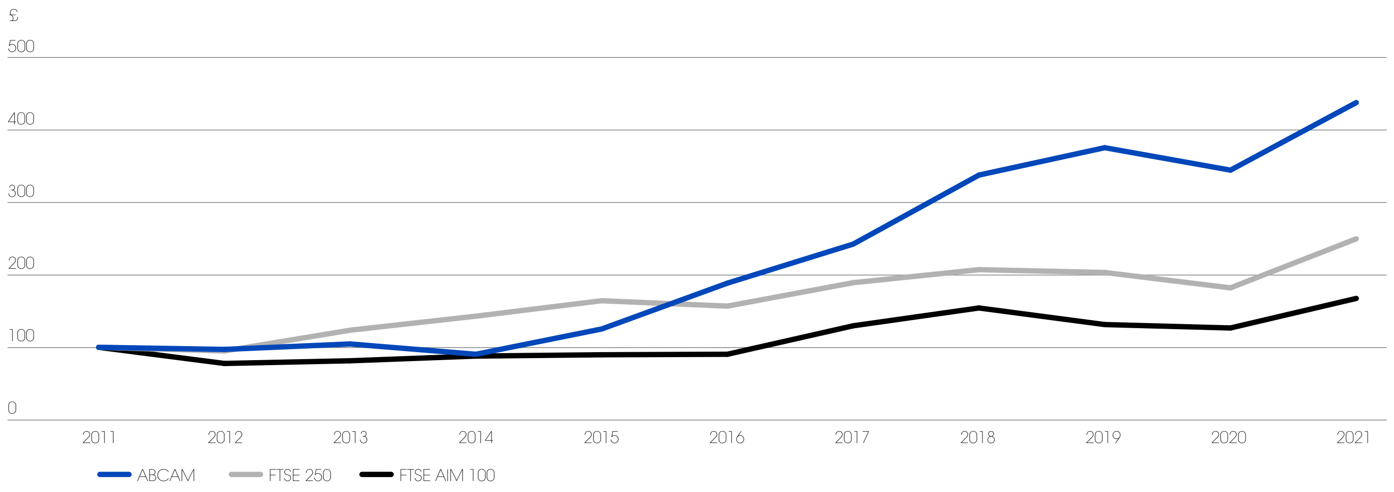
There have been no payments made to Directors for loss of office during the 18 months to 31 December 2021.

UNAUDITED INFORMATION

Performance graph

The Company's Total Shareholder Return (TSR) since 2011 compared to a broad equity market is shown in the graph below and represents the value by 31 December 2021 of £100 invested in the Company's shares on 1 July 2011 compared with the FTSE 250 Index and the FTSE AIM 100 Index. The FTSE 250 Index has been chosen as the comparator because Abcam would sit within this if it were listed on the Main Market of the London Stock Exchange. The Committee considers the relatively complex international nature of this index to be comparable to the Company's business operations where a large proportion of revenues are generated outside the UK.

TSR performance graph (30 June 2011 to 31 December 2021)



CEO remuneration

The table below shows the historical total remuneration for the person undertaking the role of CEO:

Financial year		CEO single figure for total remuneration £000	Annual bonus awarded against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
Total 18 months ended 31 Dec 2021	Alan Hirzel	4,144	79.7%	59.8%
Annualised equivalent 18 months ended 31 Dec 2021	Alan Hirzel	3,408	79.7%	59.8%
2019/20[2]	Alan Hirzel	1,685	37.7%	68.4%
2018/19	Alan Hirzel	1,820	55.8%	76.4%
2017/18	Alan Hirzel	1,788	62.5%	90.44%
2016/17	Alan Hirzel	1,369	78.0%	71.6%
2015/16	Alan Hirzel	614	52.0%	n/a[1]
2014/15	Alan Hirzel	685	73.3%	n/a[1]
2013/14	Jonathan Milner	642	56.8%	—
2012/13	Jonathan Milner	821	71.2%	16.9%
2011/12	Jonathan Milner	739	60.0%	96.3%
2010/11	Jonathan Milner	805	62.7%	100.0%

1 Vesting of long-term incentives is measured over a three-year performance period. For the 2014/15 and 2015/16 years, Alan Hirzel had not been employed by Abcam for more than three years, and therefore no long-term incentives had vested.
2 LTIP figures in the 2019/20 total figure have been restated to reflect the actual prices at the date they were released.

Percentage change in remuneration

Abcam has an international workforce of approximately 1,750 employees in 14 locations. Due to the differing local pay levels across each of our overseas offices, the Committee considers the most meaningful comparator group to be the average remuneration of UK employees.

The following table shows the percentage change in remuneration between the years ended 30 June 2020 and the annualised equivalent for the 18 months ended 31 December 2021 for the CEO, CFO, Non-Executive Directors and this comparator group.

	Salary/Fee	Benefits[1]	Bonus[2]
Alan Hirzel	0.0%	0.0%	111.4%
Michael Baldock	0.0%	0.0%	111.4%
Peter Allen	24.6%	N/A	N/A
Mara Aspinall	30.9%	N/A	N/A
Giles Kerr	16.1%	N/A	N/A
Bessie Lee	N/A	N/A	N/A
Mark Capone	N/A	N/A	N/A
Sally Crawford	N/A	N/A	N/A
Comparator group percentage change[3]	2.7%	0.0%	62.1%

1 Benefits entitlement as a percentage of salary.
2 Annualised annual bonus award for the 18 months to 31 December 2021 compared to the annualised annual bonus for 12 months to 30 June 2020
3 Comparator group is inclusive of promotions in the annual salary review cycle.

CEO and employee pay ratios

The table below sets out the ratios of the CEO single total figure of remuneration to the equivalent pay for the lower quartile, median and upper quartile UK employees (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Requirements 2018 (the Regulations).

	2019/20	**2020/21**
25th percentile pay ratio	54:1	**81:1**
50th percentile pay ratio	37:1	**54:1**
75th percentile pay ratio	26:1	**36:1**

Pay Data

		2019/20 (£000)	**2020/21 (£000)**
CEO	Base salary	615	**630**
	Total pay	1,685	**3,408**
25th percentile	Base salary	27	**30**
	Total pay	29	**42**
50th percentile	Base salary	39	**43**
	Total pay	43	**62**
75th percentile	Base salary	55	**61**
	Total pay	60	**94**

The comparison with UK employees is specified by the regulations. This group comprises approximately 45% of our total employee population. The regulations provide flexibility to adopt one of three methods of calculation. We have chosen Option A for all elements of pay which is the more comprehensive calculation based on all UK employees on a full-time equivalent basis and in line with the single figure methodology. The ratios are based on total pay which includes base salary, pension and benefits, bonus and equity awards under our share plans. The CEO annualised pay figure for the 18 months ended 31 December 2021 is as shown in the single total figure of remuneration table on page 93. For UK employees, quartile data has been determined as at 31 December 2021, with calculations based on actual pay data. Forecast outcomes have been used for bonus plan outcomes.

The increase in ratio between 2019/20 and 2020/21 reflects the higher LTIP opportunity under the 2018 Policy compared to prior years and the impact of the global pandemic on incentive out-turns in 2019/20. Total pay data for the wider UK workforce has increased due to continued investment in base pay and our previous global share plan, AbShare, vesting in November 2021.

We believe that our CEO pay ratio is consistent with our pay, reward and progression policies. We have recently implemented the Abcam Growth Plan as the successor programme to AbShare, which ensures that all employees globally are incentivised and meaningfully rewarded for delivering Abcam's strategic goals to 2024. This programme builds on the success of AbShare with another generous offer of equity participation for our people. Through this and a wide range of other people-centric initiatives, Abcam has continued to position itself as a great place to work, being recognised by our people as one of Glassdoor's top five companies to work for in the UK in both 2020 and 2021.

Relative importance of spend on pay

	Total for 18 months ended 31 December 2021 (£m)	**Total 12 months ended 31 December 2021 (£m)**	Year ended 30 June 2020 (£m)	% increase[3]
Dividends in respect of the financial year[1]	0.0	**0.0**	25.0	-100%
Total Group staff costs[2]	185.2	**126.2**	90.4	39.6%

1 Dividends are the interim dividend paid in respect of the financial year ended 30 June 2020. No dividends have been paid since April 2020.
2 Total Group staff costs includes bonuses, employer social security, pension contributions, redundancies and share-based charges.
3 Increase in total Group staff costs due to an overall increase in headcount in addition to salary increases for existing employees during the year.

Remuneration Committee

The Committee advises the Board on overall Remuneration Policy on behalf of the Board, and with the benefit of advice from external consultants, the SVP, Human Resources and the Global Reward Director, it also determines the remuneration of the Executive Directors and proposes a fee for the Chairman of the Board of Directors (with the Chairman not being present for any discussions on his fee). The remuneration of the NEDs is determined by the Chairman and the Executive Directors.

The Committee formulates and applies the policy with consideration to the prevailing economic climate in the major economies in which the Group operates. It also observes the spirit of the Group's core values, including responsible leadership in the external and internal social environment. Consequently, the Committee closely considers the Company's performance in building both long-term value and a secure future for all stakeholders.

The Committee currently comprises five NEDs, each of whom the Company deems to be independent: Peter Allen, Sally Crawford, Mara Aspinall, Mark Capone and Giles Kerr. Sally Crawford is Chair of the Committee.

The Chief Executive Officer, Company Secretary, the SVP, Human Resources and Global Reward Director attend the Committee meetings by invitation and assist the Committee in the execution of its objectives, except when issues relating to their own compensation are discussed.

No Director is involved in deciding his or her own remuneration.

While it is the Committee's responsibility to exercise independent judgement, the Committee does request advice from management and professional advisors, so as to be informed on the internal and external environment.

No member of the Committee has any personal financial interest, other than as a shareholder, in the matters to be decided by the Committee. The four independent members of the Committee have no conflicts of interest arising from cross-directorships. Members of the Committee have no day-to-day involvement in the running of the Company. The Committee met thirteen times during the year. Details of attendance can be found in the Corporate Governance Report (see page 72).

External advisors to the Committee

The following table sets out the details of external advisors who provided material assistance to the Committee during the year in its consideration of matters related to Directors' remuneration:

Advisors	Appointment and selection	Other services provided to the Company	Fees for Committee assistance
Deloitte LLP (Deloitte)	Appointed by the Committee to provide ongoing advice on various matters including Directors' remuneration reporting regulations, shareholder communication and other governance matters. In relation to the 2021 Policy, Deloitte provided advice on Remuneration Policy documentation, the 2021 PGIP rules, shareholder communication and other governance matters.	Advice on employee reward and global employment tax services on a time and materials basis.	£68,550

Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that advice received from Deloitte during the year was objective and independent.

Statement of voting at general meeting

The table below shows the advisory vote on the 2020 Annual Report on Remuneration at the 2020 AGM and on the current Directors' Remuneration Policy at the 2021 General Meeting.

Whilst we were pleased to gain support for the 2021 Remuneration Policy, we recognise that there were a significant number of votes opposing these resolutions. We recognise the importance of stakeholder engagement when considering our Remuneration Policy and its future implementation and consulted extensively with shareholders prior to the General Meeting. The Committee was grateful for the time and contribution of all those shareholders who participated in the consultation process, and for the broad indications of support for Abcam's management team and the principles underlying our proposals.

During the process we reviewed the key areas on which we received feedback (the maximum opportunity under the PGIP, the lack of a cap and the number of employee participants) and responded to this by reducing the overall quantum available to the Executive Directors, implementing a cap on the plan, and extending the participation of the plan to approximately 150 senior leaders in the Company. In addition, the Company has recently launched a new all employee share incentive plan globally.

We recognise that the revisions to our original proposals, while generally well received, were not considered sufficient to secure support from all shareholders. The Company has continued to hold follow up meetings with shareholders since the AGM and the Remuneration Committee continues to believe that the remuneration opportunity offered to Executive Directors is fair and competitive; aligns with the Company's strategy and culture; and will ultimately support the long-term success of the business and the continued creation of sustainable long-term shareholder value.

	Votes for		Votes against			
	Number	%	Number	%	Votes total	Votes withheld
2020 Remuneration Report	139,205,994	84.98%	24,612,730	15.02%	163,818,724	24,383,286
2021 Remuneration Policy	103,528,194	53.62%	89,561,982	46.38%	193,090,176	76,984

Approval

Approved by the Board and signed on its behalf by:

Sally Crawford
Remuneration Committee Chair
14 March 2022

2022 Directors' Remuneration Policy (the 'Policy')

The 2022 Directors' Remuneration Policy is proposed for shareholder approval at the Annual General Meeting on 18 May 2022 at 1.00 pm. Subject to approval, the Policy will take formal effect from the conclusion of the Annual General Meeting.

There are no differences between the current and proposed Policy, except to make it clear that no further PGIP awards will be made to the current Executive Directors as their one-off awards were granted on 14 July 2021. The Committee does retain the right to grant PGIP awards to any new Executive Director hires during the plan period within the limits of the rules and policy.

The current Directors' Remuneration Policy is available to view on the Company's website at www.abcam.com.

Process for developing Policy

The Policy was developed over the course of 2020 and early 2021. The Remuneration Committee undertook a comprehensive review of arrangements with a particular focus on alignment to Abcam's forward strategy and ambitions. Input was received from the Chair and management while ensuring that conflicts of interest were suitably mitigated. As outlined on page 89, during the policy review the Committee engaged in detailed consultation with our largest shareholders, and changes were made to the proposals as a result of shareholder feedback.

Directors' Remuneration Policy table

Fixed elements – Base salary

Purpose and link to strategy	To provide an appropriately competitive level of base salary in order to enable Abcam to recruit, retain and motivate Executive Directors of the calibre required to achieve its business strategy and objectives. To reflect the individual's skills, experience and role.
Operation	Base salaries are paid in cash and are reviewed annually, although an out-of-cycle review may be conducted if the Remuneration Committee determines it to be appropriate. A review will not necessarily lead to an increase in salary. When determining salaries, the factors the Remuneration Committee takes into account include (but are not limited to): – business performance; – individual performance, skills, experience and potential; – salary levels at companies of a similar size, industry, global scope and complexity to Abcam, as well as market conditions; and – the pay and conditions of other Abcam employees.
Maximum opportunity	While there is no maximum, salary increases will typically be in line with the general level of increase awarded to other Abcam employees. Higher increases may be made at the Remuneration Committee's discretion for reasons including (but not limited to): – increase in the scope and/or responsibility of the individual's role; – realignment to market level; – where a larger increase is considered necessary for the retention of an Executive Director; and – where an Executive Director is appointed on a lower salary initially, with scope for larger increases as they develop in the role.
Performance measures	No specific performance measures are used, although the overall performance of each Executive Director is considered by the Remuneration Committee when reviewing base salaries.

Fixed elements – Benefits

Purpose and link to strategy	To provide competitive benefits in line with market practice to enable Abcam to recruit and retain high-calibre Executive Directors. To support personal health and well-being.
Operation	The Executive Directors are provided with core benefits of life insurance cover up to five times base salary, family private medical cover and annual health screening. The Company contributes a percentage of base salary into a flexible benefits/salary sacrifice scheme which allows the Director to choose a variety of benefits to suit individual needs, such as: – additional life assurance; – critical illness cover; – dental insurance; – travel insurance; – cycle to work scheme; – childcare vouchers; – additional holidays; and – pension contributions. Other benefits may be provided if the Remuneration Committee considers it appropriate, such as company car benefits. Expenses incurred in the performance of duties may be reimbursed or paid for directly, including any tax due on expenses. Situation-specific taxable benefits may be provided as may be required in the interests of Abcam's business, such as, but not limited to, housing or relocation allowances, travel allowance, tax equalisation or other expatriate benefits.
Maximum opportunity	Reasonable market cost of providing benefits plus the employer's National Insurance (NI) saving on any salary sacrificed. There is no overall maximum level of benefit.
Performance measures	No performance measures.

Fixed elements – Pension benefits

Purpose and link to strategy	To provide pension contributions in line with market practice, which will enable Directors to plan for retirement.
Operation	The Company contributes a percentage of base salary into a flexible benefits/salary sacrifice scheme, as described above, which allows the Director to choose a variety of benefits including pension contributions. The Director also has the option to sacrifice an element of base pay to purchase additional benefits as detailed above. If as a result of any salary sacrificed the Company's NI liability is reduced, the benefit of this reduction is added as a contribution to each Director's pension fund. For those in excess of the pension annual and/or lifetime allowance applicable in the UK, the Company's contribution may be taken as a cash allowance (subject to payroll deductions and the Director meeting any employer-related NI costs arising).
Maximum opportunity	The current level of Company contribution is 8%, which is aligned to the UK workforce rate. This may be amended from time to time. The maximum percentage may not exceed the workforce rate. The Remuneration Committee has discretion to consider the relevant workforce rate including consideration of the relevant global jurisdiction.
Performance measures	No performance measures.

Short-term incentives – Annual Bonus Plan (ABP)

Purpose and link to strategy	To incentivise Executive Directors to achieve performance objectives that are directly linked to both Abcam's short-term and long-term financial and strategic goals. The performance measures align to the strategy of the business and stakeholder value creation. The deferred portion of the award aligns the long-term interests of the Executive Directors and stakeholders and supports retention.
Operation	An annual bonus of both cash and deferred shares may be awarded under the ABP. The cash component of the annual bonus, if earned, is paid in cash after the audited preliminary announcement of results for the relevant period is signed off. Deferred shares normally have a compulsory deferral of a further two years, subject to continued employment. Bonus payments are not pensionable.
Maximum opportunity	150% of base salary, of which at least 30% of the bonus will normally be deferred in shares.

Performance measures	Targets for the bonus may be based on individual performance, Abcam's strategic priorities and financial performance measures. Individual performance is normally measured through an assessment of comprehensive business deliverables, demonstration of company behaviours and the achievement of specific individual objectives. Financial performance targets are chosen carefully to ensure a strong link between reward and underlying Group financial performance. As an example, these measures may typically include Profit Before Tax (PBT) or other measures as appropriate. Strategic performance targets are selected from measurable key performance indicators aligned with Abcam's stated strategy. The exact measures, weightings, thresholds for vesting and targets are determined by the Remuneration Committee each year taking into account Abcam's key strategic priorities and the approved budget for the year. In addition to the above performance measures, an award may be reduced (including to nil) where the Remuneration Committee determines that a participant has underperformed.
Malus and claw back	The Remuneration Committee may reduce or cancel any cash award that has not been paid in the case of a material adverse adjustment to the audited consolidated accounts of the Company for any accounting period ending before the payment of the cash award, or following fraud or other gross misconduct of the participant. In addition, the Remuneration Committee may reduce or reclaim any deferred share award in the case of a material adverse adjustment to the audited consolidated accounts of the Company or following fraud or other gross misconduct, material dishonesty, material failure of risk management and/or material wrongdoing on the part of or by the participant for a period of two years following the end of the initial year of performance measurement. There is no claw back in relation to the cash component of awards under the ABP.

Profitable Growth Incentive Plan (2021 PGIP) – one-off plan

Purpose and link to strategy

To align reward to shareholders and incentivise Executive Directors to deliver Abcam's revenue growth ambition by the end of 2024, underpinned by ROCE.

Operation

Awards have been made to existing Executive Directors under the 2021 PGIP following its approval in July 2021. No further awards will be made to existing Executive Directors under the PGIP during the life of the Policy. The Committee does though reserve the right to grant future awards to any new Executive Director hires over the plan period, albeit that there are no plans to recruit at this time.

Awards under the PGIP take the form of one-off conditional share award vesting subject to a three-and-a-half year performance period from 1 July 2021 to 31 December 2024, or, for a newly appointed Executive Director, such other period set by the Remuneration Committee in its discretion.

Vested awards will be subject to a holding period, and will normally be released in four equal tranches over an 18 month holding period following vesting taking the overall time horizon of awards to 5 years as follows:

% of vested award	
Released immediately	25%
Released after six months	25%
Released after 12 months	25%
Released after 18 months	25%

The holding period may operate as a gross holding period meaning an additional period before shares are released, or alternatively as a net holding period meaning a restriction on sale (other than to pay any tax liability arising on vesting).

Maximum opportunity

Awards have been made to existing Executive Directors under the 2021 PGIP following its approval in July 2021. No further awards will be made to existing Executive Directors under the LTIP during the life of the Policy. The Committee does though reserve the right to grant future awards to any new Executive Director hires over the plan period, albeit that there are no plans to recruit at this time.

The maximum award limit under the rules of the PGIP is up to 0.6% and 0.3% of issued share capital at grant, respectively, for the Chief Executive Officer and the Chief Financial Officer.

Awards will be subject to a cap at vesting. No Award will vest at a value that exceeds the initial value of the award, calculated by multiplying the number of shares under award by three times the average closing share price over the 30 dealing days leading up to the date of the General Meeting (the 'Cap'). If the value of any vested shares exceeds the Cap then awards will be scaled back.

The value at vesting is calculated by multiplying the number of shares that are due to vest by the average closing price of shares over the 30 dealing days prior to the vesting date (or such other averaging period as the Remuneration Committee determines).

Performance measures

Vesting of awards is based on the achievement of stretching Revenue targets and subject to a ROCE underpin over the performance period.

Under the Revenue targets, achievement of the stretching threshold revenue target will result in no more than 35% of the shares awarded vesting.

The Remuneration Committee may reduce the extent to which an Award will vest, taking account of underlying financial or non-financial performance of the participant or the Group over the vesting period, unexpected or unforeseen circumstances or any other reason considered appropriate ('downward discretion').

Malus and claw back	During the period ending on the fifth anniversary of the grant date, the Remuneration Committee may reduce awards (to zero if appropriate), cancel or impose additional conditions on the awards; and/or require that the participant returns some or all of the shares acquired under the award or make a cash payment to the Company in respect of the shares delivered in the event of: – a material misstatement of financial results; – an error in assessing a performance condition or in the information or assumptions on which the award was granted, vests or is released; – a material failure of risk management; – serious reputational damage; – serious misconduct or material error on the part of participant; – a material downturn in financial performance; – a material corporate failure; or – any other circumstance that the Remuneration Committee considers to be similar in nature to those listed above.

Long-term incentives – Long Term Incentive Plan (LTIP)

Purpose and link to strategy	To incentivise long-term value creation through the setting of stretching targets which ensure a strong link between reward, underlying Group financial performance and shareholder returns. To support recruitment and retention.
Operation	No further LTIP awards will be made to existing Executive Directors over the life of the Policy whilst the PGIP is in operation. The LTIP may, though, be used for future new hires or in respect of buy-out awards on recruitment, where applicable. Annual nil-cost options or conditional share awards vest at the end of a three-year performance period. Awards are limited to 400% of salary for the CEO and 200% of salary for other Executive Directors. Post-vesting holding periods normally apply as follows:

% of award	CEO	Other Executive Directors
Released after three-year vesting period	40%	50%
Released after four years	20%	25%
Released after five years	20%	25%
Released after six years	20%	—

Maximum opportunity	No further LTIP awards will be made to existing Executive Directors over the life of the Policy whilst the PGIP is in operation. The maximum award limit under the rules of the LTIP is 400% of base salary. Maximum awards are 400% for the CEO and 200% for other Executive Directors.
Performance measures	Vesting of awards is based on specific financial or quantifiable strategic measures against stretching targets over the vesting period. The vesting period is three years from the date of grant, or such other period set by the Remuneration Committee in its discretion. The exact measures, weightings, thresholds for vesting and targets are determined by the Remuneration Committee each year taking into account the Group's key strategic priorities, the approved budget for the year and the Group's longer-term financial outlook.

Malus and claw back	The Remuneration Committee may reduce or cancel any award that has not been released in the case of a material adverse adjustment to the audited consolidated accounts of the Company for any accounting period ending before the release of the award, or following fraud or other gross misconduct of the participant. In addition, the Remuneration Committee may reclaim any award that has already been released in the case of a material adverse adjustment to the audited consolidated accounts of the Company or following fraud or other gross misconduct, material dishonesty, material failure of risk management and/or material wrongdoing on the part of or by the participant for a period of two years following the release of the award or throughout any period that a participant is subject to a work-related criminal investigation.

Committee discretion
The Remuneration Committee will operate incentive plans according to their respective rules and other regulatory requirements where relevant. The Remuneration Committee retains discretion, consistent with market practice, in a number of ways in respect of the operation and administration of these plans. Subject to any statutory prohibition, these include but are not limited to:

In the operation of the 2021 PGIP:

- to amend the performance period over which any performance condition is assessed;
- to amend or substitute any performance condition in accordance with its terms if the Remuneration Committee considers that an amended or substituted performance condition would be reasonable, more appropriate and would not be materially less difficult to satisfy than the original performance condition was at grant;
- to reduce the extent to which an award will vest, taking account of underlying financial or non-financial performance of the participant or the Group over the vesting period, unexpected or unforeseen circumstances or any other reason considered appropriate;
- to determine and vary the vesting period, where this is different to the performance period;
- to determine whether a holding period is operated on a gross or net of tax basis;
- to determine any other reason for an individual being considered as a 'good leaver' (in addition to death, ill health, injury or disability to the satisfaction of the Remuneration Committee), other than in the event of gross misconduct;
- to determine whether to lapse an award for an individual treated as a good leaver that goes onto take another role before the vesting date;
- to apply the lapsing of up to 50% of the unvested award for good leavers;
- to apply malus and claw back provisions as outlined in the table;
- to determine the vesting level in the event of cessation of employment, change of control or other corporate event – though within the rules in relation to the performance condition, any downwards discretion, the Cap and time pro-rating;
- to determine whether to offer an exchange of award in the event of a change of control (as outlined below); and
- in the event of a variation of the Company's share capital or any demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of shares, the Remuneration Committee may adjust the number of shares under an award, or any performance condition or other condition applicable to an award.

In the operation of the ABP:

- where the Remuneration Committee is of the opinion that the Group is facing severe cash flow restraints that threaten the Group's ability to fund its operations, it can reduce the proportion of a cash award under the ABP which is capable of vesting or determine that the cash award may be settled in plan shares, in whole or in part.
- to determine that any annual or deferred bonus awards should be reduced if it reasonably considers that there is a significant misalignment between the attainment of the performance targets and the underlying sustainable performance of the Company.
- to override formulaic outcomes, taking account of company and individual performance and wider circumstances, where the Remuneration Committee considers it appropriate to override formulaic outcomes, while it anticipates that any such discretion would normally result in a reduction, in relation to the annual bonus it reserves the right to make an upwards adjustment if considered appropriate.

In the operation of the LTIP, subject to any statutory prohibition:

- to override formulaic outcomes, taking account of company and individual performance and wider circumstances;
- vary the period from the date of grant to the vesting of an award from the usual three-year period;
- determine and vary the post-vesting holding period;
- meet any stamp duty or liability for any other taxes or expenses arising;
- impart additional and/or modified terms and conditions relating to the grant, release or exercise of any award as may be necessary to comply with or take account of any relevant laws or regulations;
- determine whether the participant shall be liable for the employer's NI contributions payable on the release or exercise of an award;
- In the event of a change of control, merger or demerger scenario, absent the triggering of the malus and claw back rules, the Remuneration Committee would ordinarily exercise its discretion to the effect that all outstanding awards under the LTIP would vest in full;
- In the event of the cessation of employment for reasons including, amongst others, injury, disability, ill health, retirement or redundancy, the Remuneration Committee would ordinarily exercise its discretion so that all outstanding LTIP awards will vest at the end of the usual three-year holding period, subject to the satisfaction of the performance requirements, but pro-rated to reflect the proportion of the holding period worked, and always subject to any adjustment for malus and claw back. Post vesting retention periods will remain in place for good leavers;
- determine the period over which a participant may exercise all released nil-cost option awards, following cessation of employment;
- if events subsequently occur which cause the Remuneration Committee to consider that the existing performance requirements have become unfair or impractical, amend the relevant performance requirements, ensuring that they are no more or less difficult to abide by or satisfy as those originally imposed or last amended;
- to determine that any LTIP award should be reduced if it reasonably considers that there is a significant misalignment between the attainment of the performance targets and the underlying sustainable performance improvement of the Company; and
- in the context of one-off recruitment cash or equity awards, determine appropriate performance conditions for any equity award, taking account of the circumstances of each individual case.

Selection of performance measures and how targets are measured and set

Annual Bonus Plan (ABP)

The annual award under the ABP normally consists of three components: financial profit measures, key strategic goals and an individual performance measure based on the achievement of specific personal targets.

Financial performance measures are normally set annually and chosen carefully to ensure a strong link between reward and underlying Group financial performance. Each year the Remuneration Committee considers the most appropriate target to apply for the following financial year, taking into account the Group's key strategic priorities and the approved budget for the year.

The strategic goals are based on successful delivery against a set of performance measures which are chosen by the Remuneration Committee to closely align to the strategy of the business and shareholder value creation.

The individual performance bonus objectives are normally specific to each Executive Director and are set based on comprehensive business deliverables, personal performance and the achievement of specific individual objectives. The Remuneration Committee may determine that measures and targets apply across some or all Executive Directors.

Other metrics may be used in the future where it is considered that they provide clear alignment with the evolving strategy of the Company.

Achievement of the targets for these measures would normally result in a 50% payout of the relevant maximum bonus, with adjustments to reflect over or under performance.

Profitable Growth Incentive Plan

The performance measures for the 2021 PGIP are aligned to the delivery of durable revenue growth. The performance targets align with the revenue growth set out in Abcam's 2024 Strategy, with a ROCE underpin.

Performance measurement

The Remuneration Committee may amend or substitute the performance condition in accordance with its terms or if the Remuneration Committee considers that an amended or substituted performance condition is reasonable, appropriate and would not be materially less difficult to satisfy than the original performance condition was at the date of grant.

The Remuneration Committee retains discretion to adjust performance targets to reflect changes in accounting standards or other reporting changes of a similar nature. In relation to the 2021 PGIP, where recurring revenue is acquired from acquisitions, the revenue targets will be adjusted upwards. It is the intention of the Remuneration Committee that it will consult with major shareholders, to the extent practical, concerning any adjustments to the ROCE underpin as a result of an acquisition occurring in the period from 1 January 2024 to 31 December 2024.

Remuneration arrangements across the Group

We firmly believe that successful delivery of our strategy can only be achieved with engaged and motivated employees and that our Group remuneration philosophy is sufficient to attract and retain high-calibre individuals. While this philosophy is consistent across the Group there may be variations due to a range of factors, including geography and the prevailing conditions in the local talent market.

- **Salaries and benefits** – a range of factors are considered including business and individual performance, the pay of other employees and external market data.
- **ABP and LTIP** – for key management below Board level, in addition to participation in the LTIP individuals may receive some of their annual bonus in shares under the ABP, which must be deferred as shares for a further two years.
- **2021 PGIP** – The Profitable Growth Incentive Plan will be extended to the Executive Leadership Team (ELT) and approximately 150 senior leaders within Abcam.
- **All employee share plans** – A strongly-held view of Abcam's board and leadership team is that broad-based share ownership creates alignment around the organisation as well as helping the Company to attract and retain the highest calibre people. Our global multi-award winning share plan, AbShare, vested in November 2021, making over 90% of our eligible global workforce shareholders and we have since implemented a new global share plan, the Abcam Growth Plan, which rewards and incentivises all colleagues towards delivery our strategy. Participants in the PGIP are not eligible to participate in the Abcam Growth Plan.

Chairman and Non-Executive Director (NED) Remuneration Policy

Overall remuneration

Purpose and link to strategy	To attract and retain an appropriately experienced Chairman and independent NEDs of suitable calibre to fulfil a range of different roles including financial expertise, Audit and Risk Committee Chairman, Senior Independent Director and other Committee Chairs To pay fees that reflect responsibilities and workload undertaken and that are competitive with peer companies.
Operation	NED fees consist of a base fee plus a fee for chairmanship of other Committees including but not limited to Remuneration, Audit and Risk Committees. NED fees are determined by the Chairman of the Board and the Executive Directors. The Chairman's fee is proposed by the Remuneration Committee and approved by the Board as a whole with the Chairman taking no part in the decision. Fees are reviewed periodically and take account of fees paid for similar roles by peer companies and the skills and expected time commitment of the individual concerned. A portion of fees may be delivered as shares, including a fixed number of Abcam shares. Expenses incurred in the performance of non-executive duties may be reimbursed or paid directly, including any tax due on expenses, and tax return support. The NEDs and the Chairman are not eligible to receive bonuses or pension contributions, nor can they participate in the executive or all employee share plans.
Maximum opportunity	Fees are set at an appropriate level taking into account the factors outlined in this table. Any Non-Executive Director who devotes special attention to the business of the Group, or otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid additional fees.
Performance measures	None

Recruitment policy

Our philosophy for remuneration is to attract and retain leaders who are focused and encouraged to deliver business priorities within a framework that is aligned with the long-term interests of the Company's stakeholders.

The following factors are taken into account when negotiating a new appointment as Executive Director to the Board:

- **Base salary** – to be set based on relevant market data, experience and skills of the individual, internal relativities and their current base salary. Where new appointments have initial base salaries set below market, the shortfall will normally be managed with phased increases, subject to their development in the role. For interim positions a cash supplement may be paid rather than salary.
- **Annual bonus** – the annual bonus would operate in accordance with the current policy in terms of the maximum opportunity and performance targets, usually pro-rated for the period of employment as appropriate.
- **Share incentives** – for new appointees, depending on the circumstances of the appointment, awards may be granted under either the 2021 PGIP or the LTIP and subject to the maximums set out in the policy table.
- To facilitate the recruitment of an Executive Director it may be necessary to grant a share award or cash bonus, including the buy-out of existing awards from their current employer. Any award may take the form of a cash payment or share award and, in the context of a buy-out arrangement, would take into account the terms of the arrangements (e.g. form of award, performance conditions and timeframe) being forfeited. So far as practical any award would make use of existing plans.

Legacy terms for internal appointments, or where an Executive Director is appointed following a merger or an acquisition of a company by Abcam, may be honoured, including any outstanding incentive awards.

- The maximum level of variable remuneration which may be granted in the first year (excluding buy-outs or sign-on awards) is in line with the aggregate maximums set out in the policy table.
- The Remuneration Committee may also make payments to cover reasonable expenses in recruitment and relocation, and any other miscellaneous expenses including but not limited to housing, tax and immigration support.

Service contracts and termination arrangements

Executive Directors have rolling service contracts. Notice periods will not exceed 12 months.

Any payment in lieu of notice is at the Remuneration Committee's discretion and both mitigation and the phasing of payments through the notice period would be considered by the Remuneration Committee where appropriate. If appropriate, certain expenses or payments may be provided in connection with termination, including (but not limited to) payments for accrued holiday, legal costs, out-placement, and the costs of meeting any settlement agreement.

All NEDs, including the Chairman, serve under letters of appointment. Currently either party can terminate on one month's written notice. The policy in relation to notice periods may be reviewed from time-to-time but will not exceed six months. Peter Allen's notice period is one month under normal circumstances and three months in the event of a change of control.

Neither the Chairman nor the NEDs have any right to compensation on the early termination of their appointment.

Vesting of incentives for leavers

Cash and deferred share awards under the ABP

Any cash or deferred share awards outstanding under the ABP will ordinarily lapse on termination of employment. In certain circumstances, such as injury, disability, ill health, retirement, redundancy and death or any other reason at the discretion of the Remuneration Committee, deferred shares will normally vest at the normal vesting date.

Alternatively, the Remuneration Committee may determine that deferred shares vest at cessation of employment. Where vested deferred share awards are in the form of a nil-cost option, the award holder would then be entitled to exercise these for a period of 12 months from the date of vesting, after which time any unexercised nil-cost options will lapse.

Any unvested cash or deferred award outstanding under the ABP may be paid, normally on a pro-rata basis for the period of the financial year in employment, at the Remuneration Committee's absolute discretion. Any bonus paid would be based on the Remuneration Committee's assessment of the achievement of the relevant performance targets.

2021 PGIP awards

Awards will usually lapse on the date a participant ceases to hold office or employment with the Group except where cessation is as a result of (i) the individual's death or (ii) ill health, injury or disability to the satisfaction of the Remuneration Committee, where the participant's employer ceases to be a member of the Group, or for any other reason that the Remuneration Committee determines ('Good Leavers'), except in the event of gross misconduct.

Where a participant dies, the award will vest and be released at the time of the participant's death. The extent to which an award vests will be determined by the Remuneration Committee in its discretion by applying the following: the extent to which the performance condition has been satisfied, any downwards discretion, and the Cap. The vested award will also be reduced to reflect the proportion of the vesting period that has elapsed on death.

For other Good Leavers, on the cessation date the Remuneration Committee may determine, in its discretion, that up to 50% of the unvested awards held by a participant will lapse. In respect of the Executive Directors, it is the intention of the Remuneration Committee that it will consult with major shareholders, to the extent practical, concerning any significant exercise of discretion. The award, or the balance of the award, will usually continue until the normal vesting and release dates. In determining the extent to which the award, or balance of the award, vests the Remuneration Committee will, in its discretion, apply the following: the extent to which the performance condition has been satisfied, any downwards discretion, and the Cap. The vested award will also be reduced to reflect the proportion of the vesting period that has elapsed on cessation. The holding period will continue to apply.

If a participant ceases to be an officer or employee of the Group during a holding period, the award will be released at the end of the holding period, unless the participant ceases by reason of death when it may be released at the time of death. If a participant is dismissed for gross misconduct during a holding period, the award will lapse or be forfeited on the date of cessation.

If an award that does not lapse was subject to a restriction, the restriction will continue to apply following cessation of employment unless the participant ceases by reason of death. If a participant is dismissed for gross misconduct during a restricted period, the shares may be forfeited on the date of cessation.

LTIP awards
Unvested LTIP awards ordinarily lapse on cessation of employment. Under circumstances of injury, disability, ill health, retirement, redundancy or death – amongst others – the Remuneration Committee will ordinarily exercise its discretion so that outstanding LTIP awards will vest at the end of the usual three-year holding period, subject to the satisfaction of the performance requirements, but pro-rated to reflect the proportion of the holding period during which they were employed by the Company.

Change of control and other corporate events
All of Abcam's equity-based plans contain change of control clauses. Under the LTIP and Deferred Share Awards, on a change of control, merger or demerger, the Remuneration Committee would ordinarily exercise its discretion to effect that all outstanding LTIPs would vest in full.

In the event of a change of control of the Company, unvested 2021 PGIP awards will vest to the extent determined by the Remuneration Committee, by applying the following: the extent to which the performance condition has been satisfied at the time of the change of control including consideration of any other performance factors that the Remuneration Committee considers relevant, any downwards discretion and the Cap. The vested award will also be reduced to reflect the proportion of the vesting period that has elapsed at the date of the change of control. Awards will be released immediately following vesting.

Alternatively, the Remuneration Committee may permit awards to be exchanged for shares in the acquiring company. If the change of control is an internal reorganisation of the Group or if the Remuneration Committee so decides, participants will be required to exchange their awards (rather than awards vesting and being released as part of the transaction).

If other corporate events occur such as a winding-up of the Company, a variation of share capital, demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of shares, the Remuneration Committee may determine that awards will vest or lapse. The extent to which an award vests will be determined by the Remuneration Committee by applying the following: the extent to which the performance condition has been satisfied, any downwards discretion, and the Cap. The vested award will also be reduced to reflect the proportion of the vesting period that has elapsed at the date of the change of control. Awards will be released immediately following vesting.

Existing contractual arrangements
The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Remuneration Policy where the terms of the payment were agreed:

(i) before the policy came into effect; or
(ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company.

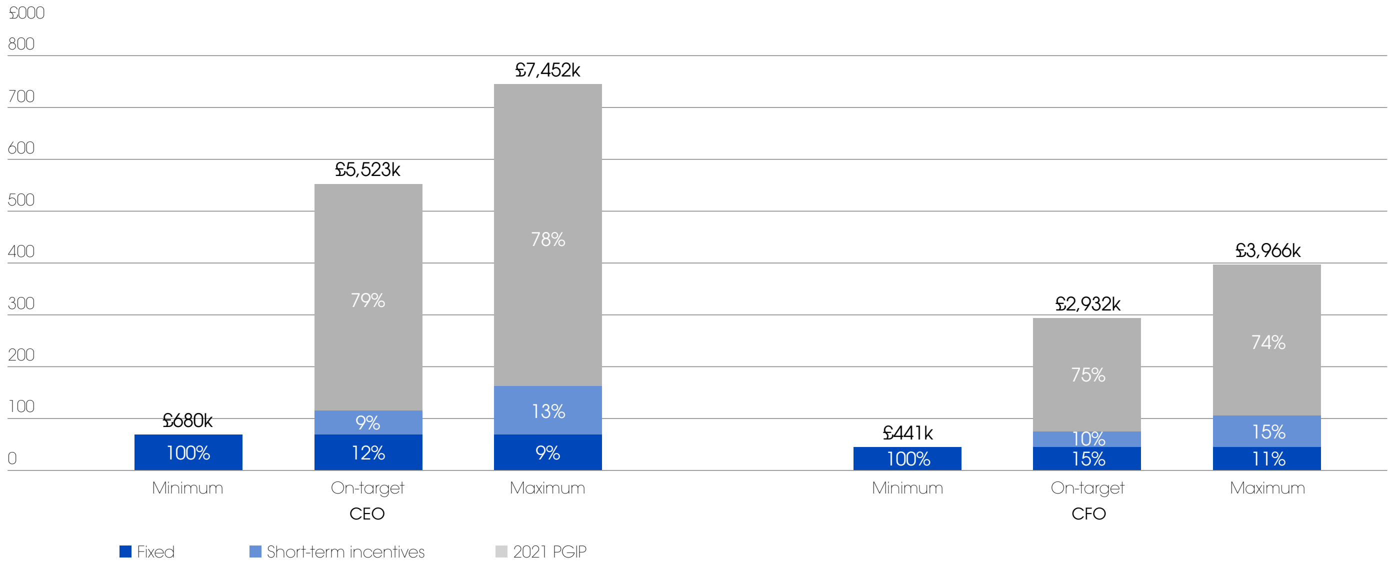
For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Minor changes

The Remuneration Committee may make minor changes to the policy that do not have a material advantage to Directors, to aid in its operation or implementation, without seeking shareholder approval but taking into account the interests of shareholders and stakeholders.

Remuneration scenarios

The charts below show hypothetical values of the remuneration package in line with the policy above and include base salary, pension, benefits and incentives. Although no future PGIP awards will be granted to the current Executive Directors and given their one-off nature as a single award with a three-and-a-half-year performance period, the charts below present the value of the 2021 PGIP on an annualised basis (calculated by reference to the face value at grant divided by 3.5) assuming no share price appreciation during the vesting period. An illustrative scenario based on a 50% share price appreciation over the vesting period is also provided, in line with the regulations. The charts provide an illustration of the proportion of total remuneration made up of each component of the policy and the value of each component. These charts are for illustrative purposes only and actual outcomes may differ from those shown.



	Base salary, Benefits and Pension	Short-term incentives	2021 PGIP
Minimum	Fixed – included	Performance is below threshold on each metric – no annual variable	Performance is below threshold on each metric – award does not vest
On-target	Fixed – included	Performance is in line with expectations – 50% of maximum bonus	Performance is in line with expectations – 75% of the maximum award value divided by three-and-half plan years
Maximum	Fixed – included	Maximum performance is achieved on each metric – 100% of maximum bonus	Maximum performance is achieved – 100% of the maximum award value divided over the three-and-a-half years of the plan

1. Fixed remuneration is comprised of salary, standard benefit provisions and employer pension contribution/allowance.
2. Short-term incentives comprises cash awards under the ABP and deferred bonuses awarded under the ABP, for which performance targets are measured over a one-year period.
3. 2021 PGIP comprises an annualised value of the one-off 2021 PGIP, assuming no share price appreciation during the vesting period except where stated in the chart. Depending on share price performance, the actual outcomes could be higher. For example, if the share price increases by 50% as at the vesting date, the total value of shares released from the 2021 PGIP to the CEO and CFO on an annualised basis could be £8.74m and £4.37m, respectively.
4. Legacy awards which the executive directors may hold are excluded.

Consideration of conditions elsewhere in the Group

The Remuneration Committee has oversight of the main compensation structures throughout the Group and actively considers the relationship between general changes to employees' remuneration and Executive Director reward. When considering potential changes to Executive Director remuneration, the Remuneration Committee is provided with comparative employee information, e.g. average salary reviews across the Group.

The Remuneration Committee did not consult directly with employees when formulating Executive Director reward policy. However, it does take into account the Company's pay approach for the wider workforce, including information provided by the Senior Vice President, Human Resources, and feedback from our global employee engagement survey, which includes questions about pay and conditions generally.

Consideration of shareholder views

The Remuneration Committee undertook extensive consultation with major shareholders in October 2020, and again in March to May 2021. This process was constructive and provided valuable input, and as a result, several changes were made to the 2021 PGIP design. These changes included broadening participation, amendment to award levels and the introduction of a cap.

The Directors present their Report together with the audited consolidated financial statements for the 18 months ended 31 December 2021.

Pages 1 to 45 inclusive (together with sections of the Annual Report incorporated by reference) consist of the Strategic Report and the Directors' Report that have been drawn up and presented in accordance with and in reliance upon applicable English company law.

Additional information incorporated by reference into this Directors' Report, including disclosures required under the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code (Code), can be located as follows:

Disclosure	Location
Likely future developments	Throughout the Strategic Report on Pages 1 to 45
Research and development activities	Our value creation model on pages 24 to 27
Financial instruments and risk management	Note 26 to the consolidated financial statements
Greenhouse Gas reporting	Pages 44 to 45
Shareholder, employee and other stakeholder engagement	Stakeholder report on pages 18 to 23

Dividends

The Board continues to believe that the best way to create shareholder value over the long-term is to maximise value from the Group's investments and to focus on growing Abcam sustainably. Accordingly, the Board has decided not to declare a final dividend. The Board will continue to review the Group's dividend policy, with future distributions reflecting the cash generation and capital needs of the Company. This means the total dividend for the 18 months ended 31 December 2021 was 0 pence per share (2019/20: 3.55 pence).

Control and share structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 23 to the consolidated financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company's shares that may result in a restriction on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Details of employee share schemes are set out in note 27 to the financial statements. Shares held by Equiniti Share Plan Trustees Limited abstain from voting.

Agreements affected by change of control

The Company is not party to any material agreements that take effect, alter or terminate upon a change of control of the Company following a takeover.

There are no agreements between the Company and its Directors providing for compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid. However, members of the Executive Leadership Team, excluding the Executive Directors, are entitled to an agreed sum equal to six months' basic salary in the event of a dismissal for any reason other than misconduct, subject to the satisfaction of certain conditions.

Major interests in shares

Details of the interests in voting rights in the Company's shares notified to the Company in accordance with Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules (excluding Directors' interests, which are set out on page 99) as at 28 February 2022 are set out below:

Shareholder	Total Interest	% Issued share capital
T Rowe Price Associates, Inc	21,255,687	9.29%
Wellington Management Company	17,001,054	7.43%
Jonathan Milner	15,704,466	6.86%
Harding Loevner LLC	15,441,440	6.73%
Baillie Gifford & Co Ltd	14,498,818	6.33%
Durable Capital Partners, L.P.	13,338,898	5.83%
Brown Capital Management Inc	8,338,343	3.66%
Wasatch Advisors Inc	7,641,292	3.34%

As at 14 March 2022 no changes in these shareholdings have been notified.

Purchase of own shares

At the end of the year, the Directors had authority, under a resolution passed at a General Meeting of the Company on 1 July 2021, to purchase through the market 22,674,772 of the Company's ordinary shares, subject to the conditions set out in that resolution. No shares were purchased under this authority during the year under review.

Directors
Brief biographical descriptions of the current Directors of the Company are set out on pages 74 and 75. Jonathan Milner retired on 2 October 2020 and Lady Louise Patten retired on 18 May 2021. Bessie Lee and Mark Capone were appointed as Non-Executive Directors on 27 January 2021 and Sally W. Crawford was appointed as a non-executive director on 12 August 2021. All other directors were in office throughout the year and up to the date of signing the financial statements.

The powers of the Directors are determined by UK legislation and the Company's Articles of Association, together with any specific authorities that may be given to the Directors by shareholders from time-to-time (for example the authority to allot or purchase shares in the Company).

The beneficial and non-beneficial interests of the Directors in the Company's ordinary shares of 0.2 pence are disclosed in the Annual Report on Remuneration.

Re-election of Directors
The Chairman has determined that each individual demonstrates commitment to his or her role and displays effective performance; he is therefore recommending the re-election of all Directors seeking to remain on the Board.

Abcam has elected to comply with Code Provision 18 and therefore all Directors shall retire and all Directors shall stand for re-election at the AGM to be held on 18 May 2022.

Articles of Association
The rules governing the appointment and replacement of Directors are contained in the Company's Articles of Association. The Articles of Association may be amended only by special resolution at a general meeting of shareholders.

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the reporting period and these remain in force at the date of this report.

Directors' and officers' insurance
The Company has purchased and maintained throughout the financial year directors' and officers' liability insurance to cover any claim for wrongful acts in connection with their positions. The insurance provided does not extend to claims arising from fraud or dishonesty.

Going concern
The Group meets its day-to-day working capital requirements from the cash surpluses generated as a result of normal trading. In considering going concern, the Directors have considered the Group's principal risks set out on pages 63 to 67 and have reviewed the Group's forecasts and projections, taking account of reasonably possible changes in trading performance. These show that the Group should be able to operate within the limits of its available resources.

Annual General Meeting
The AGM will be held at our registered office at Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX, UK on 18 May 2022 at 1.00 pm. A presentation will be made at this meeting outlining the recent developments in the business. All voting at the meeting will be conducted by show of hands where every shareholder present in person or by proxy will have one vote, unless a poll is requested by a shareholder for which each shareholder present or by proxy will have one vote for each share of which they are the owner.

The Group will publish the results of the votes on its website after the AGM. Shareholders are invited to submit written questions in advance of the meeting. Questions should be sent to the Company Secretary by email to company.secretary@abcam.com.

Details of the resolutions to be proposed at the meeting are set out in the Circular and Notice of AGM 2022, which will be made available to all shareholders, together with a proxy card.

Disabled employees
Abcam is an equal opportunities employer and ensures that applications for employment from people with disabilities and other under-represented groups are given full and fair consideration. Such individuals are given the same training, development and job opportunities as other employees and Abcam provides an accessible working environment in which reasonable adjustments are made during recruitment and employment. Every effort is made to retain and support employees who become disabled during their employment, including flexible working to assist their re-entry into the workplace and making alternative suitable provisions, along with a zero-tolerance approach to discrimination, bullying and harassment based on protected characteristics.

Statement on corporate governance
The Code sets out the principles of good practice in relation to corporate governance to be followed by main market-listed companies. Although as an AIM-listed company, with a listing on Nasdaq, we are not required to comply with the Code, the Board believes that it is appropriate for Abcam to comply with the Code. For the 18 months ended 31 December 2021, we have complied with all of the principles and provisions of the Code, except that Code Provision 36 (Post-employment shareholding requirement) has not been implemented in full as the Remuneration Committee does not have a formal policy for post-employment shareholding requirements. Executive Directors remain subject to vesting periods and retention requirements on all share awards, irrespective of their employment status.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 the Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the biographies on pages 4 to 75, confirms that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company;
- the Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Provision of information to the auditor

Each Director in office at the date the Directors' Report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming AGM.

Peter Allen
Chairman
14 March 2022

Marc Perkins
General Counsel and Company Secretary
14 March 2022

Financial statements

Our independently audited statutory accounts provide in-depth and insightful disclosure on the financial performance and position of the Group.

Financial statements

Report on the audit of the financial statements

Opinion

In our opinion:

- Abcam plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the 18 month period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2021; the consolidated income statement and consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit and Risk Committee Report, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope	- We conducted audits of the complete financial information of Abcam plc, Abcam Inc, Abcam (Netherlands) B.V. and Abcam Trading (Shanghai) Co., Limited. - We performed specified procedures over certain account balances and transaction classes at other Group companies, including another Chinese operation and two in the US. - With the exception of the audit of Abcam Trading (Shanghai) Co., Limited and certain specified procedures performed over another Chinese operation, which were performed by a component auditor, the Group engagement team performed all of the audit procedures. - Taken together, the Group companies, as well as the consolidation adjustments, over which we performed our audit procedures accounted for 78% of the absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 85% of revenue.
Key audit matters	- Valuation of BioVision, Inc. acquired intangible assets (group) - Impairment assessment of acquired intangible assets (group)
Materiality	- Overall group materiality: £3.2m (2020: £2.7m) based on 1% of revenue; 2020: 5% of average profit before tax (excluding the impact of impairment charges relating to intangible assets) for 2020 and previous two years. - Overall company materiality: £2.5m (2020: £2.4m) based on 1% of revenue; 2020: 5% of average profit before tax (excluding the impact of impairment charges relating to intangible assets) for 2020 and previous two years restricted by group materiality. - Performance materiality: £1.6m (2020: £2.0m) (group) and £1.3m (2020: £1.8m) (company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Valuation of BioVision, Inc. acquired intangible assets and Impairment assessment of acquired intangible assets are new key audit matters this period. Valuation of intangible assets acquired in the Expedeon acquisition, Classification of system and process improvement costs and Impact of COVID-19, which were key audit matters last year, are no longer included, because of the one-off nature of the Expedeon acquisition, the reduced level of estimation uncertainty and judgement associated with classification of system and process improvement costs and the impact of COVID-19 on the group now being significantly reduced. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of BioVision, Inc acquired intangible assets (group) As described in note 4 and 29 to the consolidated financial statements, on 26 October 2021 the Group acquired NKY Biotech US, Inc and its 100% owned subsidiary, BioVision, Inc, (collectively "BioVision") for cash consideration of $349.9m (£253.8m), which resulted in the recognition of intangible assets of £80.6m. Management made significant judgement in estimating the fair value of the intangible assets acquired, which involved the use of significant estimates and assumptions with respect to the future cash flows. The significant assumptions used by management included the revenue growth rate and the expected attrition rates associated with the acquired product portfolio.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) reading the purchase agreement and assessing the completeness of intangible assets identified and (ii) testing management's process for determining the fair value of the acquired intangible assets. Testing management's process included (a) evaluating the appropriateness of the valuation methods, (b) testing the mathematical accuracy of the model, (c) testing the completeness and accuracy of data used in the model and (d) evaluating the reasonableness of significant assumptions used by management in estimating the future cash flows. Evaluating management's assumptions related to the revenue growth rate and expected attrition rates with the acquired product portfolio involved evaluating whether the assumptions used were reasonable considering consistency with external market and industry data and historical revenue growth rates. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the management's valuation methods and evaluating the reasonableness of the expected attrition rates assumption. We found no material exceptions in our testing.

Report on the audit of the financial statements continued

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of acquired intangible assets (group) As described in note 4 and 13 to the consolidated financial statements, the Group holds intangible assets with a carrying value of £234.2m as of 31 December 2021 which included technology acquired in the Firefly BioWorks acquisition of £11.3m. Management regularly reviews for indicators of impairment of acquired intangible assets against qualitative and quantitative factors. During the period ended 31 December 2021, management performed an impairment assessment of the Firefly intangible asset. Management utilised the fair value less costs to sell method to assess the recoverable amount of the intangible assets. Management estimated the fair value of the intangible asset utilising market-based data from comparable companies and recent transactions in the industry. The result was a fair value that significantly exceeded the carrying value of the asset and management has concluded that there are no reasonable possible scenarios that would cause an impairment to be required.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for estimating the recoverable amount of the Firefly intangible asset; (ii) evaluating the appropriateness of the methodology used to determine the fair value; (iii) testing the completeness and accuracy of the underlying data used in the models, and (iv) evaluating the reasonableness of significant assumptions when estimating the fair value. Evaluating management's assumptions involved (a) determining the appropriateness of the comparable companies and recent transactions used by management and (b) considering other sources that corroborated or contradicted management's assumptions. We found no material exceptions in our testing.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The consolidated financial statements are a consolidation of 26 reporting units, comprising the Group's operating businesses and holding companies. We performed audits of the complete financial information of Abcam plc, Abcam Inc, Abcam (Netherlands) B.V. and Abcam Trading (Shanghai) Co., Limited reporting units, which were individually financially significant and, together with consolidation adjustments accounted for 85% of the Group's revenue and 63% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group at three further reporting units, two based in the US and one in China.

The Group engagement team performed all audit procedures, with the exception of the audit of Abcam Trading (Shanghai) Co., Limited and certain specified procedures performed over another Chinese operation which were performed by a component auditor in China. Our involvement in the work of the component auditor in China included regular communication, both before and during the performance of the procedures. In addition, the senior statutory auditor held discussions with the component auditor in China and the Group engagement team conducted a review of the working papers. Taken together, the Group companies as well as the consolidation adjustments, over which we performed our audit procedures, accounted for 78% of the absolute profit before tax and 85% of revenue.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall Group materiality	£3.2m (2020: £2.7m).	£2.5m (2020: £2.4m).
How we determined it	1% of revenue; 2020: 5% of average profit before tax (excluding the impact of impairment charges relating to intangible assets) for 2020 and previous two years.	1% of revenue; 2020: 5% of average profit before tax (excluding the impact of impairment charges relating to intangible assets) for 2020 and previous two years restricted by group materiality.
Rationale for benchmark applied	We believe that revenue is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. Revenue is a key metric used in the Group's Five-Year Growth Plan and also a key metric utilised within the Group's incentive schemes, including the Group's Profitable Growth Incentive Plan.	We believe that revenue is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark. Revenue is a key metric used in the Group's Five-Year Growth Plan and also a key metric utilised within the Group's incentive schemes, including the Group's Profitable Growth Incentive Plan.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.5 million to £2.7 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2020: 75%) of overall materiality, amounting to £1.6m (2020: £2.0m) for the group financial statements and £1.3m (2020: £1.8m) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £0.16 million (group audit) (2020: £0.13 million) and £0.13 million (company audit) (2020: £0.12 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed the Directors' analyses and models. These included base case forecast assumptions and severe but plausible downside scenarios and considered whether these were reasonable and appropriate in light of our knowledge of the Group and Company.
- We challenged the forecasts and assumptions and confirmed the mathematical accuracy of the model.
- We validated the liquidity position of the Group and Company and in particular the extent of available cash and equivalent resources and considered the extent of headroom these resources provided against the downside scenarios and loan covenants.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and bias in estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- discussions with management and those charged with governance, including known or suspected instances of non- compliance with laws and regulation and fraud;
- identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- reviewing meeting minutes, including those of the board of directors; and
- assessing assumptions made by management in their significant accounting estimates, including the valuation of acquired intangibles.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration

The company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
14 March 2022

Consolidated income statement
18 month period ended 31 December 2021

	Note	18 month period ended 31 December 2021 Adjusted £m	Adjusting items £m	Total £m	Year ended 30 June 2020 (restated*) Adjusted £m	Adjusting items £m	Total £m
Revenue	5	**462.9**	**—**	**462.9**	260.0	—	260.0
Cost of sales		**(130.6)**	**(3.1)**	**(133.7)**	(79.8)	—	(79.8)
Gross profit		**332.3**	**(3.1)**	**329.2**	180.2	—	180.2
Selling, general and administrative expenses**		**(211.5)**	**(51.8)**	**(263.3)**	(111.5)	(20.0)	(131.5)
Research and development expenses**		**(25.3)**	**(16.2)**	**(41.5)**	(14.7)	(23.6)	(38.3)
Operating profit	6	**95.5**	**(71.1)**	**24.4**	54.0	(43.6)	10.4
Finance income	9	**0.5**	**—**	**0.5**	0.7	—	0.7
Finance costs	9	**(4.6)**	**—**	**(4.6)**	(2.8)	—	(2.8)
Profit before tax		**91.4**	**(71.1)**	**20.3**	51.9	(43.6)	8.3
Tax	10	**(16.9)**	**13.8**	**(3.1)**	(9.4)	13.6	4.2
Profit for the period/year attributable to the equity shareholders of the parent		**74.5**	**(57.3)**	**17.2**	42.5	(30.0)	12.5
Earnings per share							
Basic earnings per share	11	**33.2p**		**7.7p**	20.5p		6.0p
Diluted earnings per share	11	**32.9p**		**7.6p**	20.3p		6.0p

* See note 2 for details of the prior period restatement.
** During the period ended 31 December 2021, share-based payment charges and employer tax contributions thereon have been included in adjusting items. The comparative period has been re-presented. Further information is shown in note 7.

Adjusted figures exclude impairment of intangible assets, systems and process improvement costs, acquisition costs, amortisation of fair value adjustments, integration and reorganisation costs, amortisation of acquisition intangibles, share-based payments and employer tax contributions thereon, the tax effect of adjusting items and credits from patent box claims. Such excluded items are described as 'adjusting items'. Further information on these items is shown in note 7.

Consolidated statement of comprehensive income
18 month period ended 31 December 2021

	Note	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m
Profit for the period/year attributable to the equity shareholders of the parent		**17.2**	12.5
Items that may be reclassified to the income statement in subsequent years			
Movement on cash flow hedges	26	**1.0**	0.7
Exchange differences on translation of foreign operations		**(11.8)**	9.6
Movement in fair value of investments	16	**(3.2)**	4.0
Tax relating to components of other comprehensive income		**1.1**	(1.5)
Other comprehensive (expense)/income for the period/year		**(12.9)**	12.8
Total comprehensive income for the period/year		**4.3**	25.3

* See note 2 for details of the prior period restatement.

Consolidated balance sheet
As at 31 December 2021

	Note	31 December 2021 £m	30 June 2020 (restated*) £m	30 June 2019 (restated*) £m
Non-current assets				
Goodwill	12	**364.8**	195.0	120.9
Intangible assets	13	**234.2**	150.1	104.6
Property, plant and equipment	14	**73.5**	43.3	37.1
Right-of-use assets	15	**88.2**	121.4	—
Investments	16	**3.5**	7.0	0.8
Deferred tax asset	17	**10.4**	13.7	9.4
		774.6	530.5	272.8
Current assets				
Inventories	18	**58.2**	40.7	36.0
Trade and other receivables	19	**47.2**	44.4	43.1
Current tax receivable		**10.5**	6.4	5.4
Derivative financial instruments	20	**0.5**	—	0.2
Cash and cash equivalents		**95.1**	187.3	87.1
		211.5	278.8	171.8
Total assets		**986.1**	809.3	444.6
Current liabilities				
Trade and other payables	21	**(54.2)**	(43.8)	(41.8)
Derivative financial instruments	20	**(0.2)**	(1.2)	(2.0)
Lease liabilities	15	**(9.2)**	(7.3)	—
Borrowings	22	**(119.2)**	(106.4)	—
Current tax liabilities		**(4.4)**	(0.9)	(1.5)
		(187.2)	(159.6)	(45.3)
Net current assets		**24.3**	119.2	126.5
Non-current liabilities				
Deferred tax liability	17	**(41.5)**	(28.3)	(16.1)
Lease liabilities	15	**(101.3)**	(120.5)	—
Derivative financial instruments	20	**—**	—	(0.1)
		(142.8)	(148.8)	(16.2)
Total liabilities		**(330.0)**	(308.4)	(61.5)
Net assets		**656.1**	500.9	383.1
Equity				
Share capital	23	**0.5**	0.4	0.4
Share premium account		**268.3**	138.2	27.0
Merger reserve	23	**68.6**	68.6	68.1
Own shares	23	**(2.2)**	(2.5)	(2.8)
Translation reserve	23	**31.1**	42.9	33.3
Hedging reserve	23	**0.2**	(0.7)	(1.3)
Retained earnings		**289.6**	254.0	258.4
Total equity attributable to the equity shareholders of the parent		**656.1**	500.9	383.1

* See note 2 for details of the prior periods' restatement.

The consolidated financial statements on pages 129 to 170 were approved by the Board of Directors on 14 March 2022 and signed on its behalf by:

Michael Baldock
Director

Consolidated statement of changes in equity
Balance as at 31 December 2021

	Note	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
Balance as at 1 July 2019 (as previously reported)		0.4	27.0	68.1	(2.8)	33.3	(1.3)	258.6	383.3
Prior period restatement*		—	—	—	—	—	—	(1.7)	(1.7)
Balance as at 1 July 2019 (restated*)		0.4	27.0	68.1	(2.8)	33.3	(1.3)	256.9	381.6
Profit for the year (restated*)		—	—	—	—	—	—	12.5	12.5
Other comprehensive income		—	—	—	—	9.6	0.6	2.6	12.8
Total comprehensive income		—	—	—	—	9.6	0.6	15.1	25.3
Issue of ordinary shares		—	111.2	0.5	0.3	—	—	(0.3)	111.7
Share-based payments inclusive of deferred tax		—	—	—	—	—	—	7.4	7.4
Purchase of own shares		—	—	—	—	—	—	(0.1)	(0.1)
Equity dividends	24	—	—	—	—	—	—	(25.0)	(25.0)
Balance as at 30 June 2020 (restated*)		0.4	138.2	68.6	(2.5)	42.9	(0.7)	254.0	500.9
Profit for the period		—	—	—	—	—	—	17.2	17.2
Other comprehensive (expense)/income		—	—	—	—	(11.8)	0.9	(2.0)	(12.9)
Total comprehensive (expense)/income		—	—	—	—	(11.8)	0.9	15.2	4.3
Issue of ordinary shares, net of issue costs		0.1	130.1	—	—	—	—	—	130.2
Own shares disposed of on exercise of share options		—	—	—	0.3	—	—	(0.3)	—
Share-based payments inclusive of deferred tax		—	—	—	—	—	—	20.8	20.8
Purchase of own shares		—	—	—	—	—	—	(0.1)	(0.1)
Balance as at 31 December 2021		0.5	268.3	68.6	(2.2)	31.1	0.2	289.6	656.1

* See note 2 for details of the prior periods' restatement.

Consolidated cash flow statement

18 month period ended 31 December 2021

		Note	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m
Cash generated from operations		25	**105.3**	65.4
Net income taxes paid			**(9.1)**	(2.4)
Net cash inflow from operating activities	(iii)		**96.2**	63.0
Investing activities				
Interest income			**0.5**	0.7
Purchase of property, plant and equipment	(iii)		**(46.0)**	(12.7)
Purchase of intangible assets	(iii)		**(38.3)**	(23.0)
Transfer of cash from/(to) escrow in respect of future capital expenditure	(iii)		**0.4**	(0.6)
Purchase of investments		16	**(0.1)**	(2.2)
Reimbursement of leasehold improvement costs	(iii)	15	**14.9**	—
Net cash outflow arising from acquisitions		29	**(245.1)**	(110.3)
Net cash outflow from investing activities			**(313.7)**	(148.1)
Financing activities				
Dividends paid		24	**—**	(25.0)
Principal element of lease obligations	(iii)		**(12.6)**	(6.8)
Interest element of lease obligations	(iii)		**(2.0)**	(0.9)
Interest paid			**(1.3)**	(0.8)
Proceeds on issue of shares, net of issue costs			**130.2**	111.2
Facility arrangement fees			**(0.8)**	—
Utilisation of revolving credit facility	(i)	22	**120.0**	127.0
Repayment of revolving credit facility	(i)	22	**(107.0)**	(20.0)
Purchase of own shares			**(0.1)**	(0.1)
Net cash inflow from financing activities			**126.4**	184.6
Net (decrease)/increase in cash and cash equivalents			**(91.1)**	99.5
Cash and cash equivalents at beginning of period/year			**187.3**	87.1
Effect of foreign exchange rates			**(1.1)**	0.7
Cash and cash equivalents at end of period/year	(ii)		**95.1**	187.3
Free cash flow	(iii)		**12.6**	19.0

* See note 2 for details of the prior period restatement.

(i) During the period ended 31 December 2021, the Group repaid in full the sum of £107.0m which was drawn under the RCF up until that point. Subsequently, the Group drew £120.0m to fund the purchase of BioVision, Inc. (as set out in note 29). During the year ended 30 June 2020, drawings on the RCF comprised an initial amount of €120.0m (£103.4m) to fund the purchase of Expedeon (as set out in note 29). In February 2020, a partial repayment amounting to £20.0m was made and the remaining borrowings redenominated into Sterling, leaving an outstanding balance of £82.0m. In March 2020, a subsequent drawing of £25.0m was made in order to provide operational flexibility in light of the COVID-19 pandemic bringing amounts drawn to £107.0m. The maximum amount drawn under the RCF during the year was £107.0m.

(ii) Within cash and cash equivalents is £nil (30 June 2020: £0.9m) of cash relating to employee contributions to the Group's share scheme 'AbShare', which is reserved for the purpose of purchasing shares upon vesting.

(iii) Free cash flow comprises net cash generated from operating activities less net capital expenditure, reimbursement of leasehold improvement costs, transfer of cash from/(to) escrow in respect of future capital expenditure and the principal and interest elements of lease obligations.

1. Presentation of the financial statements

a) General information

Abcam plc (the Company) is a public limited company whose shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange, is incorporated and domiciled in the UK and is registered in England under the Companies Act 2006.

During the period, the Company completed a secondary listing on NASDAQ.

b) Basis of preparation and consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities under its control (together the 'Group'). Control is achieved when the Company has power to control the financial and operating policies of an entity either directly or indirectly and the ability to use that power to affect the returns it receives from its involvement with the entity.

The consolidated financial statements have been prepared in accordance with International Accounting Standards, in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements have been presented in Sterling, the functional currency of the Company, and on the historical cost basis, except for the revaluation of certain financial instruments.

On 2 June 2021, the Group announced that it was extending its current period from 30 June to 31 December. The financial statements are therefore presented for the 18 month period ended 31 December 2021, while the comparatives are for the year ended 30 June 2020. As such, amounts presented in the financial statements are not directly comparable.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group. All intra-group transactions, balances, equity, income and expenses are eliminated on consolidation.

The Group's directly and indirectly held subsidiary undertakings are disclosed in note C8 to the Company financial statements.

c) Adjusted performance measures

Adjusted performance measures are used by the Directors and management to monitor business performance internally and exclude certain cash and non-cash items which they believe are not reflective of the normal day-to-day operating activities of the Group. The Directors believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year to year. Adjusted performance measures may not be directly comparable with other similarly titled measures used by other companies. A detailed reconciliation between reported and adjusted measures is presented in note 7.

For the period ended 31 December 2021, charges associated with share-based payment schemes have been included as adjusting items. The income statement for the year ended 30 June 2020 has been re-presented to reflect these charges within adjusting items. Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses from adjusted profit measures to better understand the long-term performance of our core business. Share-based compensation expenses are non-cash charges and are determined using several factors, including expectations surrounding future performance, employee forfeiture rates and, for employee payroll-related tax items, the share price. These factors are beyond the Group's direct control and generally unrelated to operational decisions and performance in any particular period. Further, share-based compensation expenses are not reflective of the value ultimately received by the recipients of the awards.

d) Going concern

The Group meets its day-to-day working capital requirements from the cash surpluses generated as a result of normal trading. In considering going concern, the Directors have reviewed the Group's forecasts and projections, taking account of reasonably possible changes in trading performance. These show that the Group should be able to operate within the limits of its available resources.

Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and at least one year from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing its consolidated financial statements.

2. New accounting standards, amendments and interpretations

Change in accounting policy – Software as a Service ('SaaS') arrangements

In March 2021, the IFRS Interpretations Committee ('IFRIC') published an agenda decision on how an entity should account for costs of configuring or customising application software in a Cloud Computing or Software as a Service ('SaaS') arrangement.

Previously, internal and external costs incurred in connection with the various phases of the Group's ERP implementation and other projects, have been capitalised as an intangible asset in line with IAS 38 'Intangible Assets'.

Following an internal review of the impact of adoption of the IFRIC, for those arrangements where the Group does not have control of the developed software, to the extent that the services were performed by third parties, the Group has derecognised the intangible asset previously capitalised. This change in accounting policy has led to adjustments amounting to a £2.1m reduction in the intangible assets recognised in the 30 June 2020 and 30 June 2019 balance sheets, and to a £0.1m and £0.8m increase in selling, general and administrative expenses in those respective periods.

2. New accounting standards, amendments and interpretations continued

The following tables show the impact of the change in accounting policy on previously reported financial results:

	As previously reported* £m	Adjustment £m	Restated £m
Year ended 30 June 2020:			
Impact on income statement			
Adjusted selling, general and administrative expenses	(111.7)	0.2	**(111.5)**
Adjusting items	(19.7)	(0.3)	**(20.0)**
Selling, general and administrative expenses	(131.4)	(0.1)	**(131.5)**
Adjusted operating profit	53.8	0.2	**54.0**
Adjusting items	(43.3)	(0.3)	**(43.6)**
Operating profit	10.5	(0.1)	**10.4**
Adjusted profit before tax	51.7	0.2	**51.9**
Adjusting items	(43.3)	(0.3)	**(43.6)**
Profit before tax	8.4	(0.1)	**8.3**
Adjusted tax	(9.4)	—	**(9.4)**
Adjusting items	13.5	0.1	**13.6**
Tax	4.1	0.1	**4.2**
Adjusted profit for the year	42.3	0.2	**42.5**
Adjusting items	(29.8)	(0.2)	**(30.0)**
Profit for the year	12.5	—	**12.5**
Basic earnings per share	6.0p	—	**6.0p**
Diluted earnings per share	6.0p	—	**6.0p**
Adjusted basic earnings per share	16.7p	3.8p	**20.5p**
Adjusted diluted earnings per share	16.6p	3.7p	**20.3p**
Impact on statement of comprehensive income			
Total comprehensive income	25.3	—	**25.3**
Impact on balance sheet			
Intangible assets	154.4	(2.1)	**152.3**
Total non-current assets	532.6	(2.1)	**530.5**
Deferred tax liability	(28.7)	0.4	**(28.3)**
Total non-current liabilities	(149.2)	0.4	**(148.8)**
Net assets	502.6	(1.7)	**500.9**
Retained earnings	255.7	(1.7)	**254.0**
Total equity	502.6	(1.7)	**500.9**
Impact on cash flow statement			
Cash generated from operations	65.4	—	**65.4**
Net cash inflow from operating activities	63.0	—	**63.0**
Purchase of intangible assets	(23.0)	—	**(23.0)**
Net cash outflow from investing activities	(148.1)	—	**(148.1)**

* Previously reported results include the re-presentation to share-based payment charges now included within adjusting items. See note 7 for further details.

2. New accounting standards, amendments and interpretations continued

Other standards, amendments and interpretations effective during the period

The following standards and amendments are effective in the group's consolidated financial statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest rate benchmark reform';
- Amendments to IAS 1 and IAS 8 'Definition of material';
- Amendments to IFRS 3 'Definition of a business';
- Amendments to references to the Conceptual Framework in IFRS standards;
- Amendments to IFRS 16 'COVID-19-related rent concessions; and
- Amendments to IFRS 16 'COVID-19-related rent concessions beyond 30 June 2021'.

Amendments effective during the reporting period did not have any significant impact on adoption.

Standards, amendments and interpretations not yet effective and not early adopted

The following standards and amendments have not been adopted in the group's consolidated financial statements as they are not yet effective:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (mandatory for accounting periods beginning after 1 January 2021);
- Amendments to IFRS 3 'References to the Conceptual Framework' (effective from 1 January 2022, endorsed for use in the EU but not in the UK);
- Amendments to IAS 16 'Property, plant and equipment – proceeds before intended use' (effective from 1 January 2022, endorsed for use in the EU but not in the UK);
- Amendments to IAS 37 'Onerous contracts – cost of fulfilling a contract' (effective 1 January 2022, endorsed for use in the EU but not in the UK);
- Annual Improvements 2018-2020 Cycle – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (effective from 1 January 2022, endorsed for use in the EU but not in the UK);
- Amendments to IFRS 17 'Insurance contracts' (effective from 1 January 2023, not yet endorsed in the EU or UK);
- Amendments to IAS 1 'Classification of liabilities as current or non-current' (effective from 1 January 2023, not yet endorsed in the EU or UK);
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of accounting policies' (effective from 1 January 2023, not yet endorsed in the EU or UK);
- Amendments to IAS 8 'Definition of accounting estimates' (effective from 1 January 2023, not yet endorsed in the EU or UK); and
- Amendments to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction' (effective from 1 January 2023, not yet endorsed in the EU or UK).

The amendments listed above are not expected to have a material impact on the financial statements of the Group in future periods.

3. Principal accounting policies

Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services, net of discounts, VAT and other sales-related taxes.

Revenue from sales of goods, including revenue generated from products sold from the Group's catalogue and IVD and which represents the significant majority of the Group's revenue, is recognised upon delivery to the customer or the point at which the customer takes control of the goods if this is sooner.

Custom product and service revenue, which can be the provision of a service or the development of products for customers, is recognised at the point at which a milestone, as defined in the contract, has been completed. Each milestone is typically aligned to a customer deliverable, for example, the amount of services provided, a deliverable arising from the services or the number of products successfully developed and provided to customers, and accordingly is considered to be a performance obligation. Every milestone has a defined transaction price. If it is identified that the costs will be in excess of the contract revenue, the expected loss is recognised as an expense immediately.

Licence fee income is recognised upon delivery of the licensed technology where the Group's continued performance or future research and development services are not required. Royalty revenue is recognised on an accruals basis based on the contractual terms and the substance of the agreements with the counterparty, provided that the amount can be reliably measured and it is probable that the economic benefit will flow to the Group.

Leasing

Leased assets are capitalised on inception of the lease as right-of-use assets. A corresponding lease liability, representing the present value of the lease payments is also recognised and split between current and non-current liabilities accordingly.

The lease liability includes; fixed payments, variable lease payments dependent on an index or rate (initially measured using the index or rate on the lease commencement date) and in substance fixed payments. The variable aspect of variable payments are recognised when the rate or index takes effect resulting in an adjustment to the liability and right-of-use asset. Currently the Group's lease portfolio does not contain variable or in substance lease payments.

The discounted lease liability is calculated where possible using the interest rate implicit in the lease or where this is not attainable the incremental borrowing rate is utilised. The incremental borrowing rate is the rate the Group would have to pay to borrow the funds necessary to obtain a similar asset under similar conditions. The Group calculates the incremental borrowing rate using risk free rate of the country where the asset is held, adjusted for length of the lease and a risk premium.

Lease payments are allocated against the principal and finance cost. Finance costs, representing the unwinding of the discount on the lease liability are charged to the income statement to produce a constant periodic rate of interest on the remaining liability.

3. Principal accounting policies continued

Right-of-use assets are measured at cost including; the discounted initial lease liability, lease payments made at or before the commencement date, any initial direct costs reduced any lease incentives received.

Right-of-use assets are depreciated over the shorter of the non-cancellable lease period and any extension options that are considered reasonably certain to be taken or the useful life of the asset. The Group's current leases run from 1–17 years.

Modifications to lease agreements result in remeasurement of the lease liability and right-of-use asset.

Short-term leases, defined as less than one year, and also of low value, are recognised on a straight-line basis in the income statement.

There are no material lease agreements where the Group acts as a lessor.

Contracts may contain both lease and non-lease components. The Group allocates the contract consideration based on the relative stand alone selling prices or if this is not readily determinable based on the best estimates of the stand alone selling prices.

Foreign currencies

Foreign currency transactions are booked at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on settlement or retranslation of monetary assets and liabilities are included in the income statement.

The results of overseas subsidiaries are translated into Sterling using the average exchange rates during the year. Assets and liabilities are translated at the rates ruling at the balance sheet date. Goodwill arising on the acquisition of a foreign operation is treated as an asset of that foreign operation and as such is translated at the relevant foreign exchange rate at the balance sheet date. Exchange differences arising on this translation are recognised in the translation reserve.

Other exchange differences are recognised in the income statement in the period in which they arise except for where items are designated as hedging instruments or where there is a net investment hedge.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Group has no further obligations once the contributions have been paid.

Taxation

Current tax payable is based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes certain items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. Where the current tax deduction in respect of share option exercises exceeds the share option accounting charge for the period, the excess is recorded in equity rather than the income statement.

The benefit of UK research and development is recognised under the UK's Research and Development Expenditure Credit (RDEC) scheme. The benefit is recorded as income included in profit before tax, netted against research and development expenses, as the RDEC is of the nature of a government grant.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group's liability for deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to other comprehensive income or reserves, in which case the deferred tax is also dealt with in other comprehensive income or reserves respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

Business combinations

Business combinations are accounted for using the acquisition method. On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be reliably measured in which case the value is subsumed into goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

Acquisition-related costs are expensed to the consolidated income statement in the period they are incurred.

3. Principal accounting policies continued

Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair value of the net assets acquired. Where the fair value of the consideration is less than the fair value of the acquired net assets, the deficit is recognised immediately in the income statement as a bargain purchase.

Goodwill is not amortised, but is subject to an impairment review at least annually and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs). The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the carrying value may not be recoverable.

Intangible assets

Acquisition intangibles:

Acquisition intangibles comprise licence fees, customer relationships and distribution rights, patents, technology and know-how and trade names. These are capitalised at fair value and amortised on a straight-line basis over their estimated useful lives. The principal expected useful lives are as follows:

Licence fees	Term of licence
Customer relationships and distribution rights	4 to 10 years
Patents, technology and know-how	10 to 16 years
Trade names	8 to 11 years

Patents, technology and know-how assets are only amortised once the development is complete and being utilised for their intended purpose; until this point the assets are deemed to be in progress.

Other intangibles:

These comprise software and expenditure on capitalised internally developed technology. Internally developed technology costs are recognised as an asset if and only if they meet the recognition criteria set out in IAS 38 'Intangible Assets' which are that:

- the project must be technically feasible;
- there must be the intention to complete the project;
- there must be adequate resources to be able to complete the project;
- the ability to use or sell the asset or product is secure;
- the future economic benefits must exceed the costs; and
- the ability to reliably measure costs.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Assets under construction are not amortised.

The principal expected useful lives are as follows:

Software	3 to 10 years
Internally developed technology	3 to 16 years
Patents and licences	2 to 3 years

During the period to 31 December 2021, the Group revised its estimate of the useful life of its software assets from 3 to 5 years to 3 to 10 years. Further details are shown in note 13.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, as follows:

Laboratory equipment	2 to 5 years
Cell line assets	10 years
Office fixtures, fittings and other equipment	2 to 5 years
Leasehold improvements	Term of lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Residual values of assets and their useful lives are assessed on an ongoing basis and adjusted, if appropriate, at each balance sheet date. Assets under the course of construction are not depreciated.

Impairment of property, plant and equipment and intangible assets excluding goodwill

A review is undertaken upon the occurrence of events or circumstances which indicate that the carrying amount may not be recoverable. In addition, any assets not yet available for use are tested for impairment annually.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to determine the recoverable amount for an individual asset, the assessment is made for the asset's cash-generating unit (CGU).

Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and an attributable portion of production overheads that have been incurred in bringing the inventories to their present location and condition. The valuation methodology is on a first in first out or a weighted average cost basis, depending on the nature of the inventory, and net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Financial assets

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets comprise cash and cash equivalents, receivables which involve a contractual right to receive cash from external parties, and investments.

3. Principal accounting policies continued

Investments
Investments in shares are held at fair market value, with any revaluation gain or loss recorded through other comprehensive income.

Trade and other receivables
Trade receivables (excluding derivative financial assets) are recognised at cost less allowances for the expected credit loss to align their cost to fair value. The provision is based on the Group's expected credit loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities
Financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date.

Trade and other payables
Trade payables (excluding derivative financial liabilities) are non-interest bearing and are stated at cost which equates to their fair value.

Equity instruments
Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Derivative financial instruments
The Group uses forward contracts to manage the exposure to fluctuating foreign exchange rates in relation to forecast future transactions.

Derivatives are initially recognised at fair value at the date a contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

Hedge accounting
At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, its effectiveness along with its risk management objectives, and its strategy for undertaking various hedge transactions. The effectiveness is repeated on an ongoing basis during the life of the instrument to ensure that the instrument remains effective.

Cash flow hedges
The Group designates certain derivatives as cash flow hedges of highly probable forecast foreign currency transactions.

The effective portion of changes in the fair value of derivatives which are designated and qualify as cash flow hedges is deferred in other comprehensive income. Gains or losses relating to the ineffective portion are recognised immediately in the income statement.

Amounts deferred in other comprehensive income are recycled to the income statement in the periods when the hedged item is recognised in the income statement.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or it no longer qualifies for hedge accounting. Any cumulative gain or loss in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in other comprehensive income is recognised immediately in the income statement.

Share-based payments
Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Share-based payments where vesting is by reference to external performance criteria (such as growth in an external index) are measured using the Monte Carlo simulation. Those which are subject only to internal performance criteria or service conditions are measured using the Black-Scholes model.

For all schemes, the number of options expected to vest is recalculated at each balance sheet date based on expectations of leavers prior to vesting. The number of options expected to vest for schemes with internal performance criteria is also adjusted based on expectations of performance against targets. No adjustments are made for expected performance against external or 'market-based' targets. Charges made to the income statement in respect of equity settled share-based payments are credited to equity.

For cash settled share-based payments, the Group recognises a liability for the services acquired, measured initially at the fair value of the liability. This liability is remeasured at each balance sheet date and at the date of settlement, with any changes in fair value recognised in the income statement.

Own shares
No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own shares. Any difference between the carrying amount and the consideration is recognised in equity.

4. Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions about the application of its accounting policies which affect the reported amounts of assets, liabilities, revenue and expenses. Actual amounts and results may differ from those estimates.

Judgements and estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

a) Key accounting judgements

Capitalisation of intangible assets – internal software development

The Group capitalises internal software development costs, in particular internal staff costs, relating to the enhancement of the Group's core IT systems architecture and developments. Judgement is required in applying the capitalisation criteria of IAS 38 'Intangible Assets', differentiating between enhancements and maintenance. Those costs which are not treated as capital but are directly attributable to the Group's system and process improvement project are treated as adjusting items.

In establishing the principles on which costs are capitalised, consideration is given to the nature of work being performed, whether the costs and the activities are incremental and whether the associated deliverables meet the characteristics of an asset. Processes are in place to evaluate this, and the same processes are used to confirm whether the expensed costs are related to the system and process improvement project so that classification as an adjusting item is appropriate.

A review of historical capitalised spend on software assets was undertaken, to ascertain whether they met the criteria for capitalisation following adoption of the IFRIC, published in March 2021, relating to SaaS arrangements. Identifying the software assets that were impacted and the classification of costs between customisation and configuration, was judgemental and technically complex, in particular around the allocation of costs to the appropriate category. As the application of the IFRIC required an historical application, the rationale of recent projects was applied to historical projects and the same estimation and judgements applied.

The review resulted in a restatement of prior year financial statements in line with the IFRIC requirements, details of which can be found in note 2.

Capitalisation of intangible assets – internally developed technology

The Group capitalises internal costs associated with internally developed technology as intangible assets as described further in notes 3 and 13. This requires judgement to determine that the characteristics of such assets meet the relevant criteria if IAS 38 'Intangible Assets' for classification as an intangible asset.

Internal costs are capitalised as internally developed technology within intangible assets which are used to generate antibodies and kits. The point at which such internal costs are capitalised as well as their magnitude (whereby the amount capitalised comprises mainly of attributable salary costs and consumables used in the manufacture process) is a key area of judgement. A key area in respect of the stage of development of internally developed technology is subject to judgement as to when a product's future economic value justifies capitalisation. Management reviews regularly these factors in order to determine that the costs meet the criteria for capitalisation as intangible assets.

During the period, an impairment was booked for assets relating to AxioMx where changes in scope of the project impacted on the usability of the historical work performed, details of which can be seen in notes 7 and 13.

Assessment of cash generating units (CGUs)

For the purposes of impairment testing, the Group identifies the CGU that is appropriate for the asset to be measured against if it is not possible to estimate the recoverable amount individually. The goodwill acquired in a business combination is allocated at acquisition to the CGU which is expected to benefit from that business combination.

The Group applies judgement in determining how integrated the acquired business is within the Group. Consideration is given to the product branding and ranges, whether the manufacturing and research and development has broadened since acquisition, whether sales and marketing activity is separate from the Group and how the business is monitored.

For the BioVision acquisition in October 2021, the Group has determined that the business is not sufficiently integrated into the Group and therefore the acquired goodwill has been tested at a BioVision CGU level. Full details can be found in note 12.

b) Key sources of estimation uncertainty

Valuation of acquired intangible assets

During the current and prior periods, the Group has made a number of acquisitions (see note 29 for further details). Accounting for these in line with IFRS 3 'Business Combinations' requires the use of a number of assumptions and estimates in relation to the future cash flows associated with acquisition intangibles and the use of valuation techniques in order to arrive at the fair value of the intangible assets acquired. The assumptions applied were based on the best information available to management and valuation techniques were supported by third party valuation experts.

In the current period, acquired intangibles totalling £80.6m were recognised in relation to the acquisition of BioVision, of which the intangible recognised in relation to the acquired technology was the most significant (£77.5m). Key assumptions in determining the valuation of this included the revenue growth rate and cash flows associated with this asset, its expected useful economic life and the expected attrition rates associated with the acquired product portfolio.

4. Critical accounting judgements and sources of estimation uncertainty continued

Nevertheless, the actual performance of these assets may differ from the valuations derived through this exercise.

Impairment assessment of acquired intangible assets
As described in note 13 to the consolidated financial statements, the Group holds various intangible assets. As required by IAS 36 'Impairment of Assets', the Group reviews for indicators of impairment regularly by assessing the performance of the assets against qualitative and quantitative factors including the estimates used to value intangibles on acquisition or appropriate business cases.

Examples of impairment indicators are: there is a change in business strategy; asset is not meeting the acquisition forecasts; or the business is approaching the route to market differently. If any of these or other factors are present, a detailed impairment review is undertaken.

A detailed impairment assessment can be performed by either assessing the assets value in use or assessing the carrying value as fair value less cost to sell. Either method requires management to make a number of estimates, the most sensitive estimates being:

- The five-year business plan – forecasted cashflows require management's estimates of the assets' performance in future periods and judgement as to the CGU to which the flows belong;
- Discount rate – judgement is required in estimating the appropriate weighted average cost of capital (WACC) of a typical market participant; and
- Market-based data – judgement is required to ensure companies and market transactions are comparable in nature when estimating the fair value.

During the period ended 31 December 2021, the assets relating to Firefly BioWorks multiplex and assay technology were tested for impairment. Given the nascent state of the technology, management used the fair value less costs to sell method of assessing the recoverable amount of the intangible assets and management is satisfied that the fair value significantly exceeds the carrying amount of the asset. Details can be found in note 13.

During the year ended 30 June 2020, an assessment of the acquired intangible in respect of In Vitro monoclonal antibody production technology acquired with AxioMx, Inc. in 2015 was undertaken. This also included further smaller amounts in respect of this technology which have been capitalised since acquisition as certain commercial feasibility milestones had been achieved.

An appraisal of the ability to utilise at scale this technology has been undertaken whereby although technical feasibility remains valid, the challenges to realise material commercial returns have resulted in the conclusion not to pursue further active development and substantive utilisation of this technology. As a result of this, the intangible asset in respect of this technology has been fully impaired. Details of the impairment can be found in note 13.

Useful economic life (UEL) of software assets
The Group determines the UEL of all assets by estimating the length of time the asset is expected to be in use or generating income. The Group's policy for software assets was determined as 3 to 5 years.

During the period ended 31 December 2021, the Group revised its estimate of the useful economic life of its ERP software from 5 years to 10 years, changing the Group's policy from 3 to 5 years to 3 to 10 years. This was due to the complexity of the programme, the investment involved, and the nature of the technology implemented. See note 12 for further details.

Provision for slow-moving or defective inventory
The provision for slow-moving inventory is based on the Directors' estimation of the future sales of each of the Group's products over the period from the balance sheet date to the expiry date of the product. Estimated future sales are based on historical actual sales and a growth rate assumption which is derived from the average annual growth over the product life to date.

If actual unit sales growth rates differ from those estimated by management, both the level of provision against existing inventory and the rates of provision applied to inventory in future periods would need to be revised.

5. Operating segments

Products and services from which reportable segments derive their revenues

The Directors consider that there is only one core business activity and there are no separately identifiable business segments which are engaged in providing individual products or services or a group of related products and services which are subject to separate risks and returns. The information reported to the Group's Chief Executive Officer, who is considered the chief operating decision maker, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment, which is 'sales of antibodies and related products'. The Group's revenue and assets for this one reportable segment can be determined by reference to the Group's income statement and balance sheet.

The Group has no individual product or customer which contributes more than 10% of its revenues.

5. Operating segments continued

Geographical information

Revenues are attributed to regions based primarily on customers' location. The Group's revenue from external customers and information about its non-current segment assets (excluding deferred tax) is set out below:

		Revenue		Non-current assets	
		18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m	As at 31 December 2021 £m	As at 30 June 2020 (restated*) £m
The Americas		**189.0**	112.4	**464.3**	224.8
EMEA	(i)	**124.5**	69.3	**231.8**	222.3
China		**85.6**	39.5	**8.6**	7.4
Japan		**28.6**	18.8	**0.2**	0.6
Rest of Asia Pacific	(i)	**35.2**	20.0	**59.3**	61.7
		462.9	260.0	**764.2**	516.8

* See note 2 for details of prior period restatement.

(i) Revenues for the sub-region of Central Asia have been reclassified from EMEA to Asia Pacific for the period ended 31 December 2021. This is to better align our data reporting to sales performance and geographical location. The value attributable to Central Asia is £2.2m (year ended 30 June 2020: £1.5m). The comparatives presented for 30 June 2020 have not been updated for this change.

Revenue by type is shown below:

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Catalogue revenue	**435.4**	243.1
Custom products and services	**8.4**	6.3
IVD	**8.9**	4.7
Royalties and licences	**10.2**	5.9
Custom products and licensing	**27.5**	16.9
Total reported revenue	**462.9**	260.0

Because all custom products and services projects within a contract had an original expected duration of one year or less, the Group has taken advantage of the exemption not to disclose outstanding amounts in respect of uncompleted contracts.

6. Operating profit

Operating profit for the period/year is stated after charging/(crediting):

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Staff costs	**185.2**	90.4
Cost of inventories recognised as an expense	**94.2**	56.2
Write down of inventories recognised as an expense	**5.4**	2.8
R&D expenditure (excluding UK tax credits)	**13.2**	24.9
UK R&D tax credits	**(3.2)**	(1.5)
Depreciation of property, plant and equipment	**15.3**	7.3
Amortisation of intangible assets	**28.8**	15.7
Depreciation of right-of-use assets	**12.9**	6.7
Movements arising on financial instruments at fair value through profit or loss	**(0.4)**	—
Other net foreign exchange differences (including cash flow hedge movements reclassified from other comprehensive income)	**0.8**	(0.6)

6. Operating profit continued

Auditor's remuneration comprised the following:

	18 month period ended 31 December 2021 £'000	Year ended 30 June 2020 £'000
Audit services		
– Group and parent company	1,072	279
– Subsidiary companies pursuant to legislation	12	8
– Assurance services in respect of controls work for US compliance	—	200
Total audit fees	**1,084**	487
Audit related assurance services		
– Interim reviews	150	22
– Attestation under s404 of Sarbanes-Oxley Act 2002 and audit of 20-F filing	535	—
– Services in respect of the Group's US listing	653	76
– Other	35	—
Total assurance-related fees	**1,373**	98
Other services	6	1
Total auditor remuneration	**2,463**	586

Fees in respect of controls work for US compliance relate to additional controls work required to comply with the US Public Company Accounting Oversight Board (PCAOB).

Audit related assurance services in respect of the Group's secondary listing in the US, which was completed in October 2020, relate to work on documents required for the US Securities and Exchange Commission (SEC). This includes the Attestation of the Group's internal control framework under s404 of the Sarbanes-Oxley Act 2002 and other related services.

The Group's policy on the use of the auditor for non-audit services is set out in the Audit and Risk Committee Report on page 87.

7. Adjusted performance measures

A reconciliation of the Group's adjusted performance measures to the reported IFRS measures is presented below:

		18 month period ended 31 December 2021			Year ended 30 June 2020 (restated*)		
	Note	Adjusted £m	Adjusting items £m	Total £m	Adjusted £m	Adjusting items £m	Total £m
Cost of sales		(130.6)	(3.1)	(133.7)	(79.8)	—	(79.8)
Gross profit		332.3	(3.1)	329.2	180.2	—	180.2
Selling, general and administrative expenses**		(211.5)	(51.8)	(263.3)	(111.5)	(20.0)	(131.5)
Research and development expenses**		(25.3)	(16.2)	(41.5)	(14.7)	(23.6)	(38.3)
Operating profit		95.5	(71.1)	24.4	54.0	(43.6)	10.4
Finance income	9	0.5	—	0.5	0.7	—	0.7
Finance costs	9	(4.6)	—	(4.6)	(2.8)	—	(2.8)
Profit before tax		91.4	(71.1)	20.3	51.9	(43.6)	8.3
Tax	10	(16.9)	13.8	(3.1)	(9.4)	13.6	4.2
Profit for the period/year		74.5	(57.3)	17.2	42.5	(30.0)	12.5

* See note 2 for details of prior period restatement.
** During the period ended 31 December 2021, share-based payment charges and employer tax contributions thereon have been included in adjusting items. The comparative period has been re-presented.

7. Adjusted performance measures continued

Analysis of adjusting items:

		18 month period ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m
Amortisation of fair value adjustments	(i)	**(3.1)**	—
Affecting gross profit		**(3.1)**	—
Impairment of intangible assets	(ii)	**(1.1)**	(14.9)
System and process improvement costs	(iii)	**(9.5)**	(4.6)
Acquisition costs	(iv)	**(8.3)**	(4.1)
Integration and reorganisation costs	(v)	**(6.6)**	(2.1)
Amortisation of acquisition intangibles	(vi)	**(13.5)**	(8.6)
Share-based payment charges	(vii)	**(29.0)**	(9.3)
Affecting operating profit and profit before tax		**(71.1)**	(43.6)
Tax effect of adjusting items		**13.8**	9.0
Credit arising from patent box claims	(viii)	**—**	4.6
Affecting tax		**13.8**	13.6
Total adjusting items after tax		**(57.3)**	(30.0)

(i) Comprises amortisation of fair value adjustments relating to the acquisition of BioVision as detailed in note 29. Following the acquisition, the Group recognised a fair value uplift of £6.0m to inventory carried on the Group's balance sheet. This adjustment is being amortised over 4 months from November 2021. Such costs are included within cost of sales.

(ii) Comprises an impairment of internally developed technology assets relating to AxioMx, following an assessment of the work performed and costs capitalised to date. Following the review, it was concluded that as a result of changes in the scope and nature of the project to which the costs related, and the corresponding usability of historical work performed, £1.1m of internally developed technology assets were impaired. The impairment charge is included within research and development expenses. Year ended 30 June 2020: Comprises the full impairment of the acquisition intangible in respect of AxioMx in Vitro monoclonal antibody production technology and subsequent post acquisition expenditure capitalised. This has arisen following an appraisal of the ability to utilise at scale this technology whereby although technical feasibility remains valid, the challenges to realise material commercial returns have resulted in the conclusion not to pursue further active development and substantive utilisation of this technology. The impairment charge is included within research and development expenses.

(iii) Comprises costs of the strategic ERP implementation which do not qualify for capitalisation and, for the period ended 31 December 2021, impairment charges of £2.1m, as a result of a software asset developed as part of the ERP project that was no longer required. Such costs are included within selling, general and administrative expenses. Included in the period ended 31 December 2021 is £1.3m (year ended 30 June 2020: £0.3m) relating to costs associated with implementation of the SaaS IFRIC as described in note 2.

(iv) Comprises legal and other professional fees associated with the acquisition of BioVision and other aborted acquisitions. Year ended 30 June 2020: Comprises legal and other professional fees associated with the acquisition of Expedeon as well as agreed settlements of Expedeon employee incentive schemes. Such costs are included within selling, general and administrative expenses.

(v) Integration and reorganisation costs relate to the integration of the acquired BioVision business as described in note 29 (comprising mainly legal and professional fees) of £1.0m, integration costs relating to Expedeon of £0.7m, and reorganisation costs in the US and Asia Pacific, relating to the ongoing reorganisation of the Group's property portfolio of £4.0m. Year ended 30 June 2020: Integration and reorganisation costs relate partly to the integration of the acquired Expedeon business as described in note 29 (comprising mainly retention and severance costs as well as employee backfill costs for those involved in the integration and consultancy costs) and reorganisation costs in respect of alignment of the Group's operational structure and geographical footprint to its strategic goals.

(vi) Amortisation of £10.1m (year ended 30 June 2020: £6.0m) is included within research and development expenses, with the remaining £3.4m (year ended 30 June 2020: £2.6m) included within selling, general and administrative expenses.

(vii) Comprises share-based payment charges of £25.2m and employer's tax contributions of £3.8m thereon for all the Group's equity- and cash-settled schemes, which have been re-presented within adjusting items. The comparative period has been re-presented. Charges of £5.1m (year ended 30 June 2020: £2.7m) are included in research and development expenses, with the remaining £23.9m (year ended 30 June 2020: £6.6m) included within selling, general and administrative expenses.

(viii) Comprises a credit for historical periods in respect of the initial recognition of benefit from the lower rate of tax applied to profits on patented income under HMRC's 'patent box' regime following successful registration of patents during the prior period.

8. Employees

The average monthly number of employees (including Executive Directors) was:

	18 month period ended 31 December 2021 number	Year ended 30 June 2020 number
Management, administrative, marketing and distribution	**1,158**	879
Laboratory	**429**	575
	1,587	1,454

During the period ended 31 December 2021, the Group changed the allocation of certain departmental headcount to particular cost centres, which had the effect of reducing the average number of laboratory staff and increasing the average number of management, administrative, marketing and distribution staff. This was in order to more accurately reflect the nature of operations being undertaken by those particular departments. Contractors are not included in the analysis of employee numbers.

Their aggregate remuneration comprised:

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Wages and salaries	**132.0**	69.5
Social security costs	**18.7**	7.1
Other pension costs	**9.3**	4.5
Share-based payments charge	**25.2**	9.3
Total staff costs	**185.2**	90.4

The remuneration of the Directors, including rewards under share schemes, are set out in note 30 and the Annual Report on Remuneration on pages 93 to 103.

9. Finance income and costs

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Interest receivable	**0.5**	0.7
Finance income	**0.5**	0.7
Interest expense on lease liabilities	**(2.7)**	(1.5)
Borrowing costs	**(1.9)**	(1.3)
Finance costs	**(4.6)**	(2.8)
Net finance costs	**(4.1)**	(2.1)

10. Tax

	Note	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m
Current tax			
Current income tax charge		**15.1**	4.8
Adjustment in respect of prior years		**(2.4)**	(0.9)
		12.7	3.9
Deferred tax			
Origination and reversal of temporary differences		**(12.9)**	(9.2)
Adjustment in respect of prior years		**1.9**	0.9
Effect of tax rate change		**1.4**	0.2
	17	**(9.6)**	(8.1)
Total income tax charge/(credit)		**3.1**	(4.2)
Adjusted income tax charge**	(i)	**16.9**	9.4

* See note 2 for details of prior period restatement.

** During the period ended 31 December 2021, share-based payment charges and employer tax contributions thereon have been included in adjusting items. The comparative period has been re-presented.

(i) Adjusted income tax charge excludes the tax effects of adjusting items and, for the year ended 30 June 2020, a credit arising from historical patent box claims, which are set out in note 7.

The Group reported a net tax charge of £3.1m (year ended 30 June 2020: credit of £4.2m). The net tax charge is reduced below the standard rate of UK corporation tax due to the credit from the 'patent box' benefit in the UK, where a lower rate of tax is applied to profits on patented income. The effective tax rate on adjusted profits is 14.9% (year ended 30 June 2020: 18.0%). The tax credit for the year ended 30 June 2020 contained a historic element in respect of a patent box claim covering prior years 2016 to 2019 amounting to £4.6m.

The UK corporation tax rate for the year was 19.0% (30 June 2020: 19.0%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Finance Act 2021 increased the UK corporation tax rate to 25% with effect from 1 April 2023. This 25% rate has been applied in the deferred tax valuations based on the expected timing of when such assets and liabilities will be recovered.

The charge/(credit) for the period/year can be reconciled to the profit per the income statement as follows:

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m
Profit before tax	**20.3**	8.3
Tax at the UK corporation tax rate of 19.0% (year ended 30 June 2020: 19.0%)	**3.9**	1.6
Adjustment in respect of overseas tax rates	**2.2**	(1.3)
Adjustments in respect of prior years	**(0.5)**	—
Effect of 'patent box' benefit	**(3.3)**	(6.0)
Tax effect of non-deductible expenses and non-taxable income	**(0.6)**	1.3
Overseas R&D tax credit uplift	**(0.4)**	(0.5)
Overseas withholding tax	**0.4**	0.5
Effect of tax rate change on deferred tax balances	**1.4**	0.2
Tax charge/(credit) for the period/year	**3.1**	(4.2)

11. Earnings per share

The calculations of earnings per ordinary share (EPS) and adjusted earnings per ordinary share (adjusted EPS) are based on profit after tax and adjusted profit after tax respectively, attributable to owners of the parent and the weighted number of shares in issue during the year.

Adjusted EPS figures have been calculated based on earnings before adjusting items which are considered significant in nature or value and which are described in note 7.

	Note	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m
Earnings			
Profit attributable to equity shareholders of the parent – adjusted		**74.5**	42.5
Adjusting items	7	**(57.3)**	(30.0)
Profit attributable to equity shareholders of the parent – reported		**17.2**	12.5

	Million	Million
Number of shares		
Weighted average number of ordinary shares in issue	**224.7**	208.0
Less ordinary shares held by Equiniti Share Plan Trustees Limited	**(0.4)**	(0.4)
Weighted average number of ordinary shares for the purposes of basic EPS	**224.3**	207.6
Effect of potentially dilutive ordinary shares – share options and awards	**2.0**	2.0
Weighted average number of ordinary shares for the purposes of diluted EPS	**226.3**	209.6

* See note 2 for details of prior period restatement.

Basic EPS and adjusted basic EPS are calculated by dividing the earnings attributable to the equity shareholders of the parent by the weighted average number of shares outstanding during the period/year. Diluted EPS and adjusted diluted EPS are calculated on the same basis as basic EPS but with a further adjustment to the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. Such potentially dilutive ordinary shares comprise share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period/year and any unvested shares which have met, or are expected to meet, the performance conditions at the end of the period/year.

	18 month period ended 31 December 2021	Year ended 30 June (restated*) 2020
Basic EPS	**7.7p**	6.0p
Diluted EPS	**7.6p**	6.0p
Adjusted basic EPS	**33.2p**	20.5p
Adjusted diluted EPS	**32.9p**	20.3p

* See note 2 for details of prior period restatement.

12. Goodwill

	Note	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Cost and carrying amount			
At beginning of period/year		**195.0**	120.9
Additions	29	**177.6**	68.3
Exchange differences		**(7.8)**	5.8
At end of period/year		**364.8**	195.0
Allocated to BioVision CGU		**181.0**	—
Allocated to Group CGU		**183.8**	195.0
At end of period/year		**364.8**	195.0

Goodwill is converted at the exchange rate on the date of acquisition and retranslated at the balance sheet date.

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Unit (CGU) which is expected to benefit from that business combination. Following the acquisition of BioVision, Inc. (as described in note 29), the acquired business has not been fully integrated into the Group's operations as at 31 December 2021. As such, BioVision is considered a separate CGU, and goodwill arising from the acquisition has been allocated to this CGU. The Directors consider the remainder of the Group to be one CGU, as previous acquisitions have been fully integrated into the Group's operations and product portfolio.

Goodwill is subject to an annual impairment review or more frequently if there are any indications that goodwill might be impaired. The reviews are carried out using the following criteria:

- The recoverable amount of the CGU is determined from value in use (VIU) calculations;
- The VIU is calculated by applying discounted cash flow modelling to management's own projections covering a five year period;
- Cash flows beyond the five year period are extrapolated using a long-term growth rate equivalent to the expected inflationary increases of the economies in which the CGU predominantly trades.

The key assumptions considered most sensitive for the VIU calculations are:

- The Directors' five year projections; and
- The pre-tax adjusted discount rate.

The Directors have projected cash flows based on strategic financial forecasts over a period of five years and take account of relative performance of competitors, knowledge of the current market, together with the Directors' views on the future achievable growth in market share and the impact of growth initiatives.

Growth rates of 2.5% and 2.2% have been used in the extrapolation of cash flows beyond the five year period for the BioVision and Group CGU respectively, and have been based on third party long-term growth rate forecasts which are based on GDP growth rates.

Pre-tax discount rates of 12.0% and 7.2% have been applied to the BioVision and Group CGUs respectively, estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

Based on the results of this analysis, management is satisfied that the recoverable amount of goodwill exceeds its carrying amount for both CGUs.

Management has performed a sensitivity analysis on each of the key base case assumptions mentioned above. Due to the significant headroom which exists between the recoverable amount and the carrying value, the Directors have concluded that there are no reasonable possible changes in any of these key assumptions which would cause the goodwill to exceed its VIU.

13. Intangible assets

	Acquisition intangibles								
	Customer relationships and distribution rights £m	Patents, technology and know-how £m	Licence fees £m	Trade names £m	Sub-total £m	Software (restated*) £m	Internally developed technology £m	Patents and licences £m	Total (restated*) £m
Cost									
At 1 July 2019 (as previously reported)	6.9	68.5	15.7	2.6	93.7	51.8	27.9	—	173.4
Prior period restatement	—	—	—	—	—	(2.2)	—	—	(2.2)
At 1 July 2019 (restated*)	6.9	68.5	15.7	2.6	93.7	49.6	27.9	—	171.2
Additions	—	—	—	—	—	14.8	9.0	—	23.8
Acquisition	1.8	45.8	0.4	1.1	49.1	0.1	—	—	49.2
Exchange differences	0.2	3.5	0.2	0.1	4.0	—	0.2	—	4.2
At 30 June 2020 (restated*)	8.9	117.8	16.3	3.8	146.8	64.5	37.1	—	248.4
Additions	**—**	**—**	**—**	**—**	**—**	**24.5**	**12.0**	**1.6**	**38.1**
Acquisition	**3.7**	**77.5**	**—**	**—**	**81.2**	**—**	**—**	**—**	**81.2**
Exchange differences	**(0.4)**	**(6.1)**	**(0.5)**	**(0.2)**	**(7.2)**	**(0.2)**	**(0.4)**	**—**	**(7.8)**
At 31 December 2021	**12.2**	**189.2**	**15.8**	**3.6**	**220.8**	**88.8**	**48.7**	**1.6**	**359.9**
Accumulated amortisation									
At 1 July 2019 (as previously reported)	5.1	22.9	6.0	2.3	36.3	20.8	9.6	—	66.7
Prior period restatement	—	—	—	—	—	(0.1)	—	—	(0.1)
At 1 July 2019 (restated*)	5.1	22.9	6.0	2.3	36.3	20.7	9.6	—	66.6
Charge for the year	0.8	6.3	1.2	0.3	8.6	4.0	3.1	—	15.7
Impairment	—	14.7	—	—	14.7	—	0.2	—	14.9
Exchange differences	0.1	0.8	0.1	0.1	1.1	—	—	—	1.1
At 30 June 2020	6.0	44.7	7.3	2.7	60.7	24.7	12.9	—	98.3
Charge for the period	**1.4**	**10.0**	**2.0**	**0.1**	**13.5**	**10.9**	**3.9**	**0.5**	**28.8**
Impairment	**—**	**—**	**—**	**—**	**—**	**2.1**	**1.7**	**—**	**3.8**
Exchange differences	**(0.4)**	**(3.8)**	**(0.4)**	**(0.2)**	**(4.8)**	**(0.1)**	**(0.3)**	**—**	**(5.2)**
At 31 December 2021	**7.0**	**50.9**	**8.9**	**2.6**	**69.4**	**37.6**	**18.2**	**0.5**	**125.7**
Carrying amount									
At 30 June 2020	2.9	73.1	9.0	1.1	86.1	39.8	24.2	—	150.1
At 31 December 2021	**5.2**	**138.3**	**6.9**	**1.0**	**151.4**	**51.2**	**30.5**	**1.1**	**234.2**
Included in carrying amount – Assets under construction									
At 30 June 2020	—	—	—	—	—	28.7	7.2	—	35.9
At 31 December 2021	**—**	**—**	**—**	**—**	**—**	**18.6**	**4.3**	**1.1**	**24.0**

* See note 2 for details of the prior period restatement.

Amortisation of £14.5m (year ended 30 June 2020: £8.2m) is included within research and development expenses and £14.3m (30 June 2020: £7.5m) is included within selling, general and administrative expenses.

During the period ended 31 December 2021, the Group revised its estimate of the useful economic life of its software intangible assets from 3 to 5 years to 3 to 10 years. This was based on an assessment of the enhanced functionality available to the Group from its ERP software following implementation of certain key modules in the period. This change in estimate has been accounted for prospectively in line with IAS 8, 'Accounting policies, changes in accounting estimates and errors' and has led to a reduction in the monthly impairment charge of £0.5m and is expected to lead to an average annual reduction of £3.9m in the amortisation charge for the years 2022 to 2026.

13. Intangible assets continued

During the period ended 31 December 2021, an impairment was made of internally developed technology assets relating to the AxioMx business unit, following an assessment of the work performed and costs capitalised to date. Following the review, it was concluded that as a result of changes in the scope and nature of the project to which the costs related, and the corresponding usability of historical work performed, £1.1m of internally developed technology assets were impaired. The impairment charge is included within research and development expenses and is included in adjusting items.

A further £0.6m impairment charge on internally developed technology was recorded in the period, relating to certain technology assets. This is included within selling, general and administrative expenses.

A £2.1m impairment charge was also recognised in respect of capitalised software development that will no longer be used in the Group's ERP implementation project. The impairment charge is included within selling, general and administrative expenses and is included in adjusting items.

During the period ended 31 December 2021, the assets relating to Firefly BioWorks multiplex and assay technology were tested for impairment. Given the nascent state of the technology, management used the fair value less costs to sell method of assessing the recoverable amount of the intangible assets. The fair value was estimated by utilising market-based data from comparable companies and recent transactions in the industry. The result was a fair value that significantly exceeded the carrying value of the asset and the Directors have concluded that there are no reasonable possible scenarios that would cause an impairment to be required.

During the period ended 31 December 2021, a review was undertaken of the performance of historical acquisitions. In respect of Applied Stem Cell, it was determined that the additional knowledge gained of the marketplace in which Applied Stem Cell operates caused the initial valuation of the acquisition intangibles to be revisited as permitted by IFRS 3 'Business Combinations' within the first 12 months of ownership. This has resulted in a £2.2m reduction in the initial valuation of acquisition intangibles from that originally presented in the consolidated financial statements for the fiscal year ended 30 June 2020 with a corresponding increase in goodwill. In accordance with IFRS 3 'Business Combinations', this adjustment has been recorded within the prior period balance. See note 29 for further information.

During the year ended 30 June 2020, a full impairment was made of the acquisition intangible in respect of AxioMx in Vitro monoclonal antibody production technology and subsequent post acquisition expenditure. This has arisen following an appraisal of the ability to utilise at scale this technology whereby although technical feasibility remains valid, the challenges to realise material commercial returns have resulted in the conclusion not to pursue further active development and substantive utilisation of this technology. This expense is included within research and development expenses. Further information is shown in note 7.

Capital commitments at 31 December 2021 amounted to £5.4m (2020: £4.1m).

Individually material intangible assets

The Group's ERP system is considered to be an individually material intangible asset, of which £31.9m (year ended 30 June 2020: £11.3m) is included within software which is being amortised over a ten year period with a remaining amortisation period of 7.4 years with the remainder shown as software assets under construction.

Patents, technology and know-how and Licence fees includes amounts which are considered individually material to the financial statements and are set out as follows:

	Carrying amount £m	Remaining amortisation period Years
Expedeon CaptSure technology	22.4	14
Expedeon antibody labelling and conjugation technology	15.8	14
Epitomics RabMAb® technology	8.9	5
Firefly BioWorks Multiplex and assay technology	11.3	8
Roche licence agreement	6.4	7
BioVision Metabolism Assays & Proteins	77.5	10

14. Property, plant and equipment

	Laboratory equipment £m	Office fixtures, fittings and other equipment £m	Cell line assets £m	Leasehold improvements £m	Total £m
Cost					
At 1 July 2019	23.0	15.1	—	20.1	58.2
Additions	7.0	1.3	4.2	—	12.5
Acquisitions	0.3	0.1	—	0.2	0.6
Reclassification	(1.4)	—	1.4	—	—
Disposals	—	(1.4)	—	—	(1.4)
Exchange differences	0.4	0.4	—	—	0.8
As 30 June 2020	29.3	15.5	5.6	20.3	70.7
Additions	**7.9**	**5.8**	**2.9**	**28.9**	**45.5**
Acquisitions	**0.8**	**—**	**—**	**—**	**0.8**
Disposals	**(1.1)**	**(2.0)**	**—**	**(0.2)**	**(3.3)**
Exchange differences	**(0.8)**	**(0.8)**	**—**	**0.2**	**(1.4)**
At 31 December 2021	**36.1**	**18.5**	**8.5**	**49.2**	**112.3**
Accumulated depreciation					
At 1 July 2019	12.6	8.1	—	0.4	21.1
Charge for the year	3.4	2.6	0.3	1.0	7.3
Disposals	—	(1.4)	—	—	(1.4)
Exchange differences	0.1	0.2	—	0.1	0.4
At 30 June 2020	16.1	9.5	0.3	1.5	27.4
Charge for the period	**6.3**	**4.1**	**0.9**	**4.0**	**15.3**
Disposals	**(1.1)**	**(1.5)**	**—**	**—**	**(2.6)**
Exchange differences	**(0.5)**	**(0.6)**	**—**	**(0.2)**	**(1.3)**
At 31 December 2021	**20.8**	**11.5**	**1.2**	**5.3**	**38.8**
Net book value					
At 30 June 2020	13.2	6.0	5.3	18.8	43.3
At 31 December 2021	**15.3**	**7.0**	**7.3**	**43.9**	**73.5**
Included in net book value – Assets under construction					
At 30 June 2020	—	—	1.2	—	1.2
At 31 December 2021	**—**	**—**	**2.3**	**0.9**	**3.2**

Capital commitments at 31 December 2021 amounted to £4.0m (2020: £1.8m).

15. Leases

Right-of-use assets

	Land and Buildings £m	Other £m	Total £m
Cost			
At 1 July 2019	70.6	0.2	70.8
Additions	58.7	—	58.7
Disposals and other adjustments	(2.3)	—	(2.3)
Exchange differences	0.9	—	0.9
At 30 June 2020	127.9	0.2	128.1
Additions	**2.5**	**0.1**	**2.6**
Acquisitions	**2.0**	**—**	**2.0**
Leasehold incentives received	**(14.9)**	**—**	**(14.9)**
Disposals and other adjustments	**(4.2)**	**—**	**(4.2)**
Exchange differences	**(6.2)**	**—**	**(6.2)**
31 December 2021	**107.1**	**0.3**	**107.4**
Accumulated amortisation			
At 1 July 2019	—	—	—
Charge for the year	6.6	0.1	6.7
At 30 June 2020	6.6	0.1	6.7
Charge for the period	**12.8**	**0.1**	**12.9**
Exchange differences	**(0.4)**	**—**	**(0.4)**
31 December 2021	**19.0**	**0.2**	**19.2**
Carrying amount			
At 30 June 2020	121.3	0.1	121.4
At 31 December 2021	**88.1**	**0.1**	**88.2**

Lease liabilities

Maturity analysis of lease liabilities:

	31 December 2021 £m	30 June 2020 £m
Amounts falling due within		
One year	**9.2**	7.3
Between one and five years	**33.9**	26.9
Later than five years	**67.4**	93.6
	110.5	127.8

The interest expense incurred on lease liabilities included within finance costs was £2.7m (2019/20: £1.5m) and income recognised from subleases was £0.8m (year ended 30 June 2020: £0.8m). The lease expense relating to short-term leases and low value assets (that are not shown in the tables above) was £0.3m (year ended 30 June 2020: £0.3m). Cash outflows in respect of right-of-use assets were £14.6m (30 June 2020: £7.7m).

16. Investments

	31 December 2021 £m	30 June 2020 £m
At beginning of period/year	**7.0**	0.8
Additions	**0.1**	2.2
Revaluation to fair value	**(3.2)**	4.0
Exchange differences	**(0.4)**	—
At end of period/year	**3.5**	7.0

Additions in the period relate to increased investment in Somaserve Limited. See note C8 for a list of group subsidiaries.
Fair value adjustments relate to changes in the value of the Group's investment in Plexbio Inc.

17. Deferred tax assets and liabilities

	Accelerated capital allowances £m	Cash flow hedges £m	Share-based payments £m	Acquired intangible assets £m	Losses £m	Other temporary differences £m	Total £m
At 1 July 2019 (as previously reported)	(4.1)	0.3	4.0	(12.4)	1.3	3.8	(7.1)
Prior period restatement	0.4	—	—	—	—	—	0.4
At 1 July 2019 (restated*)	(3.7)	0.3	4.0	(12.4)	1.3	3.8	(6.7)
(Charge)/credit to income	(4.6)	—	2.0	5.6	4.0	1.1	8.1
Credit to equity	—	(0.1)	(1.8)	—	—	(1.4)	(3.3)
Reclassification	(0.5)	—	—	—	—	0.5	—
Arising on acquisition	—	—	—	(12.0)	—	—	(12.0)
Exchange differences	—	—	—	(0.7)	—	—	(0.7)
At 30 June 2020 (restated*)	(8.8)	0.2	4.2	(19.5)	5.3	4.0	(14.6)
(Charge)/credit to income	**(6.0)**	**—**	**7.6**	**5.8**	**1.2**	**1.0**	**9.6**
Credit to equity	**—**	**(0.2)**	**(4.2)**	**—**	**—**	**1.7**	**(2.7)**
Reclassification	**—**	**—**	**—**	**0.3**	**(0.3)**	**—**	**—**
Arising on acquisition	**—**	**—**	**—**	**(22.7)**	**—**	**(1.6)**	**(24.3)**
Exchange differences	**—**	**—**	**—**	**1.1**	**(0.1)**	**(0.1)**	**0.9**
At 31 December 2021	**(14.8)**	**—**	**7.6**	**(35.0)**	**6.1**	**5.0**	**(31.1)**

* See note 2 for details of prior period restatement.

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so and an intention to settle net.

Deferred tax balances are comprised as follows:

	31 December 2021 £m	30 June 2020 (restated*) £m
Deferred tax assets to be recovered		
Within 12 months	**3.6**	10.1
After more than 12 months	**6.8**	3.6
	10.4	13.7
Deferred tax liabilities to be recovered		
Within 12 months	**4.6**	(3.5)
After more than 12 months	**(46.1)**	(24.8)
	(41.5)	(28.3)
Deferred tax liabilities (net)	**(31.1)**	(14.6)

* See note 2 for details of prior period restatement.

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability or asset is expected to be realised based on rates enacted or substantively enacted by the reporting date.

18. Inventories

	31 December 2021 £m	30 June 2020 £m
Raw materials	**10.0**	8.0
Work in progress	**25.0**	16.0
Finished goods and goods for resale	**23.2**	16.7
	58.2	40.7

Inventories are stated net of provision for slow moving or defective inventory of £13.7m (2020: £12.5m). Cost of inventories recognised as an expense and write down of inventories recognised as an expense (and which are included as part of cost of sales) are set out in note 6.

During the period ended 31 December 2021, the Group changed the method by which it analyses inventories due to enhanced information available from its ERP systems. This has changed the split between Work in progress and Finished goods. The comparative balance has been represented accordingly.

19. Trade and other receivables

	31 December 2021 £m	30 June 2020 £m
Amounts receivable for the sale of goods and services	**34.0**	31.7
Less provision for bad and doubtful debts	**(0.8)**	(0.3)
	33.2	31.4
Other receivables	**8.9**	8.3
Prepayments	**5.1**	4.7
	47.2	44.4

Ageing of trade receivables:

	31 December 2021			30 June 2020		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not past due	**18.7**	**—**	**18.7**	22.4	—	22.4
Past due						
0 to 30 days	**5.8**	**—**	**5.8**	3.6	—	3.6
30 to 60 days	**2.9**	**—**	**2.9**	0.6	—	0.6
More than 60 days	**6.6**	**(0.8)**	**5.8**	5.1	(0.3)	4.8
	15.3	**(0.8)**	**14.5**	9.3	(0.3)	9.0
	34.0	**(0.8)**	**33.2**	31.7	(0.3)	31.4

Movement in provision for bad and doubtful debts

	31 December 2021 £m	30 June 2020 £m
Balance at beginning of period/year	**(0.3)**	(0.1)
Impairment losses recognised in the income statement	**(0.5)**	(0.2)
Balance at end of period/year	**(0.8)**	(0.3)

The average credit period taken for sales is 35 days (30 June 2020: 41 days). Trade and other receivables are non-interest bearing and generally on terms between 30 to 90 days. Trade receivables are provided for based on estimated irrecoverable amounts determined by specific circumstances as described in note 3.

The Group does not hold any collateral or other credit enhancements over its trade receivables, nor do they have a legal right to offset against any amounts owed to the counterparty.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

20. Derivative financial instruments

31 December 2021

	Current		Non-current	
	Asset £m	Liability £m	Liability £m	Total £m
Derivatives carried at fair value through profit and loss				
Forward exchange contracts that are not designated in hedge accounting relationships	**0.2**	**(0.1)**	**—**	**0.1**
Derivatives that are designated and effective as hedging instruments carried at fair value				
Forward exchange contracts	**0.3**	**(0.1)**	**—**	**0.2**
	0.5	**(0.2)**	**—**	**0.3**

30 June 2020

	Current		Non-current	
	Asset £m	Liability £m	Liability £m	Total £m
Derivatives carried at fair value through profit and loss				
Forward exchange contracts that are not designated in hedge accounting relationships	—	(0.4)	—	(0.4)
Derivatives that are designated and effective as hedging instruments carried at fair value				
Forward exchange contracts	—	(0.8)	—	(0.8)
	—	(1.2)	—	(1.2)

Further details of derivative financial instruments are provided in note 26.

21. Trade and other payables

	31 December 2021 £m	30 June 2020 £m
Amounts falling due within one year		
Trade payables	**12.9**	9.4
Accruals	**28.1**	23.7
Deferred income	**6.6**	7.2
Other taxes and social security	**3.0**	1.0
Other payables	**3.6**	2.5
	54.2	43.8

At 31 December 2021, the Group had an average of 37 days of purchases (30 June 2020: 34 days) outstanding in trade payables (excluding accruals and deferred income). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timetable. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Deferred income includes contract liabilities of £3.1m (2020: £4.4m) which represent consideration received for performance obligations not yet satisfied, in delivering products or services to customers. All deferred income is to be recognised within the next financial year.

Other payables includes £nil (2020: £0.2m) of deferred consideration payable on acquisitions.

22. Borrowings

	31 December 2021 £m	30 June 2020 £m
Amounts falling due within one year		
Loan	**(119.2)**	(106.4)

The loan comprises drawings on the Group's three year £200m Revolving Credit Facility (RCF) which was entered into in February 2019 and is shown net of unamortised facility arrangement fees. The RCF has a £100m accordion option which may be requested with prior notice at any time up to six months of the termination date. The initial term of this RCF had two extension options of one year each whereby the Company exercised the option for a two year extension on 17 December 2020 such that on 7 January 2021, the Company received approval from all syndicate banks. This extends the expiry of the facility to 31 January 2024. All other terms of the facility remain unchanged.

During the year ended 30 June 2020, drawings on the RCF comprised an initial amount of €120.0m (£103.4m) to fund the purchase of Expedeon (as set out in note 29). In February 2020, a partial repayment amounting to £20.0m was made and the remaining borrowings redenominated into Sterling, leaving an outstanding balance of £82.0m. In March 2020, a subsequent drawing of £25.0m was made in order to provide operational flexibility in light of the COVID-19 pandemic bringing amounts drawn to £107.0m. The maximum amount drawn under the RCF during the year ended 30 June 2020 was £107.0m.

On 23 November 2020, the Group repaid in full the sum of £107.0m which was drawn up until that point. On 19 October 2021, the Group drew £120.0m to fund the purchase of BioVision (as set out in note 29).

The Group is subject to financial covenants on the RCF and has complied with these at all testing points in both 2020 and 2021.

23. Share capital and reserves

Share capital

	31 December 2021 £m	30 June 2020 £m
Authorised, issued and fully paid:		
228,886,439 (2020: 216,173,277) ordinary shares of 0.2 pence each	**0.5**	0.4

The Company has one class of ordinary shares which carries no right to fixed income.

On 26 October 2020, the Group closed its offering of an aggregate of 10,287,000 American Depositary Shares ("ADSs") representing 10,287,000 ordinary shares at a price of $17.50 per ADS, following the Group's secondary listing on Nasdaq. The net proceeds from this offering were £126.5m.

On 9 April 2020, the Company issued 10,000,000 new ordinary shares of 0.2 pence each to Durable Capital Partners LP at an issue price of £11.00 per share, raising £110.0m. Other share capital issued during the year arose from the exercise of share options and the issue of shares to the Equiniti Share Plan Trustees Limited.

Other reserves

Merger reserve
Comprises the premium on shares issued as consideration for acquisitions where conditions for merger relief have been satisfied.

Own shares
Represents shares in the Company held by the Equiniti Share Plan Trustees Limited. These shares are held in order to satisfy the Free Shares and Matching Shares elements of the SIP, further details of which are set out in note 27.

	31 December 2021		30 June 2020	
	Nominal value £'000	Number	Nominal value £'000	Number
Own shares	**1**	**349,500**	1	434,268

Translation reserve
Represents exchange differences on translation of overseas operations.

Hedging reserve
Comprises gains and losses recognised on cash flow hedges and the associated deferred tax assets.

24. Dividends

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Amounts recognised as distributions to the equity shareholders in the period/year:		
Final dividend for the year ended 30 June 2019 of 8.58 pence per share	—	17.7
Interim dividend for the year ended 30 June 2020 of 3.55 pence per share	—	7.3
Total distributions to owners of the parent in the period/year	**—**	25.0

25. Notes to the cash flow statement

	Note	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m
Operating profit		**24.4**	10.4
Adjustments for:			
Depreciation of property, plant and equipment	14	**15.3**	7.3
Depreciation of right-of-use assets	15	**12.9**	6.7
Amortisation of intangible assets	13	**28.8**	15.7
Impairment of intangible assets	13	**3.8**	14.9
Loss on disposal of property, plant and equipment	14	**0.7**	—
Derivative financial instruments at fair value through profit or loss	6	**(0.4)**	—
Research and development expenditure credit	6	**(3.2)**	(1.5)
Share-based payments charge	27	**25.2**	9.3
Unrealised currency translation losses/(gains)		**1.4**	(1.4)
Operating cash flows before movements in working capital		**108.9**	61.4
Increase in inventories		**(9.7)**	(1.1)
(Increase)/decrease in receivables		**(3.7)**	2.7
Increase in payables		**9.8**	2.4
Cash generated from operations		**105.3**	65.4

* See note 2 for details of prior period restatement.

Analysis of changes in net (debt)/cash

	Cash and cash equivalents £m	Lease liabilities* £m	Borrowings* £m	Net (debt)/cash £m
At 1 July 2019	87.1	—	—	87.1
IFRS 16 implementation	—	(76.2)	—	(76.2)
Additions to leases	—	(58.6)	—	(58.6)
Cash flow	99.5	7.7	(107.0)	0.2
Foreign exchange and other non-cash movements	0.7	(0.7)	0.6	0.6
At 30 June 2020	187.3	(127.8)	(106.4)	(46.9)
Additions to leases	**—**	**(4.6)**	**—**	**(4.6)**
Cash flow	**(91.1)**	**14.6**	**(13.0)**	**(89.5)**
Foreign exchange and other non-cash movements	**(1.1)**	**7.3**	**0.2**	**6.4**
Net (debt)/cash	**95.1**	**(110.5)**	**(119.2)**	**(134.6)**

Total financial liabilities included within net debt comprise those items marked * and amount to £229.7m (30 June 2020: £234.2m).

Liabilities arising from financing activities comprise the Group's RCF (as set out in note 22) and lease liabilities (as set out in note 15).

26. Financial instruments

Capital risk management

The capital structure of the Group comprises of cash and cash equivalents, a Revolving Credit Facility of £200m (with a £100m additional accordion option and an initial term of three years which was entered into in February 2019) and total equity attributable to the owners of the parent. The Group maintains a capital structure with the following objectives:

- to protect the ability of the Group to continue as a going concern and maintain sufficient available resources as protection for unforeseen events;
- to provide flexibility of resource for strategic growth and investment where opportunities arise; and
- to provide reasonable returns to shareholders whilst maintaining a limited level of risk.

As part of achieving these objectives the Group identifies the principal financial risk exposures that are created by the Group's financial instruments and monitors them on a regular basis. These are considered to be foreign currency risk (a component of market risk), credit risk and liquidity risk.

Where appropriate the Group uses financial derivatives to help mitigate the key risks, the use of which is governed by the Group's policies approved by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk

This is the risk that a change in currency rates causes an adverse impact on the Group's performance or financial position.

The Group has transactions denominated in various currencies with the principal currency exposure being fluctuations in US Dollars (USD), Euros, Japanese Yen and Chinese Renminbi (RMB). Collectively these currencies make up approximately 90% of the Group's revenue and cash inflows. Whilst a large portion of the manufacturing and research and development costs are USD and RMB, giving a natural offset against the currency inflows, the majority of administration costs remain as Sterling leaving an overall net currency inflow in the Group's cash flows.

This remaining currency exposure is centrally managed with the objective being to secure a level of certainty of Sterling value for up to 90% of the future net exposure based on forecast cash flows expected to occur up to 18 months ahead. The Group uses forward currency contracts to achieve this objective and applies hedge accounting where applicable. Foreign currency forward contracts are valued using quoted forward exchange rates and yield curves matching maturities of the contracts.

26. Financial instruments continued

The Group's open forward currency contracts and their maturity profile as at the period end is as follows:

Outstanding contracts	31 December 2021 Average rate	31 December 2021 Foreign currency million	30 June 2020 Average rate	30 June 2020 Foreign currency million
Sell US Dollars				
Less than 3 months	—	—	1.29	$3.1
3 to 6 months	1.36	$0.2	1.31	$2.0
7 to 12 months	—	—	1.24	$0.1
	1.36	$0.2	1.30	$5.2
Sell Euros				
Less than 3 months	1.16	€8.2	1.14	€8.1
3 to 6 months	1.16	€6.9	1.15	€6.5
7 to 12 months	1.17	€5.9	1.12	€3.4
	1.16	€21.0	1.14	€18.0
Sell Yen				
Less than 3 months	150.88	¥461.0	139.13	¥373.4
3 to 6 months	152.58	¥452.2	138.02	¥219.4
7 to 12 months	151.73	¥296.0	135.36	¥268.7
13 to 18 months	—	—	131.73	¥6.4
	151.72	¥1,209.2	137.60	¥867.9
Sell Chinese Renminbi				
Less than 3 months	9.03	¥24.5	9.11	¥19.4
3 to 6 months	8.99	¥17.2	8.99	¥7.5
7 to 12 months	8.85	¥16.6	8.90	¥6.0
	8.96	¥58.3	9.05	¥32.9

At 31 December 2021, the fair value of contracts held as cash flow hedges is a net asset of £0.3m (2020: net liability of £0.8m).

The movement recognised in other comprehensive income in the period:

	18 month period ended 31 December 2021	Year ended 30 June 2020
Gain in the period/year	1.4	0.7
Recycled to profit and loss	(0.4)	—
Gain recognised in other comprehensive income	1.0	0.7

26. Financial instruments continued

Currency risk sensitivity analysis

The following table shows the sensitivity of the Group's financial instruments to changes in exchange rates by detailing the impact on profit and other comprehensive income of a 10% change in the Sterling exchange rate against the relevant foreign currencies.

10% represents management's assessment of a reasonably possible change in foreign exchange rates over a 12 month period.

The sensitivity analysis below only includes financial instruments denominated in non-functional currency and forward currency contracts outstanding at the reporting date and represents the impact of an immediate change in Sterling against other currencies.

	US Dollar currency impact		Euro currency impact		Yen currency impact		RMB currency impact	
	+10% £m	-10% £m	+10% £m	-10% £m	+10% £m	-10% £m	+10% £m	-10% £m
31 December 2021								
Income statement	**1.1**	**(1.3)**	**0.4**	**(0.5)**	**0.4**	**(0.5)**	**0.3**	**(0.3)**
Other comprehensive income	**—**	**—**	**1.3**	**(1.5)**	**0.4**	**(0.5)**	**0.3**	**(0.4)**
30 June 2020								
Income statement	0.3	(0.4)	1.0	(1.3)	0.4	(0.5)	0.2	(0.2)
Other comprehensive income	0.4	(0.5)	0.9	(1.2)	0.3	(0.4)	0.3	(0.4)

The sensitivity analysis is limited to the year end exposure and therefore does not reflect the exposure and inherent risk during the year.

Liquidity risk

This is the risk that the Group will have insufficient funds available in the right currency to settle its obligations as they fall due.

The Group generates funds from operational activities in excess of its operational requirements and has substantial cash balances available for its current investment activities.

The Board reviews the funding requirement of the Group as part of the budgeting and long-term planning processes and considers as necessary alternative possible sources of funding where the requirement is not satisfied by the Group's forecast operational cash generation.

The Group manages liquidity risk by maintaining an adequate level of easily accessible cash reserves, in a currency profile representative of the Group's cost base and matching customer and supplier terms where possible. The Group also has access to daily currency trading facilities which provides the ability to convert currency within the agreed settlement limits as required.

The maturity profile of financial liabilities shown below represents the Group's gross expected contractual cash flows.

	Less than 1 year £m	Between 2 and 5 years £m	Over five years £m	Total £m
31 December 2021				
Trade and other payables	**46.0**	**—**	**—**	**46.0**
Borrowings	**120.0**	**—**	**—**	**120.0**
Lease liabilities	**11.1**	**47.0**	**64.0**	**122.1**
Derivative financial instruments	**32.4**	**—**	**—**	**32.4**

	Less than six months £m	Between six months and one year £m	Over one year £m	Total £m
30 June 2020				
Trade and other payables	33.8	—	—	33.8
Borrowings	107.0	—	—	107.0
Lease liabilities	9.3	32.0	101.9	143.2
Derivative financial instruments	30.8	—	—	30.8

The Group holds sufficient funds to meet these commitments as they fall due.

26. Financial instruments continued

Credit risk

This refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk on its financial assets; however, there is not deemed to be a significant exposure due to the nature of its customer base and the types of transaction that are undertaken.

Trade receivables consist of a large number of customers spread globally with the majority being in economically strong geographies. The Group's customer base is predominantly government-funded institutions, pharmaceutical companies conducting research, and local distributors. The perceived risk of default is deemed to be low.

Further information on the Group's trade receivable ageing and impairment can be found in note 19.

The Group generates significant levels of operational cash. Cash in excess of local operational requirements is remitted and managed centrally. Exposure to counterparty default risk is managed by limiting the concentration of funds and contracts held with individual financial institutions and ensuring funds are only placed with institutions or in products rated BBB- or above by Standard & Poor's.

Categories of financial instruments

	Carrying and fair value	
	31 December 2021 £m	30 June 2020 £m
Financial instruments held at amortised cost		
Trade receivables	**33.2**	31.4
Other receivables	**2.8**	3.9
Cash and cash equivalents	**95.1**	187.3
Trade and other payables	**(46.0)**	(33.8)
Borrowings	**(120.0)**	(107.0)
Lease liabilities	**(110.5)**	(127.8)
Financial instruments held at fair value		
Derivative financial instruments	**0.3**	(1.2)
Investment	**3.5**	6.7

The Directors consider there to be no material difference between the carrying value and the fair value of the financial instruments classified as held at amortised cost. For the items classified as held at fair value, the fair value is recognised on the balance sheet as the carrying amount.

26. Financial instruments continued

Financial instruments held at fair value

Financial instruments that are measured at fair value are classified using a fair value hierarchy that reflects the source of inputs used in deriving the fair value. The three classification levels are:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The following table presents the Group's assets and liabilities carried at fair value by valuation method.

31 December 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivative financial instruments	—	0.5	—	0.5
Investment	1.0	—	2.5	3.5
	1.0	0.5	2.5	4.0
Liabilities				
Derivative financial instruments	—	(0.2)	—	(0.2)
	—	(0.2)	—	(0.2)

30 June 2020	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Investment	4.8	—	1.9	6.7
	4.8	—	1.9	6.7
Liabilities				
Derivative financial instruments	—	(1.2)	—	(1.2)
	—	(1.2)	—	(1.2)

Level 1 investments comprise listed equity securities in Plexbio, Inc. See note 16 for further information.

Level 2 derivative financial instruments comprise forward foreign exchange contracts. The fair value is remeasured on a monthly basis with reference to available forward market rates and comparative instrument pricing.

Level 3 investments comprise non-listed equity securities in respect of a 13% stake in Brickbio, Inc. and, for the period ended 31 December 2021, a 14% stake in Somaserve Limited. The fair value is determined to be equal to the carrying amount of the investment and is reviewed periodically based on information available about the performance of the underlying business.

27. Share-based payments

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Expense arising from share-based payment transactions:		
Included in selling, general and administrative expenses	**20.7**	6.6
Included in research and development expenses	**4.5**	2.7
	25.2	9.3
Equity settled share-based payment expense	**25.0**	9.2
Cash settled share-based payment expense*	**0.2**	0.1
	25.2	9.3

* The total liability as at 31 December 2021 was £0.2m (2020: £0.3m) of which less than £0.1m (2020: less than £0.1m) relates to options which have vested.

Equity settled share option schemes

The Group operates a number of share schemes for certain employees of the Group as follows:

- 2005 and 2015 Share Option Scheme (ISO/Unapproved) (SOS)
- Company Share Option Plan 2009 (CSOP);
- Long Term Incentive Plan (LTIP);
- Profitable Growth Incentive Plan (PGIP);
- Annual bonus plan – deferred share award (DSA);
- Share Incentive Plan (SIP);
- Non-Executive Directors (NED) share award; and
- 2018, 2019, 2020 and 2021 Employee Share Scheme (AbShare).

Options or conditional share grants under each scheme have been aggregated.

The vesting period ranges from one to four years. Options which remain unexercised after a period of 10 years from the date of grant expire. Options are forfeited if the employee leaves the Group before they vest, save where the employee is deemed to be a 'good leaver' in which case options awarded are pro-rated to the leaving date.

Discretionary awards

Share option plans: SOS and CSOP

	18 month period ended 31 December 2021		Year ended 30 June 2020	
	Number	Weighted average exercise price pence	Number	Weighted average exercise price pence
Outstanding at beginning of period/year	**701,272**	**559.7**	947,948	640.1
Forfeited	**(78,152)**	**773.0**	(72,526)	1,259.1
Exercised	**(231,303)**	**758.7**	(174,150)	706.4
Outstanding at end of period/year	**391,817**	**726.5**	701,272	559.7
Number of options exercisable at end of period/year	**391,817**	**726.5**	519,442	661.7

27. Share-based payments continued

Analysed by range of exercise price:	Grant year	18 month period ended 31 December 2021 Number outstanding	18 month period ended 31 December 2021 Weighted average remaining contractual life	Year ended 30 June 2020 Number outstanding	Year ended 30 June 2020 Weighted average remaining contractual life
180.8p–464.0p	prior to 2016	**122,688**	**2.2 years**	197,901	3.4 years
598.0p	2016	**59,852**	**3.8 years**	111,033	5.3 years
851.0p	2017	**94,632**	**4.8 years**	161,372	6.3 years
1,020.0p	2018	**114,645**	**5.8 years**	230,966	7.3 years
		391,817	**4.2 years**	701,272	5.7 years

	18 month period ended 31 December 2021	Year ended 30 June 2020
Weighted average fair value of options granted	**—**	—
Weighted average share price at date of exercise	**1,540.1p**	1,329.2p

There were no grants issued under the SOS in the periods ended 31 December 2021 and 30 June 2020. Options issued under the SOS carry market-based performance conditions, whereby they will vest where the percentage growth in Abcam plc shares over the vesting period is equal or greater than the percentage growth of the FTSE AIM All-Share Index.

The inputs into the Monte Carlo model for options issued during the prior year were as follows:

The volatility of the options is based on the average of standard deviations of historical daily continuous returns on Abcam plc shares, looking back over the same period as the expected life of the option. The dividend yield is based on Abcam plc's actual dividend yield in the past. The risk-free rate is the yield on UK government gilts at each date of grant.

Share award plans: LTIP and DSA

	18 month period ended 31 December 2021	Year ended 30 June 2020
Outstanding at beginning of period/year	**1,085,162**	988,127
Granted	**604,774**	470,834
Forfeited	**(298,397)**	(121,127)
Exercised	**(386,194)**	(252,672)
Outstanding at end of period/year	**1,005,345**	1,085,162
Number of options exercisable at end of period/year	**63,759**	72,760

	18 month period ended 31 December 2021	Year ended 30 June 2020
Weighted average fair value of awards granted	**1,394.0p**	1,208.3p
Weighted average share price at date of exercise	**1,524.5p**	1,185.2p
Weighted average remaining contractual life	**4 years**	3.3 years

27. Share-based payments continued

Fair values of the awards with a performance condition based on non-market condition, for example EPS, are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current and prior periods were as follows:

	18 month period ended 31 December 2021					
	LTIP 1 December 2021	LTIP 1 December 2021	LTIP 7 December 2020	LTIP 7 December 2020	DSA 26 October 2021	DSA 26 October 2020
Share price at grant (pence)	**1,699.0**	**1,699.0**	**1,397.0**	**1,397.0**	**1,337.0**	**1,435.0**
Expected volatility	**34%**	**33%**	**36%**	**36%**	**33%**	**35%**
Contractual life (years)	**3.5 years**	**2 years**	**3 years**	**2 years**	**3 years**	**3 years**
Expected dividend yield	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.71%**	**0.71%**
Risk-free interest rate	**0.52%**	**0.43%**	**(0.07%)**	**(0.07%)**	**(0.06%)**	**(0.06%)**

	Year ended 30 June 2020				
	LTIP 14 Nov 2019	LTIP 9 March 2020	LTIP 9 March 2020	LTIP 9 March 2020	DSA 25 October 2019
Share price at grant (pence)	1,245.0	1,157.0	1,157.0	1,157.0	1,152.0
Expected volatility	30%	37%	35%	31%	30%
Contractual life (years)	3 years	1 years	2 years	3 years	3 years
Expected dividend yield	0.82%	0.88%	0.88%	0.88%	0.88%
Risk-free interest rate	0.47%	0.17%	0.11%	0.09%	0.44%

The inputs to the Black-Scholes model, such as expected volatility, are based on the same calculation as those for the Monte Carlo simulation.

LTIP: Full details of the performance conditions for the LTIP are shown in the Annual Report on Remuneration on page 96. All awards are subject to achievement of the performance conditions over a three year period and can be exercised over the following seven years. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

DSA: For those employees entitled to participate in the annual bonus plan, a portion of the bonus is awarded in the form of shares for which there is a compulsory holding period of two years and a requirement for continued employment before these fully vest to the employees (deferred shares). The number of deferred shares granted is dependent on certain performance criteria, comprising a one-year profit target and achievement of strategic and personal objectives.

Share award plans: PGIP

In Summer 2021, the Company approved a new share scheme PGIP (Profitable Growth Incentive Plan) which aims to align the reward to shareholders and incentivise key management employees & the executive directors to deliver the revenue growth ambition underpinned by ROCE. Upon vesting in April 2025, and subject to certain performance conditions being met, vested shares will be released as soon as practicable and will expire 30 days from the vesting date. Certain awards within the PGIP are subject to tranche vesting with 25% of vested shares released immediately; 25% after six months; 25% after 12 months; and 25% after 18 months.

	18 month period ended 31 December 2021
Outstanding at beginning of period/year	**—**
Granted	**4,875,141**
Forfeited	**(2,139)**
Exercised	**—**
Outstanding at end of period/year	**4,873,002**
Number of options exercisable at end of period/year	**—**

27. Share-based payments continued

	18 month period ended 31 December 2021
Weighted average fair value of awards granted	**1,360.4p**
Weighted average share price at date of exercise	**—**
Weighted average remaining contractual life	**3.4 years**

Fair values of the awards with a performance condition based on non-market conditions, for example EPS, are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current and prior periods were as follows:

	18 month period ended 31 December 2021	
	PGIP 14 July 2021	PGIP 14 September 2021
Share price at grant (pence)	**1,341.0**	**1,508.0**
Expected volatility	**34%**	**35%**
Contractual life (years)	**4 years**	**4 years**
Expected dividend yield	**0.00%**	**0.00%**
Risk-free interest rate	**0.24%**	**0.27%**

The inputs to the Black-Scholes model, such as expected volatility, are based on the same calculation as those for the Monte Carlo simulation.

All awards are subject to achievement of the performance conditions over a three and a half year period and can be exercised over the following five years. Same as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

All employee share schemes: AbShare, SIPs

AbShare

In Autumn 2018, the Company launched a share scheme (AbShare) where all employees globally, excluding Executive Directors, are eligible to participate. Each employee who participates is required to contribute 5% of their salary spread across three years (therefore equating to 1.67% per annum). Upon vesting in November 2021, and subject to certain performance conditions being met, the funds contributed have been used as consideration for the issue of the predetermined number of shares to the employee with the Company issuing a further 10 shares for each share issued.

	18 month period ended 31 December 2021	Year ended 30 June 2020
Outstanding at beginning of period/year	**1,723,183**	1,564,167
Granted	**456,143**	348,425
Forfeited	**(371,861)**	(187,715)
Exercised	**(1,807,465)**	(1,694)
Outstanding at end of period/year	**—**	1,723,183
Number of options exercisable at end of period/year	**—**	—

	18 month period ended 31 December 2021	Year ended 30 June 2020
Weighted average fair value of awards granted	**1,280.2p**	1,137.8p
Weighted average remaining contractual life	**—**	1.4 years

27. Share-based payments continued

Fair values of the awards are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current periods were as follows:

	18 month period ended 31 December 2021		Year ended 30 June 2020
	16 June 2021	7 December 2020	
Share price at grant (pence)	**1,345.0**	**1,397.0**	1,244.6
Expected volatility	**32%**	**39%**	34%
Contractual life (years)	**0.5 years**	**1 year**	2 years
Expected dividend yield	**0.00%**	**0.00%**	0.82%
Risk-free interest rate	**0.00%**	**(0.06%)**	0.52%

The inputs to the Black-Scholes model, such as expected volatility, are based on the same calculation as those for other schemes.

SIP

Up until October 2018, all UK-based employees were eligible to participate in the SIP whereby employees could purchase shares in the Company. These shares are referred to as Partnership Shares and are held in trust on behalf of the employee. For every Partnership Share bought by the employee up to a limit of £1,800 per tax year the Company will give the employee one share (Matching Shares), provided the employee remains employed by the Company for a period of at least three years.

Employees must withdraw their shares from the plan upon leaving the Company and will not be entitled to the Matching Shares if they leave within three years of purchasing the Partnership Shares.

In addition to this, also up until October 2018, the Company also awarded shares to employees (Free Shares) with a value of up to £3,600 per tax year. There are no vesting conditions attached to the Free Shares, other than being continuously employed by the Company for three years from the date of grant.

The fair value of Matching Shares and Free Shares is determined as the market value of the shares at the date of grant. No valuation model is required to calculate the fair value of awards under the SIP. The fair value of an equity-based payment under the SIP is the face value of the award on the date of grant because the participants are entitled to receive the full value of the shares and there are no market-based performance conditions attached to the awards.

	Number of free shares		Number of matching shares	
	18 month period ended 31 December 2021	Year ended 30 June 2020	18 month period ended 31 December 2021	Year ended 30 June 2020
Outstanding at beginning of period/year	**302,023**	351,187	**77,534**	88,539
Granted	**—**	—	**—**	—
Forfeited	**(1,150)**	(7,423)	**(1,289)**	(2,203)
Exercised	**(68,483)**	(41,741)	**(16,355)**	(8,802)
Outstanding at end of period/year	**232,390**	302,023	**59,890**	77,534
Exercisable at end of period/year	**232,390**	215,268	**59,890**	72,009

	18 month period ended 31 December 2021	Year ended 30 June 2020
Weighted average fair value of options granted	**—**	—

Other awards: NED share award

A component of the Non-Executive Directors' remuneration is delivered as a fixed number of fully paid ordinary shares in the first open period following the announcement of annual results of the financial year to which the award relates.

Further details are included in the Annual Report on Remuneration on page 97.

28. Retirement benefit schemes

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Total charge to income statement in respect of defined contribution schemes	**9.3**	4.5

Defined contribution schemes
The UK-based employees of the Group have the option to join a defined contribution pension scheme managed by a third party pension provider. For each member the Company contributes a fixed percentage of salary to the scheme.

Employees of the Group's subsidiaries in the US, Japan, China and Hong Kong are members of state-managed retirement benefit schemes. Depending on location, the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits.

As at 31 December 2021 contributions of £1.1m (2020: £0.5m) due in respect of the current reporting period had not been paid over to the schemes.

29. Business combinations

Period ended 31 December 2021
On 26 October 2021, Abcam US Group Holdings Inc, a subsidiary of Abcam Plc, acquired 100% of the issued share capital of NKY Biotech US, Inc from Boai NKY Biotech Co. Ltd for total cash consideration of $349.9m (£253.8m) and acquisition expenses of £7.8m. NKY Biotech US, Inc has one wholly owned subsidiary, BioVision, Inc (collectively 'BioVision'). BioVision is a leading provider of biochemical and cell-based assays for biological research. It also develops, produces, and sells a wide portfolio of other products including recombinant proteins, antibodies, enzymes, and biochemical compounds.

The acquisition accelerates Abcam's strategic ambitions within the adjacent biochemical and cellular assay market and aligns with existing areas of research focus including oncology, immuno-oncology, neuroscience, and epigenetics.

The provisional fair value of identifiable net assets acquired was as follows:

	£m
Non-current assets	
Intangible assets	80.6
Property, plant and equipment	0.8
Right-of-use assets	1.9
Deferred tax asset	0.3
Current assets	
Inventory	8.1
Trade and other receivables	3.3
Cash and cash equivalents	10.0
Current liabilities	
Trade and other payables	(2.3)
Lease liabilities	(1.7)
Non-current liabilities	
Deferred tax liabilities	(23.6)
Lease liabilities	(0.6)
Total identifiable assets acquired	76.8
Goodwill	177.0
Total consideration	253.8

	£m
Consideration	
Total consideration	253.8
Adjustment for settlement of pre-existing relationship	1.4
Adjustment for working capital claim	1.1
Consideration paid in cash	256.3

29. Business combinations continued

	£m
Net cash outflow on acquisition	
Consideration paid in cash	256.3
Adjustment for settlement of pre-existing relationship	(1.4)
Acquired cash and cash equivalents	(10.0)
Net cash outflow on acquisition	244.9

Prior to acquisition, BioVision was a supplier of products to Abcam and there was a trading balance of £1.4m outstanding at the acquisition. As such, the consideration and total identifiable net assets acquired have been adjusted to reflect this pre-existing relationship, which was effectively settled upon acquisition.

The consideration has also been adjusted by £1.1m for a claim lodged subsequent to the close date. Consideration for the issued share capital of NKY was adjustable for certain net working capital balances, for which an estimate was provided on the close date. Subsequent to completing the acquisition sheet, it was noted that the actual net working capital balance fell short of the estimated balance and so the consideration has been adjusted accordingly. The cash inflow arising from this arrangement had not been received as at 31 December 2021 and so a receivable for £1.1m has been recognised on the Group's consolidated balance sheet.

The goodwill recognised is attributable to the expertise of the assembled workforce, potential new technology and products and leveraging Abcam's global channels to market.

Since the date of acquisition to 31 December 2021 the acquisition contributed £2.6m to the Group's revenue and a loss before tax of £2.6m. The effect on adjusted profit before tax was £1.4m which is before taking into account the effects of the amortisation of acquisition intangibles and amortisation of fair value adjustments as described in note 7.

Had BioVision been acquired on 1 July 2020, the Group revenue would have been £490.4m, the profit before tax would have been £29.3m and the adjusted profit before tax would have been £110.4m.

Year ended 30 June 2020

The Group made a number of acquisitions during the year. Had all of the acquisitions been completed and consolidated on 1 July 2019, the Group revenue would have been £265.6m, the profit before tax would have been £7.5m and the adjusted profit before tax would have been £45.2m. Acquisitions are set out below.

Expedeon

On 1 January 2020, the Group acquired 100% of the share capital of Expedeon Holdings Limited, including certain subsidiaries and certain other assets from Expedeon AG. This represented the proteomics and immunology business of Expedeon and was for total cash consideration of €122.5m (£104.2m) and acquisition expenses of £4.1m which are described in note 7.

This acquisition accelerates Abcam's ambitions within the complementary antibody conjugation and labelling market and provides opportunities to combine technologies to create new value adding products to support customer needs.

The fair value of identifiable assets acquired was as follows:

	£m
Non-current assets	
Intangible assets	47.7
Other non-current assets	0.8
Net current assets	5.9
Non-current liabilities	
Deferred tax on intangibles	(11.9)
Total identifiable assets acquired	42.5
Goodwill	61.7
Total consideration	104.2

	£m
Net cash outflow on acquisition	
Consideration paid in cash	104.2
Acquired cash and cash equivalents	(2.3)
	101.9

29. Business combinations continued

Other net current assets comprised inventory of £2.8m, cash of £2.3m, trade and other receivables of £1.9m and trade payables of £1.1m. The goodwill recognised is attributable to the expertise of the assembled workforce, potential future relationships with customers and potential new technology.

Since the date of acquisition to 30 June 2020 the acquisition contributed £5.9m to the Group's revenue and a profit before tax of £0.3m. The effect on adjusted profit before tax was £2.0m which is before taking into account the effects of the amortisation of acquisition intangibles as described in note 7.

Gene editing and oncology business

On 30 January 2020, the Group acquired certain assets and employees comprising the gene editing and oncology business of Applied StemCell, Inc. (ASC) for a total cash consideration of US $9.4m (£7.1m).

Abcam intends to expand the ASC platform to become its discovery engine for developing novel edited cell lines, building upon its existing portfolio of knockout cell lines.

The fair value of identifiable assets acquired was as follows:

	Provisions fair value £m	Adjustment* £m	Final fair value £m
Non-current assets			
Intangible assets	3.3	(2.2)	1.1
Current assets	0.2	—	0.2
Total identifiable assets acquired	3.5	(2.2)	1.3
Goodwill	3.6	2.2	5.8
Total consideration	7.1	—	7.1

	£m
Cash outflow on acquisition	
Consideration paid in cash	7.1

* During the period ended 31 December 2021, a review was undertaken of the performance of historical acquisitions. In respect of Applied Stem Cell, it was determined that the additional knowledge gained of the marketplace in which Applied Stem Cell operates caused the initial valuation of the acquisition intangibles to be revisited as permitted by IFRS 3 'Business Combinations' within the first 12 months of ownership. This has resulted in a reduction in the initial valuation of acquisition intangibles from that originally presented in the consolidated financial statements for the year ended 30 June 2020 with a corresponding increase in goodwill. In accordance with IFRS 3 'Business Combinations', this adjustment has been recorded within the prior year balance as described in note 13 to the consolidated financial statements.

Other current assets comprised inventory of £0.2m. The goodwill recognised is attributable to the expertise of the assembled workforce and potential new technology.

Since the date of acquisition to 30 June 2020 the acquisition contributed £0.4m to the Group's revenue and a profit before tax of £0.1m over the same period. The effect on adjusted profit before tax was £0.2m which is before taking into account the effects of the amortisation of acquisition intangibles as described in note 7.

During the period ended 31 December 2021, the consideration was adjusted to US $10.2m (£7.7m) following the finalisation of certain costs to be reimbursed by the seller for an amount that was less than had been estimated at the acquisition date.

Marker Gene Technologies, Inc.

On 4 March 2020, the Group acquired 100% of the share capital of Marker Gene Technologies, Inc. (MGT) for total consideration of $2.2m (£1.7m), of which $0.3m (£0.2m) is deferred for 18 months from the acquisition date, $0.7m (£0.6m) in new ordinary shares and $1.2m (£0.9m) in cash. Deferred consideration was settled during the period ended 31 December 2021.

MGT has expertise in the areas of biology, organic synthesis and fluorescence chemistry and the team is experienced in the creation of detection tools that enable enhanced understanding of biological processes. This acquisition brings additional proprietary assay development technologies and labelling capabilities.

29. Business combinations continued

The fair value of identifiable assets acquired was as follows:

	£m
Non-current assets	
Intangible assets	0.4
Net current assets	0.6
Non-current liabilities	
Deferred tax on intangibles	(0.1)
Total identifiable assets acquired	0.9
Goodwill	0.8
Total consideration	1.7

	£m
Net cash outflow on acquisition	
Consideration paid in cash	0.9
Acquired cash and cash equivalents	(0.3)
	0.6

Net current assets comprised inventory of £0.3m, cash £0.3m trade receivables of £0.1m and trade payables of £0.1m. The goodwill recognised is attributable to the expertise of the assembled workforce.

Since the date of acquisition to 30 June 2020 the acquisition contributed £0.1m to the Group's revenue and a profit before tax of £0.1m over the same period. The effect on adjusted profit before tax was also £0.1m.

30. Related party transactions

Remuneration of Directors and key management personnel

Key management personnel is comprised of the Non-Executive Directors, the Executive Directors and the Executive Leadership Team.

The Non-Executive Directors' fees represent amounts received in cash and an element receivable in shares. Further information about the remuneration of individual Directors is provided in the audited section of the Annual Report on Remuneration on pages 93 to 103.

	Directors' remuneration		Key management personnel (including Directors)	
	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m	**18 month period ended 31 December 2021 £m**	Year ended 30 June 2020 £m
Short-term employee benefits and fees	**4.3**	1.6	**7.4**	4.3
Post-employment benefits	**0.1**	0.1	**0.2**	0.2
Share-based payments	**5.5**	1.8	**9.0**	2.3
	9.9	3.5	**16.6**	6.8

Directors' transactions

During the year, the Group made purchases from companies related to Directors of £nil (year ended 30 June 2020: £nil) of which the balance outstanding at 31 December 2021 was £nil (2020: £nil). Total sales to companies related to the Directors was less than £0.1m (year ended 30 June 2020: less than £0.1m), of which less than £0.1m (2020: less than £0.1m) was outstanding as at 31 December 2021.

31. Subsequent events

There were no subsequent events after the reporting date before the date the financial statements were authorised.

Company balance sheet
As at 31 December 2021

	Note	31 December 2021 £m	30 June 2020 (restated*) £m	30 June 2019 (restated*) £m
Non-current assets				
Goodwill	C4	**43.0**	42.4	7.8
Intangible assets	C5	**106.3**	91.2	54.7
Property, plant and equipment	C6	**29.3**	31.1	26.8
Right of use assets	C7	**50.6**	55.2	—
Investments	C8	**217.4**	204.3	140.7
Deferred tax asset	C9	**—**	7.5	2.8
Loan receivable	C10	**—**	54.6	27.4
		446.6	486.3	260.2
Current assets				
Inventories	C11	**30.7**	26.0	24.3
Trade and other receivables	C12	**59.5**	44.0	44.2
Loan receivable	C10	**319.3**	1.1	26.9
Current tax receivable		**10.5**	5.3	5.4
Derivative financial instruments		**0.5**	—	0.2
Cash and cash equivalents		**40.9**	167.6	57.9
		461.4	244.0	158.9
Total assets		**908.0**	730.3	419.1
Current liabilities				
Trade and other payables	C13	**(74.2)**	(52.3)	(40.7)
Derivative financial instruments		**(0.2)**	(1.2)	(2.0)
Lease liabilities	C7	**(1.8)**	(1.7)	—
Borrowings	C14	**(119.2)**	(106.4)	—
Borrowings with Group companies		**(7.4)**	(7.4)	(14.5)
		(202.8)	(169.0)	(57.2)
Net current assets		**258.6**	75.0	101.7
Total assets less current liabilities		**705.2**	561.3	361.9
Non-current liabilities				
Deferred tax liabilities	C9	**(5.6)**	(11.2)	(3.5)
Derivative financial instruments		**—**	—	(0.1)
Lease liabilities	C7	**(53.3)**	(57.1)	—
		(58.9)	(68.3)	(3.6)
Total liabilities		**(261.7)**	(237.3)	(60.8)
Net assets		**646.3**	493.0	358.3
Equity				
Share capital	C15	**0.5**	0.4	0.4
Share premium account		**268.3**	138.2	27.0
Merger reserve	C15	**68.6**	68.6	68.1
Own shares	C15	**(2.2)**	(2.5)	(2.8)
Hedging reserve	C15	**0.2**	(0.7)	(1.3)
Retained earnings		**310.9**	289.0	266.9
Total shareholders' funds		**646.3**	493.0	358.3

The Company reported a profit for the period ended 31 December 2021 of £1.8m (year ended 30 June 2020: £38.8m).

The financial statements of the Company on pages 171 to 182 were approved by the Board on 14 March 2022 and signed on its behalf by:

Michael Baldock
Director

Company statement of changes in equity
Balance as at 31 December 2021

	Note	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total shareholders' funds £m
At 1 July 2019 (as previously reported)		0.4	27.0	68.1	(2.8)	(1.3)	269.2	360.6
Prior period restatement		—	—	—	—	—	(1.7)	(1.7)
At 1 July 2019 (restated*)		0.4	27.0	68.1	(2.8)	(1.3)	267.5	358.9
Profit for the year (restated*)		—	—	—	—	—	38.8	38.8
Other comprehensive expense		—	—	—	—	0.6	—	0.6
Total comprehensive income		—	—	—	—	0.6	38.8	39.4
Issue of ordinary shares		—	111.2	0.5	0.3	—	(0.3)	111.7
Share-based payments inclusive of deferred tax		—	—	—	—	—	8.1	8.1
Purchase of own shares		—	—	—	—	—	(0.1)	(0.1)
Equity dividends	C16	—	—	—	—	—	(25.0)	(25.0)
Balance as at 30 June 2020 (restated*)		0.4	138.2	68.6	(2.5)	(0.7)	289.0	493.0
Profit for the period		**—**	**—**	**—**	**—**	**—**	**1.8**	**1.8**
Other comprehensive income		**—**	**—**	**—**	**—**	**0.9**	**0.3**	**1.2**
Total comprehensive income		**—**	**—**	**—**	**—**	**0.9**	**2.1**	**3.0**
Issue of ordinary shares		**0.1**	**130.1**	**—**	**—**	**—**	**—**	**130.2**
Own shares disposed of on exercise of share options		**—**	**—**	**—**	**0.3**	**—**	**(0.3)**	**—**
Share-based payments inclusive of deferred tax		**—**	**—**	**—**	**—**	**—**	**20.2**	**20.2**
Purchase of own shares		**—**	**—**	**—**	**—**	**—**	**(0.1)**	**(0.1)**
Equity dividends	C16	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance as at 31 December 2021		**0.5**	**268.3**	**68.6**	**(2.2)**	**0.2**	**310.9**	**646.3**

C1. Basis of preparation

The Company is incorporated in the United Kingdom and the separate financial statements of the Company have been presented as required by the Companies Act 2006.

The financial statements have been prepared under the historical cost convention (as modified to include revaluation of certain financial instruments to fair value) and on the going concern basis (see note 1 to the consolidated financial statements). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' except for the departure explained in note C4 and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- Business combinations.
- Share-based payments.
- Financial instruments.
- Fair value measurement.
- Statement of cash flows.
- Certain related party transactions including those with subsidiaries.
- Certain plant, property and equipment disclosure.
- Certain impairment testing related disclosures.
- The effects of new but not yet effective IFRSs.

The basis for the above exemptions is because equivalent disclosures are included in the Group financial statements in which the entity is consolidated.

The adopted principal accounting policies, which have been applied consistently, are the same as those set out in note 3 to the consolidated financial statements except as noted below in respect of those which are Company specific.

Investments

Investments in subsidiaries are stated at cost plus capital contributions less, where appropriate, provisions for impairment. Where applicable, acquisition costs incurred in acquiring the subsidiary are capitalised as part of the investment cost.

Critical accounting judgements and estimates

The preparation of the Company financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the Company financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The critical accounting judgements and estimates are those set out in note 4 of the consolidated financial statements. These judgements have been applied consistently within the Company financial statements.

Change in accounting policy – Software as a Service ('Saas') arrangements

In March 2021, The IFRS Interpretations Committee ('IFRIC') published an agenda decision on how an entity should account for costs of configuring or customising application software in a Cloud Computing or Software as a Service ('SaaS') arrangement.

Previously, internal and external costs incurred in connection with the various phases of the Group's ERP implementation and other projects, have been capitalised as an intangible asset in line with IAS 38 'Intangible Assets'.

Following an internal review of the impact of adoption of the IFRIC, for those arrangements where the Group does not have control of the developed software, to the extent that the services were performed by third parties, the Group has derecognised the intangible asset previously capitalised. This change in accounting policy has led to adjustments amounting to a £2.1m reduction in the intangible assets recognised in the 30 June 2020 and 30 June 2019 balance sheets, and to a £0.1m and £0.8m increase in selling, general and administrative expenses in those respective periods.

C1. Basis of preparation continued

The table below outlines the impact of the adjustment on the results for the prior year:

	As previously reported £m	Adjustment £m	Restated £m
Year ended 30 June 2020:			
Profit for the year	38.8	—	38.8
Intangible assets	95.5	(2.1)	93.4
Total non-current assets	488.4	(2.1)	486.3
Deferred tax liability	(11.6)	0.4	(11.2)
Total non-current liabilities	(68.7)	0.4	(68.3)
Net assets	494.7	(1.7)	493.0
Retained earnings	290.7	(1.7)	289.0
Total equity	494.7	(1.7)	493.0

C2. Income statement

In accordance with the exemption permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement or statement of comprehensive income for the year.

C3. Employees and remuneration

Details of Directors' remuneration, share-based payments and pension entitlements in note 30 to the consolidated financial statements and the Annual Report on Remuneration on pages 93 to 103 form part of these Company financial statements. Information on the main employee share-based payments is given in note 27 of the consolidated financial statements. Details of the key management personnel are given in note 30 of the consolidated financial statements.

The average monthly number of employees (including Executive Directors) was:

	18 month period ended 31 December 2021 number	Year ended 30 June 2020 number
Management, administrative, marketing and distribution	587	445
Laboratory	118	126
	705	571

See note 8 to the consolidated financial statements for details over the allocation of headcount to cost centres.

Their aggregate remuneration comprised:

	18 month period ended 31 December 2021 £m	Year ended 30 June 2020 £m
Wages and salaries	61.5	31.2
Social security costs	10.5	3.4
Other pension costs	6.2	3.0
Share-based payments charge	17.2	6.0
Total staff costs	95.4	43.6

C4. Goodwill

	31 December 2021 £m	30 June 2020 £m
Cost		
At beginning of period/year	42.4	7.8
Additions	0.6	5.8
Acquired on transfer of trade and assets from subsidiary undertaking	—	28.8
At end of period/year	43.0	42.4
Accumulated impairment losses		
At beginning and end of period/year	—	—
Carrying amount	43.0	42.4

C4. Goodwill continued

The Companies Act Accounting Regulations require goodwill to be amortised, however, the Company has chosen not to do so but instead an annual impairment test is performed with any impairment identified being recognised as a charge to the income statement. This is a departure from the Companies Act 2006, for the overriding purpose of providing a true and fair view in line with the requirements of FRS 101.

A finite life for the goodwill has not been identified; however, the effect of amortising over a useful life of 20 years would be an income statement charge of £3.2m (year ended 30 June 2020: £0.6m) and a reduction of £5.4m (year ended 30 June 2020: £2.2m) in the carrying value of goodwill in the balance sheet.

Additions in the year ended 30 June 2020 relate to the acquisition of part of the gene editing and oncology business of Applied StemCell Inc (ASC) on 30 January 2020. Remeasurement of provisional goodwill in the period ended 31 December 2021 relates to the remeasurement of provisional goodwill relating to ASC, permitted in the first 12 months following an acquisition. See note 29 to the consolidated financial statements for further detail.

Goodwill acquired on transfer of trade and assets from subsidiary undertaking arose from the transfer on 1 June 2020 of the trade and net assets of Expedeon Limited, an indirect subsidiary, which arose as part of the integration of that business into Abcam plc. The trade and net assets were transferred to the Company at their book value as set out in the table below:

	Note	Fair value recognised £m
Non-current assets		
Property, plant & equipment	C6	0.4
Intangible assets	C5	20.1
Other non-current assets		5.2
		25.7
Net current liabilities		(1.2)
Deferred tax liabilities		(3.8)
Total identifiable net assets acquired		20.7
Intercompany loan notes		4.2
Reduction in carrying value of investment		45.3
Total consideration		49.5
Goodwill recognised		28.8

The cost of the Company's investment in Expedeon Holdings Limited reflected the fair value of net assets and goodwill of both Expedeon Holdings Limited and also its subsidiary undertakings, one of which is Expedeon Limited. The values attributed were assessed at the time of acquisition by Abcam plc on 1 January 2020. As a result of the transfer of trade and net assets of Expedeon Limited, the value of the Company's investment in Expedeon Holdings Ltd (the immediate parent company of Expedeon Ltd) fell below the amount at which it was stated in the Company's balance sheet.

Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the Directors consider that, as there has been no overall economic loss to the Company, it would fail to give a true and fair view to charge that diminution to the profit and loss account for the year and it should instead follow predecessor accounting, reallocating the cost of investment attributable to Expedeon Limited to goodwill and other fair value adjustments arising on acquisition. The reduction in investment carrying value is set out in note C8.

The allocation to Expedeon Limited has been taken with reference to the original values assessed formally at the date Expedeon Holdings Limited was acquired by Abcam plc.

The following table summarises the impact of adopting predecessor accounting on the Company balance sheet:

	£m
Cost of investment in Expedeon Holdings Limited	107.5
Reallocation to goodwill and other fair value adjustments following transfer of trade and assets of Expedeon Limited	(45.3)
Remaining cost of investment	62.2

The Consolidated financial statements are not affected by this transfer.

C4. Goodwill continued

Impairment review

Goodwill is tested for impairment on an annual basis in accordance with IAS 36 'Impairment of assets' or more frequently if there are any indications that the goodwill might be impaired. These reviews are carried out using the same criteria as set out in note 12 to the consolidated financial statements.

A sensitivity analysis has been performed on each base case assumption used for assessing the goodwill with other variables held constant. Consideration of the sensitivities to key assumptions can evolve from one financial year to the next. The Directors have concluded that there are no reasonably possible changes in key assumptions which would cause the carrying amount of goodwill to exceed its value in use.

C5. Intangible assets

	Acquisition intangibles								
	Customer relationships and distribution rights £m	Patents, technology and know-how £m	Licence fees £m	Trade names £m	Sub-total £m	Internally developed technology £m	Software (restated*) £m	Patents and licences £m	Total (restated*) £m
Cost									
At 1 July 2019 (as previously reported)	1.4	0.4	10.7	—	12.5	23.2	50.6	—	86.3
Prior period restatement	—	—	—	—	—	—	(2.2)	—	(2.2)
At 1 July 2019 (restated*)	1.4	0.4	10.7	—	12.5	23.2	48.4	—	84.1
Additions	—	—	—	—	—	9.0	14.5	—	23.5
Acquisitions	—	0.9	—	0.2	1.1	—	—	—	1.1
Transfer from subsidiary	1.7	17.7	—	0.6	20.0	0.1	—	—	20.1
At 30 June 2020 (restated*)	3.1	19.0	10.7	0.8	33.6	32.3	62.9	—	128.8
Additions	**—**	**—**	**—**	**—**	**—**	**12.0**	**24.0**	**1.6**	**37.6**
Disposals	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
At 31 December 2021	**3.1**	**19.0**	**10.7**	**0.8**	**33.6**	**44.3**	**86.9**	**1.6**	**166.4**
Accumulated amortisation									
At 1 July 2019 (as previously reported)	1.1	0.4	1.7	—	3.2	6.4	19.9	—	29.5
Prior period restatement	—	—	—	—	—	—	(0.1)	—	(0.1)
At 1 July 2019 (restated*)	1.1	0.4	1.7	—	3.2	6.4	19.8	—	29.4
Charge for the period	0.1	0.3	1.0	—	1.4	2.8	3.8	—	8.0
Impairments	—	—	—	—	—	0.2	—	—	0.2
At 30 June 2020 (restated*)	1.2	0.7	2.7	—	4.6	9.4	23.6	—	37.6
Charge for the period	**0.5**	**1.8**	**1.6**	**0.1**	**4.0**	**3.6**	**10.6**	**0.5**	**18.7**
Impairments	**—**	**—**	**—**	**—**	**—**	**1.7**	**2.1**	**—**	**3.8**
At 31 December 2021	**1.7**	**2.5**	**4.3**	**0.1**	**8.6**	**14.7**	**36.3**	**0.5**	**60.1**
Carrying amount									
At 30 June 2020 (restated*)	1.9	18.3	8.0	0.8	29.0	22.9	39.3	—	91.2
At 31 December 2021	**1.4**	**16.5**	**6.4**	**0.7**	**25.0**	**29.6**	**50.6**	**1.1**	**106.3**
Included in carrying amount – Assets under construction									
30 June 2020	—	—	—	—	—	7.2	28.7	—	35.9
31 December 2021	**—**	**—**	**—**	**—**	**—**	**4.3**	**18.1**	**1.1**	**23.5**

* Refer to note C1 to the Company financial statements for details of restatement.

C5. Intangible assets continued

Individually material intangible assets

The Group's ERP system is considered to be an individually material intangible asset, of which £31.9m (year ended 30 June 2020: £11.3m) is included within software which is being amortised over a ten year period with a remaining amortisation period of 7.4 years. The remainder is the balance shown as assets under construction.

Patents, technology and know-how and Licence fees includes amounts which are considered individually material to the financial statements are set out as follows:

	Carrying amount £m	Remaining amortisation period years
Expedeon antibody labelling and conjugation technology	**15.8**	**14**
Roche licence agreement	**6.4**	**7**

Capital commitments at 31 December 2021 amounted to £5.2m (year ended 30 June 2020: £4.1m).

C6. Property, plant and equipment

	Laboratory equipment £m	Office fixtures, fittings and other equipment £m	Leasehold Improvements £m	Cell line assets £m	Total £m
Cost					
At 1 July 2019	10.6	4.8	20.1	—	35.5
Additions	2.5	0.7	0.1	4.2	7.5
Acquired on trade transfer from subsidiary (note C4)	0.2	0.1	0.1	—	0.4
Reclassification	(1.4)	—	—	1.4	—
Disposals	—	(1.4)	—	—	(1.4)
At 30 June 2020	11.9	4.2	20.3	5.6	42.0
Additions	**0.6**	**1.0**	**—**	**2.9**	**4.5**
Disposals	**(0.4)**	**(0.1)**	**(0.2)**	**—**	**(0.7)**
31 December 2021	**12.1**	**5.1**	**20.1**	**8.5**	**45.8**
Accumulated depreciation					
At 1 July 2019	6.5	1.8	0.4	—	8.7
Charge for the year	1.1	1.2	1.0	0.3	3.6
Disposals	—	(1.4)	—	—	(1.4)
At 30 June 2020	7.6	1.6	1.4	0.3	10.9
Charge for the period	**1.8**	**1.9**	**1.5**	**0.9**	**6.1**
Disposals	**(0.4)**	**(0.1)**	**—**	**—**	**(0.5)**
31 December 2021	**9.0**	**3.4**	**2.9**	**1.2**	**16.5**
Net book value					
30 June 2020	4.3	2.6	18.9	5.3	31.1
31 December 2021	**3.1**	**1.7**	**17.2**	**7.3**	**29.3**

Capital commitments as at 31 December 2021 amounted to £1.7m (year ended 30 June 2020: £0.6m)

C7. Leases

Right of use assets

	Land and Buildings £m	Other £m	Total £m
Cost			
At 1 July 2019	58.2	0.1	58.3
At 30 June 2020	58.2	0.1	58.3
At 31 December 2021	**58.2**	**0.1**	**58.3**
Accumulated amortisation			
At 1 July 2019	—	—	—
Charge for the year	3.0	0.1	3.1
At 30 June 2020	3.0	0.1	3.1
Charge for the period	4.6	—	4.6
At 31 December 2021	**7.6**	**0.1**	**7.7**
Carrying amount			
At 30 June 2020	55.2	—	55.2
At 31 December 2021	**50.6**	**—**	**50.6**

Lease liabilities

Maturity analysis of lease liabilities

	Present value of lease liability £m
Amounts falling due within	
One year	**1.8**
Between one and five years	**11.3**
Later than five years	**42.0**
	55.1

The interest expense incurred on lease liabilities included within finance costs was £1.1m (year ended 30 June 2020: £0.7m) and income recognised from subleases was £nil (year ended 30 June 2020: less than £0.1m). The lease expense relating to short-term leases and low value assets (that are not shown in the tables above) was £0.2m (year ended 30 June 2020: less than £0.1m). Cash outflows in respect of right of use assets were £4.7m (year ended 30 June 2020: £3.1m).

C8. Investments

		31 December 2021			30 June 2020		
		Investments in subsidiary undertakings £m	Other investments £m	Total £m	Investments in subsidiary undertakings £m	Other investments £m	Total £m
At beginning of period/year		**202.1**	**2.2**	**204.3**	140.7	—	140.7
Capital contribution	(i)	**7.8**	**—**	**7.8**	3.7	—	3.7
Purchase of shares in subsidiary	(ii)	**—**	**—**	**—**	162.5	—	162.5
Additions	(iii)	**5.1**	**0.1**	**5.2**	—	2.2	2.2
Revaluation to fair value	(iv)	**—**	**0.3**	**0.3**	—	—	—
Reduction of investment value	(v)	**—**	**—**	**—**	(45.3)	—	(45.3)
Impairment in investment value	(vi)	**(0.2)**	**—**	**(0.2)**	(59.5)	—	(59.5)
At end of period/year		**214.8**	**2.6**	**217.4**	202.1	2.2	204.3

(i) Comprises share-based awards issued by the Company to employees of its subsidiaries and, for the year ended 30 June 2020 only, a capital contribution in an indirect subsidiary to fund the acquisition of MarkerGene Technologies Inc.
(ii) Comprises the purchase on 1 January 2020 of Expedeon Holdings Limited as described further in note 29 to the consolidated financial statements, as well as the capitalisation of associated acquisition costs and an increase in the share capital of £55.0m in a direct subsidiary to fund its purchase of another Group company as part of an internal re-organisation.
(iii) Comprises mainly fees related to the acquisition of BioVision, Inc. and additional investment in Somaserve Limited. For the year ended 30 June 2020, this comprises mainly the purchase of a 13% stake of Brickbio, Inc.
(iv) Comprises fair value adjustment to Somaserve Limited.
(v) Arises from the transfer of trade and net assets of an indirect subsidiary, Expedeon Limited, to the Company as described in note C4 whereby a reduction in the investment carrying value of Expedeon Holdings Limited has arisen, but with a corresponding increase to goodwill, acquisition intangible and other assets and liabilities acquired by the Group.
(vi) Period ended:31 December 2021: the impairment relates to the write down of the investment in Abcam Taiwan Company to the value of its net assets. Year ended 30 June 2020: the impairment follows the capital contribution referred to in (i), where a dividend received from that subsidiary of an equivalent amount reduced the net asset value.

C8. Investments continued

Directly held subsidiary undertakings

	Registered office	Country of incorporation or registration	Principal activity
Abcam Australia Pty Limited	Level 16, 414 La Trobe Street, Melbourne, VIC 3000	Australia	Sales and distribution
Abcam KK	Sumitomo Fudousan, Ningyocho Bldg 2F, 2-2-1 Nihonbashi Horidomecho Chuo-ku Tokyo 103-0012	Japan	Sales and distribution
Abcam (Hong Kong) Limited	1301 Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central Hong Kong SAR	Hong Kong	Sales and distribution
Abcam Taiwan Company Limited	15F, No.2-1, Sec. 3, Minquan E. Road., Zhongshan District, Taipei City, Taiwan	Taiwan	Sales and distribution
Abcam (Netherlands) B.V.	Kingsfordweg 151, 1043GR Amsterdam	Netherlands	Sales and distribution
Abcam US Group Holdings, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	Holding company
Abcam Singapore Pte. Limited	11 North Buona Vista Drive, #16-08 The Metropolis Tower Two, Singapore 138589	Singapore	Sales and distribution
AbShare Share Plan Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX	England	Employee services
Ascent Scientific Limited*	C/O BDO LLP, 55 Baker Street, London, W1U 7EU	England	Dormant
Expedeon Holdings Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX	England	Holding company

* In liquidation

Indirectly held subsidiary undertakings

	Registered office	Country of incorporation or registration	Principal activity
Abcam (Hangzhou) Biotechnology Co., Limited	1418 Moganshan Road, Hangzhou Zhejiang, 310011	China	R&D and manufacturing
Abcam Trading (Shanghai) Co., Limited	Room 5401, Floor 4, Building 5, No. 338 Galileo Road, Pudong New Area, Shanghai	China	Sales and distribution
Abcam Inc.	1 Kendall Square, Suite B2304, Cambridge, MA, 02139-1517	USA	Sales and distribution
Abcam LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	Holding company
Abcam (US) Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge CB2 0AX	England	Holding company
AxioMx Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
BioVision, Inc.	155 S. Milpitas Boulevard, Milpitas, California, USA	USA	Sales and distribution
Calico Biolabs Inc.	160 Greentree Drive, Suite 101, Dover, Delaware 19904, Kent County, USA	USA	Dormant
Epitomics Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
Epitomics Holdings, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	Holding company
Expedeon Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge CB2 0AX	England	R&D and manufacturing
Expedeon Asia Pte Limited	531A Upper Cross Street, #04-98 Hong Lim Complex, Singapore 051531	Singapore	R&D and manufacturing
Firefly BioWorks Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
Innova BioSciences Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX	England	Dormant
Marker Gene Technologies, Inc.	1850 Millrace Drive, Eugene, OR 97403	USA	R&D and manufacturing
MitoSciences Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
NKY Biotech US, Inc	Corporations USA, LLC, 4034 Willow Grove, Camden, DE19934	USA	Holding company
TGR BioSciences Pty Limited	31 Dalgleish Street, Thebarton, SA 5031, Australia	Australia	R&D and manufacturing

C8. Investments continued

The Group's holdings in subsidiaries are all through ordinary shares and are all 100% owned.

Subsidiary undertakings exempt from audit

The following subsidiaries, which are incorporated in England and Wales, are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act:

Name	Company registration number
AbShare Share Plan Limited	06706259
Abcam (US) Limited	08151375
Expedeon Limited	04681599
Expedeon Holdings Limited	06785444
Innova BioSciences Limited	04415674

C9. Deferred tax

	Accelerated capital allowances £m	Share-based payment £m	Acquired intangible assets £m	Other temporary differences £m	Total £m
At 1 July 2019 (as previously reported)	(3.9)	2.3	—	0.5	(1.1)
Prior period restatement	0.4	—	—	—	0.4
At 1 July 2019 (restated*)	(3.5)	2.3	—	0.5	(0.7)
Credit/(charge) to income statement	(3.9)	1.5	—	4.4	2.0
Acquired on trade transfer from subsidiary	—	—	(3.8)	—	(3.8)
Charge to equity	—	(1.1)	—	(0.1)	(1.2)
At 30 June 2020 (restated*)	(7.4)	2.7	(3.8)	4.8	(3.7)
Credit/(charge) to income statement	**(7.6)**	**5.8**	**3.6**	**1.1**	**2.9**
Reclassification	**0.2**	**(0.2)**	**0.2**	**(0.2)**	**—**
Charge to equity	**—**	**(4.7)**	**—**	**(0.1)**	**(4.8)**
At 31 December 2021	**(14.8)**	**3.6**	**—**	**5.6**	**(5.6)**

* Refer to note C1 to the Company financial statements for details of restatement.

Deferred tax balances are comprised as follows:

	31 December 2021 £m	30 June 2020 £m
Deferred tax assets to be recovered		
Within 12 months	**—**	5.6
After more than 12 months	**—**	1.9
	—	7.5
Deferred tax liabilities to be recovered		
Within 12 months	**4.7**	(1.1)
After more than 12 months	**(10.3)**	(10.1)
	(5.6)	(11.2)
Deferred tax liabilities (net)	**(5.6)**	(3.7)

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability or asset is expected to be realised based on rates enacted or substantively enacted by the reporting date. Deferred tax assets mainly relate to tax losses that will be recovered against future profits of the Company.

C10. Loans receivable

	31 December 2021 £m	30 June 2020 £m
Amounts owed by subsidiary undertakings		
Within 12 months	**319.3**	1.1
After more than 12 months	**—**	54.6
	319.3	55.7

Comprising:

	Borrower	Principal $m	Repayment date	Interest rate	31 December 2021 £m	30 June 2020 £m
Term Loan 1	Abcam US Group Holdings Inc.	33.0	20 Dec 2022	4.50%	**24.5**	26.9
Term Loan 2	Abcam US Group Holdings Inc.	34.0	20 Dec 2022	8.69%	**25.2**	27.7
Bridging Loan	Abcam US Group Holdings Inc	361.0	31 March 2022	2.55%	**267.8**	—
Other loans	Various	Various	Various	Various	**1.8**	1.1
					319.3	55.7

Changes in the values of each loan include foreign exchange movements and settlements.

C11. Inventories

	31 December 2021 £m	30 June 2020 £m
Raw materials	**1.9**	1.5
Work in progress	**11.8**	11.5
Finished goods	**17.0**	13.0
	30.7	26.0

During the period ended 31 December 2021, the Group changed the method by which it analyses inventories due to enhanced information available from its ERP systems. This has changed the split between Work in progress and Finished goods. The comparative balance has been represented accordingly.

C12. Trade and other receivables

	31 December 2021 £m	30 June 2020 £m
Amounts receivable for the sale of goods and services	**2.3**	2.4
Amounts owed by subsidiary undertakings	**50.8**	34.6
Other receivables	**2.2**	3.1
Prepayments	**4.2**	3.9
	59.5	44.0

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

C13. Trade and other payables

	31 December 2021 £m	30 June 2020 £m
Trade payables	**10.1**	7.7
Amounts owed to subsidiary undertakings	**36.6**	22.4
Accruals	**20.6**	18.6
Deferred income	**3.4**	2.5
Other taxes and social security	**2.9**	1.1
Other payables	**0.6**	—
	74.2	52.3

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

C14. Borrowings

	31 December 2021 £m	30 June 2020 £m
Loan	**119.2**	106.4

The loan relates to the Group's Revolving Credit Facility ('RCF'), further details of which are set out in note 22 to the consolidated financial statements.

The Group is subject to financial covenants for the RCF and has complied with these at all testing points in both 2020 and 2021.

C15. Share capital and reserves
Details of share capital and reserves are set out in note 23 to the Group financial statements.

C16. Dividends
Details of amounts recognised as distributions to shareholders in the year are set out in note 24 to the consolidated financial statements.

C17. Related party transactions
Directors' transactions

The remuneration of the Directors is set out in the Annual Report on Remuneration on pages 93 to 103. Related party transactions relating to Directors of the Company are shown in note 30 to the consolidated financial statements.

Five year record – unaudited

	18 months ended 31 December 2021 £m	Year ended 30 June 2020 (restated*) £m	Year ended 30 June 2019 (restated*) £m	Year ended 30 June 2018 (restated*) £m	Year ended 30 June 2017 £m
Income statement – Adjusted performance measures**					
Revenue	**462.9**	260.0	259.9	233.2	217.1
Percentage change	*78%*	—	*11.4%*	*7.4%*	*26.4%*
Adjusted operating profit	**95.5**	54.0	90.1	83.6	68.3
Adjusted profit before tax	**91.4**	51.9	90.4	83.9	68.5
Taxation	**(16.9)**	(9.4)	(17.7)	(14.3)	(13.3)
Adjusted profit after tax	**74.5**	34.7	72.7	69.6	55.2
Adjusted earnings per share					
Basic	**33.2p**	20.5p	35.5p	34.1p	27.2p
Diluted	**32.9p**	20.3p	35.2p	33.8p	27.0p
Free Cash Flow	**12.6**	19.0	34.3	26.8	41.3
Return on capital employed* (ROCE)**	**12.0%**	8.3%	22.6%	22.8%	20.8%

* See note 2 for details of the prior period restatement.
** For the period ended 31 December 2021, share-based payments have been included in adjusting items. Comparative periods have been re-presented.
*** The Group calculates ROCE on a pre-tax basis using adjusted operating profit. Capital employed is based on total assets less current liabilities.

Alternative performance measures

The Group's performance is assessed using a number of financial measures which are not defined under IFRS and are therefore non-GAAP (or alternative) performance measures. These are set out as follows:

- CER is a measure which allows management to identify the relative year-on-year performance of the business by removing the impact of currency movements which are outside of management's control.
- Margin percentages (which are calculated by dividing the relevant profit figure by revenue) for each of the relevant profit metrics provide management with an insight into relative year-on-year performance.
- Adjusted profit measures, as described in note 1(c) to the consolidated financial statements, are believed by the Directors to enable a reader to obtain a fuller understanding of underlying performance since they exclude items which are not reflective of the normal course of business. Furthermore, such measures are reflective of how performance is measured internally including targets against which compensation is determined. Adjusted profit measures are derived and reconciled to their reported IFRS equivalent on the face of the consolidated income statement as well as in note 7 to the consolidated financial statements.

  The key adjusted profit measures comprises adjusted operating profit.

  Adjusting items (which are excluded to arrive at adjusted performance measures) are also described on the face of the income statement and in note 7 to the consolidated financial statements.
- Adjusted earnings per share measures are derived from adjusted profit after tax with the rationale for their use being the same as for adjusted profit metrics and are reconciled to their IFRS equivalent in note 11 to the consolidated financial statements.
- Free Cash Flow is defined on the face of the consolidated cash flow statement and provides management with an indication of the amount of cash available for discretionary investing or financing after removing capital related items.

Technical glossary

Agonists, Antagonists, Activators and Inhibitors (AAAI)
Biochemicals which activate or inhibit biological pathways.

Affinity Binder
A reagent that binds specifically to an antigen – antibodies are a subset of affinity binders.

Amino acids
The basic building blocks of proteins and peptides.

Antibody
A protein made by the immune system that binds specifically to an antigen. When an antibody detects this antigen in the body, it will contribute to an immune response to rid the body of the antigen.

Antigen
A molecule that is recognised by the immune system and which can be specifically bound by an antibody.

Assay
A laboratory test for assessing the presence, amount or functional activity of a chemical or biological molecule.

Biological pathway
A series of molecular interactions that leads to a change in a cell in response to a stimulus. For example, biological pathways can trigger the assembly of new molecules, turn genes on and off, or spur a cell to move.

Biological therapeutics
Any pharmaceutical drug product manufactured in, extracted from, or semi-synthesised from biological sources. Different from totally synthesised pharmaceuticals, they include vaccines, blood, blood components, allergenics, somatic cells, gene therapies, tissues, recombinant therapeutic protein, and living cells used in cell therapy.

Biomarker
A measurable indicator of a biological state or condition. For example, increased amounts of a particular protein in a blood sample may indicate the presence of a particular disease.

Conjugated antibody
Antibodies that are chemically bound to molecules that enable detection of the antibody. For example, an antibody might be bound to a fluorescent dye.

CRISPR CAS9
An experimental technique allowing effective and specific editing of genetic sequences.

DNA
Deoxyribonucleic acid – a polymeric molecule that comprises both the coding and non-coding elements of the genome of an organism. Coding elements are transcribed into RNA, while non-coding elements exert cellular control functions.

ELISA
Assay that uses antibodies to detect and quantify proteins and peptides in a biological sample. Acronym for enzyme-linked immunosorbent assay.

Epigenetics
The study of changes in organisms caused by modification of gene expression rather than alteration of the genetic code itself.

ERP
Acronym for Enterprise Resource Planning. It refers to business process management software that allows an organisation to use a system of integrated applications to manage the business and automate many back-office functions related to technology, services and human resources.

Gene
A section of DNA that acts as the blueprint for making a particular protein. Every human being (except identical twins) has a unique set of genes, half of which came from their mother and the other half from their father.

Immunoassay
A test that uses the binding of antibodies to antigens to detect and quantify a biological molecule in a sample.

Immunology
A branch of biology that focuses on immune systems.

Immunohistochemistry (IHC)
The process of selectively imaging antigens (proteins) in cells of a tissue section by exploiting the principle of antibodies binding specifically to antigens in biological tissues

In vitro
Describes studies that are performed with microorganisms, cells or biological molecules outside their normal biological context. For example, an in vitro experiment might involve extracting a blood sample from a patient and performing an assay on that sample in a test tube.

In vivo
Describes a biological process that takes place in a living cell or organism, including animals and plants.

In vitro diagnostics (IVD)
Tests done on samples such as blood or tissue that have been taken from the human body. In vitro diagnostics can detect diseases or other conditions, and can be used to monitor a person's overall health to help cure, treat, or prevent diseases.

Kits and assays
Multi-component products comprising antibodies and other reagents that can be used to detect a wide range of biological molecules.

Knockout cell lines
A cell line that has had a particular gene removed (or 'knocked out'). The protein that the knocked-out gene encodes for is therefore not produced.

Lysate
The fluid produced by lysis of cells and tissues. Lysates are used as controls in biological experiments to confirm the absence or presence of proteins of interest.

Lysis
The disruption of cells by mechanical, chemical or enzymatic means.

M-phase phospho-proteins
A family of proteins with diverse roles in cellular signalling and gene expression.

Technical glossary continued

Matched antibody pairs
A pair of antibodies that binds to an individual protein at different sites, meaning that both antibodies of the pair can bind the protein at the same time. Matched antibody pairs are used in assays such as ELISA.

microRNA or miRNA
Small RNAs that are involved in regulating gene expression.

Monoclonal antibodies
Identical antibodies derived from a group of identical cloned cells or from an expression vector. Monoclonal antibodies recognise only one kind of antigen, i.e. they bind to the same site on a protein.

Multiplex immunoassays
Immunoassays that can detect multiple proteins at once within a single sample. They allow scientists to increase the efficiency and scope of their experiments.

Next generation sequencing
An experimental technique allowing high throughput analysis of genetic sequences. Used by Abcam to analyse the immune response to select the best monoclonal antibodies for a given target or application.

Oncology
Branch of medicine that deals with the prevention, diagnosis, and treatment of cancer.

PD-L1
Acronym for programmed death-ligand 1. It is a protein that plays a major role in suppressing the immune system and is an important target in difficult to treat cancers.

Peptides
Short chains of amino acids.

Phage Display
A technique for affinity binder discovery using viruses and bacteria in vitro, rather than the immune system of a live animal.

Polyclonal antibodies
Antibodies that target the same antigen but are derived from different cell lineages. Polyclonal antibodies bind to different sites on the antigen.

Polycomb proteins
A family of proteins first discovered in fruit flies that regulate epigenetic processes to drive cellular differentiation, critical in development.

Proteins
Large, complex molecules made up of amino acids. Proteins are required for the structure, function and regulation of the body's tissues and organs.

Proteomics
The exploration of proteomes (entire set of proteins in an organism or a cell) in respect to protein composition, structure, and activity.

RabMAb®
Abcam's patented technology for the generation of high quality rabbit monoclonal antibodies.

Rabbit/recombinant monoclonal antibodies
Antibodies made by cloning DNA sequences from cell lines that produce rabbit monoclonal antibodies. Cloned recombinant antibodies are identical and are therefore not susceptible to lot-to-lot variation.

Reagent
A product used in an experiment to detect or measure biological processes.

Recombinant
An antibody or protein that is synthesised from modified DNA in an artificial system that permits rapid production of large quantities of the protein.

RNA
Ribonucleic acid – a polymeric molecule that is transcribed from DNA. Various forms of RNA are involved in protein synthesis.

RUO
Research Use Only

Specificity
This refers to the ability of an antibody to bind only the desired antigen.

SimpleStep ELISA® kits
Kits that deliver fast results in just 90 minutes by reducing antibody and sample additions to a single step.

Transactional (or Touchpoint) Net Promoter Score or tNPS
A management tool that can be used to gauge the loyalty of a company's customer relationships. It serves as an alternative to traditional customer satisfaction research and can be correlated with revenue growth.

Corporate directory

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Shareholder information

Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact our registrar, Equiniti Limited, using the address provided in the Corporate Directory.

Share price information
London Stock Exchange Alternative Investment Market (AIM) symbol: ABC.
Nasdaq American Depositary Shares symbol: ABCM

Information on the Company's share price is available on the Abcam investor relations website at corporate.abcam.com.

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Financial calendar

Financial year end	31 December 2022
Full year results announced	14 March 2022
Annual General Meeting	18 May 2022

Forward Looking Statements

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any express or implied statements contained in this Annual Report that are not statements of historical fact may be deemed to be forward-looking statements, including, without limitation statements of targets, plans, objectives or goals for future operations, including those related to Abcam's products, product research, product development, product introductions and sales forecasts; statements containing projections of or targets for revenues, costs, income (or loss), earnings per share, capital expenditures, dividends, capital structure, net financials and other financial measures; statements regarding future economic and financial performance; statements regarding the scheduling and holding of general meetings and AGMs; statements regarding the assumptions underlying or relating to such statements; statements about Abcam's portfolio and ambitions, as well as statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "anticipate" and similar statements of a future or forward-looking nature. Forward-looking statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected, including, without limitation: a regional or global health pandemic, including the novel coronavirus ("COVID-19"), which has adversely affected elements of our business, could severely affect our business, including due to impacts on our operations and supply chains; challenges in implementing our strategies for revenue growth in light of competitive challenges; developing new products and enhancing existing products, adapting to significant technological change and responding to the introduction of new products by competitors to remain competitive; failing to successfully identify or integrate acquired businesses or assets into our operations or fully recognize the anticipated benefits of businesses or assets that we acquire; if our customers discontinue or spend less on research, development, production or other scientific endeavours; failing to successfully use, access and maintain information systems and implement new systems to handle our changing needs; cyber security risks and any failure to maintain the confidentiality, integrity and availability of our computer hardware, software and internet applications and related tools and functions; we have identified material weaknesses in our internal control over financial reporting and failure to comply with requirements to design, implement and maintain effective internal control over financial reporting could have a material adverse effect on our business; failing to successfully manage our current and potential future growth; any significant interruptions in our operations; if our products fail to satisfy applicable quality criteria, specifications and performance standards; failing to maintain our brand and reputation; our dependence upon management and highly skilled employees and our ability to attract and retain these highly skilled employees; and the important factors discussed under the caption "Risk Factors" in Abcam's prospectus pursuant to Rule 424(b) filed with the U.S. Securities and Exchange Commission ("SEC") on 22 October 2020, which is on file with the SEC and is available on the SEC website at www.sec.gov, as such factors may be updated from time to time in Abcam's other filings with the SEC. Any forward-looking statements contained in this Annual Report speak only as of the date hereof and accordingly undue reliance should not be placed on such statements. Abcam disclaims any obligation or undertaking to update or revise any forward-looking statements contained in this Annual Report, whether as a result of new information, future events or otherwise, other than to the extent required by applicable law.

The Abcam Group's commitment to environmental issues is reflected in the production of this Annual Report.

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