Oxford Biomedica

TRANSFORMING LIVES THROUGH CELL AND GENE THERAPY

Annual report and accounts 2022

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Terminology
This report uses financial reporting definitions, and terminology specific to both science and Oxford Biomedica. An explanation of these can be found in the glossary on pages 179 to 181.

OXFORD BIOMEDICA IN BRIEF

A QUALITY AND INNOVATION-LED VIRAL VECTOR CDMO FOCUSED ON DELIVERING LIFE CHANGING THERAPIES TO PATIENTS

One of the original pioneers in cell and gene therapy, Oxford Biomedica plc and its subsidiaries (the Group) has more than 25 years of experience in viral vectors; the driving force behind the majority of gene therapies. Oxford Biomedica collaborates with some of the world's most innovative pharmaceutical and biotechnology companies, providing viral vector development and manufacturing expertise in lentivirus, adeno-associated virus (AAV) and adenoviral vectors. Oxford Biomedica's world-class capabilities span from early-stage development to commercialisation. These capabilities are supported by robust quality-assurance systems, analytical methods and depth of regulatory expertise.

Oxford Biomedica is headquartered in Oxford, UK. It has locations across Oxfordshire, UK and a US-based subsidiary, Oxford Biomedica Solutions LLC (Oxford Biomedica Solutions), based near Boston, MA, US.

OUR PURPOSE

TRANSFORMING LIVES THROUGH CELL AND GENE THERAPY

Read more about our culture and values

— **In this report**
Sustainability report, page 40

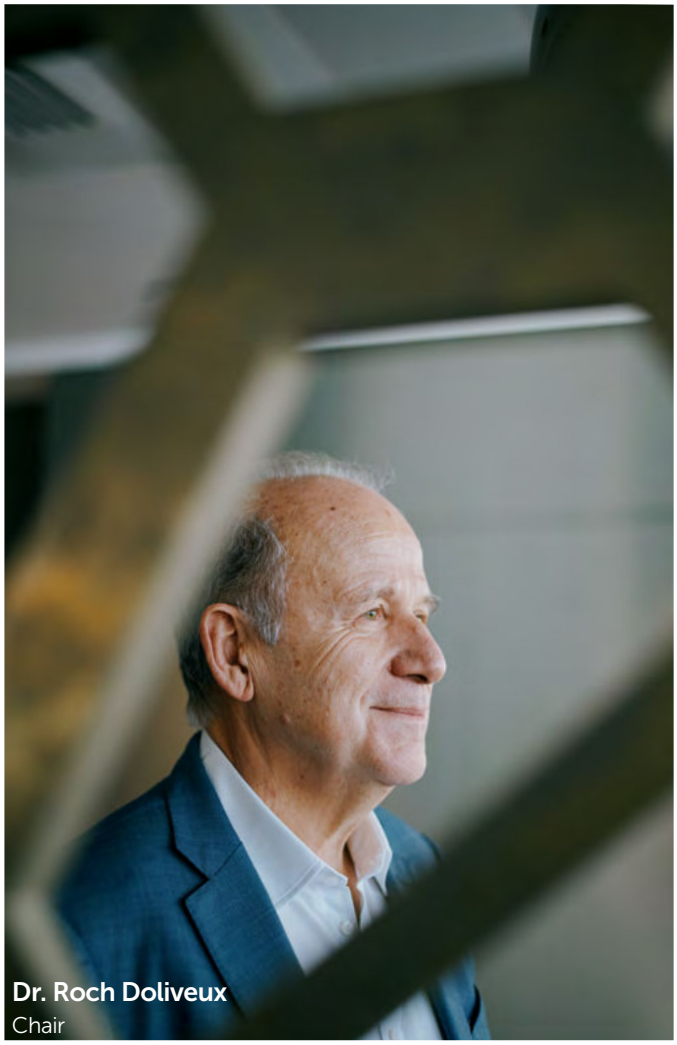
— **On our website**
www.oxb.com/environmental-social-governance-esg

STRATEGIC REPORT

Contents

CHAIR'S STATEMENT

We are committed to delivering innovative services to our clients, partnering with them to develop and deliver new cell and gene therapies that transform patients' lives.



Dr. Roch Doliveux
Chair

Commitment to our purpose of transforming lives through cell and gene therapy

In 2022, Oxford Biomedica made significant progress towards establishing a global leadership position in viral vector development and supply. We broadened our viral vector CDMO offering and expanded our business into the US and into new viral vector types, building on our recognised expertise in lentiviral vectors. Our transformational deal with Homology Medicines, Inc. (Homology Medicines) allowed us to capitalise on our successful work developing and producing the adenovirus-based Oxford AstraZeneca COVID-19 vaccine and immediately took us into the fast-growing AAV market with our first US-based business, Oxford Biomedica Solutions. With this move we expanded our innovative development and manufacturing expertise, enabling more biotech and pharma clients to deliver life-saving therapies to patients.

Importantly, in November 2022, we announced that Dr. Frank Mathias would join us as our new Chief Executive Officer. Frank's experience and track record of success running both an innovative biopharma company and a high-performing CDMO will be key to the Group as we build on our leading position and cell and gene therapy continues on its rapid growth trajectory.

Enhancing our position as a global quality and innovation-led CDMO

Viral vectors are the most established and powerful delivery mechanism for cell and gene therapies. As the driving force behind the majority of approved gene therapy trials, viral vectors unlock the possibility of safe and targeted one-time treatments.

Over the last year, Oxford Biomedica has expanded its viral vector capabilities into all key viral vector types including lentivirus, adenovirus and AAV. Our AAV business has grown from strength to strength already, with five clients at the end of 2022, exceeding our initial expectations. In late 2022, we also significantly upgraded our commercial organisation with new key hires. The momentum we are seeing in business development activities across lentivirus, AAV and adenoviruses validates client confidence in the business, team, and our capabilities. With the lentiviral vector and AAV manufacturing markets poised for projected 27% and 28% CAGRs respectively from 2018–2026 (Source: Mordor Intelligence, 2021), our expansion into the US AAV market and the growing lentivirus segment will enable our success in our aim for market leadership in viral vector CDMO services. Despite the challenging macroeconomic backdrop, we have a strong and diversified business development pipeline, and our business has continued to thrive with new client agreements and expanded remits from existing clients. Our annual revenues and number of clients have more than doubled since 2017, with 18 clients (including three added post period) now across multiple viral vector types.

Looking to the future, we have positioned ourselves to capitalise on the expected wave of cell and gene therapy approvals. It is estimated that there could be up to 14 cell and gene therapy regulatory decisions in 2023 in the US alone (Source: Alliance for Regenerative Medicine). Furthermore, favourable regulatory tailwinds with regard to efficiencies in underlying manufacturing processes lead us to believe there will be a step-up in appetite for cell and gene therapy approvals and a need to make the manufacturing process for gene therapies more efficient. To ensure that we are efficiently and properly resourced for future growth, we have right-sized our business while maintaining our financial strength. We are in a strong cash position, ending 2022 with our strongest ever year-end cash position, which allows us to respond effectively to the external environment and position ourselves for continued success, as we build our market share in anticipation of the expected demand for quality, innovation-led viral vector manufacturing capabilities.

Over the last year, Oxford Biomedica has expanded its viral vector capabilities into all key viral vector types including lentivirus, adenovirus and AAV.

Governance

Throughout the year, we made significant strides in strengthening and diversifying our leadership team and Board, ensuring that we are well-positioned to drive the Company through its next phase of growth. After more than 13 years of dedicated service and leadership to Oxford Biomedica, and following the announcement of our AAV acquisition in the US, John Dawson stepped down as Chief Executive Officer and I assumed the role of Interim CEO, in addition to my existing role as Chair, to ensure continuity.

Furthermore, we are proud of the progress we made to diversify the Board during the year, which now comprises 40% women, collectively possess a diverse range of skills and expertise, and come from a variety of ethnic and societal backgrounds.

Growing a sustainable business for our employees, clients and patients

At Oxford Biomedica, we are committed to upholding our values of integrity, inspiration, and innovation, embedded in everything we do. This includes a responsible and sustainable approach to our business, managing people, engaging with communities, protecting the environment and governing our operations. We are proud of our inclusion in the FTSE4Good index in 2022, in recognition of our commitment to responsible business practices.

We empower our diverse and inclusive workforce to find innovative solutions that benefit our business and the patients we serve. We are dedicated to continuously improving our processes to minimise our impact on the planet and engage with our communities to create partnerships that benefit everyone.

The future: delivering on our mission of enabling our clients to deliver life-changing therapies to patients

Having sharpened our strategic focus to be a quality and innovation-led CDMO, we have decided to fund our therapeutics portfolio externally, to realise the transformational potential of our gene therapeutics assets that have emanated from our lentiviral platform.

I am looking forward to continuing to work with Dr. Frank Mathias, our new CEO. Under Frank's leadership, we will make further investments in scalability and leverage automation to deliver even more innovative services to our biopharma clients enabling them to discover and deliver therapies that transform patients' lives. Our focus will remain on client acquisition, innovation, people, and most importantly, improving the lives of patients in need.

We have a clear strategy and vision for a successful, sustainable, long-term future at Oxford Biomedica as it continues to build as a world-leading quality and innovation-led viral vector CDMO. As we look forward, we are more excited than ever to continue delivering on our mission of enabling our clients to deliver life-changing therapies to patients around the world.

Dr. Roch Doliveux
Chair

OPERATIONAL HIGHLIGHTS DELIVERED IN 2022

Established Oxford Biomedica Solutions

- In March 2022, Oxford Biomedica entered into an agreement with Homology Medicines to establish Oxford Biomedica Solutions, an innovative service provider and AAV product developer with complete end-to-end chemistry, manufacturing and controls capabilities and expertise, from preclinical development through to clinical drug supply.
- Under the agreement, Oxford Biomedica acquired an 80% ownership interest in the newly formed AAV-focused manufacturing and innovation business for US$130 million (£97 million) cash consideration, and a US$50 million (£38.2 million) capital injection into Oxford Biomedica Solutions to fund the entity to break even.

Continued momentum in partner agreements

- Significantly increased client base with 13 new or expanded client relationships across lentiviral vectors and AAV (including three post-period).

LentiVector® platform

- In July 2022, Oxford Biomedica announced it had amended and expanded the original License and Clinical Supply Agreement signed with Juno Therapeutics, Inc. (Juno) a wholly owned subsidiary of Bristol Myers Squibb Company, to include two new viral vector programmes.
- In January 2022, Oxford Biomedica announced a License and Supply Agreement with Philadelphia, US-based Cabaletta Bio (Cabaletta) for their lead product candidate, DSG3-CAART, currently being investigated in a pivotal Phase 2 study.
- In July 2022, Oxford Biomedica announced a new Licence and Supply Agreement with a US-based private biotechnology company advancing a new generation of adoptive cell therapies, for their lead CAR-T programme.
- In September 2022, Oxford Biomedica announced a further Licence and Supply Agreement with an undisclosed US-based late-stage cell and gene therapy company, for their lead programme, a cell-based therapy targeting a rare indication.

Vaccine manufacturing

- In July 2022, Oxford Biomedica announced the signing of a new three-year Master Services and Development Agreement with AstraZeneca UK Ltd (AstraZeneca) to facilitate potential future manufacturing opportunities for the Oxford AstraZeneca COVID-19 vaccine.
- In 2022, Oxford Biomedica signed a 10-year MSDA with Serum Life Sciences Ltd (Serum), a subsidiary of Serum Institute of India, for the manufacture of a variety of vaccine and protein-based therapeutic products.

AAV

- In 2022, Oxford Biomedica Solutions signed agreements with four U.S. based biotechnology companies, in addition to Homology Medicines, to provide its full platform offering to support the new clients' pre-clinical gene therapy programmes.
- Post-period end, in 2023, Oxford Biomedica Solutions signed additional agreements with three new clients.

Platform Innovation

- Process C, which utilises perfusion-mode production was proven and rolled out at 200L scale in GMP, with several clients adopting or evaluating the next-generation lentiviral manufacturing platform due to the evident gains in vector quantity and quality it affords.

Therapeutics

- The Group has reviewed strategic options and is now exploring external funding opportunities for its therapeutics portfolio to realise the potential of its innovative and differentiated programmes that address unmet medical needs.

Setting firm foundations for growth

- In March 2022, the Group entered into an US$85 million (£64.9 million) short-term loan facility with Oaktree Capital Management, L.P. (Oaktree) to finance a portion of the transaction with Homology Medicines to establish Oxford Biomedica Solutions.
- In October 2022, the Group refinanced the US$85 million (£64.9 million) loan facility and the Company partially repaid the outstanding amounts and amended the facility into a new senior secured US$50 million (£42.9 million) four-year term loan facility provided by Oaktree.
- In November 2022, the Group completed the sale and leaseback of its Windrush Court facility in Oxford to Kadans Science Partner (Kadans) for £60 million, exceeding the £55 million which the Group was initially seeking.

Corporate and organisational development

- In January 2022, John Dawson stepped down as CEO after 13 years and simultaneously Dr. Roch Doliveux assumed the role of Interim CEO, in addition to his existing role as Chair.
- Post-period end, in March 2023 the Group welcomed Dr. Frank Mathias as CEO and Dr. Roch Doliveux stepped down as Interim CEO and resumed as Chair.
- Namrata Patel was appointed to the Board as an Independent Non-Executive Director, bringing a wealth of international experience in manufacturing and end-to-end supply chain management.

MARKET OVERVIEW

Cell and gene therapies are bringing a new wave of breakthroughs in medicines and creating a new paradigm for healthcare where there are few treatment options and no cures. Since the approval of Kymriah® in 2017, the cell and gene therapy market has continued to grow strongly with the number of cell and gene therapy candidates in development growing from 652 in 2015 to 2,817 in 2022, and the majority of big pharma are now active in the space (Source: Citeline, 2023; McKinsey & Company, 2020).

There are currently 28 cell and gene therapies approved by the FDA targeting a broad range of disease indications, and it is estimated that there could be up to 14 regulatory decisions expected in the US in 2023 alone. Viral vectors play a critical role in the delivery of cell and gene therapies to patients, but due to insufficient manufacturing capacity and a leap in clinical progress since 2015, a coming wave of near-term approvals will exacerbate the already limited viral vector supply. (Source: Alliance for Regenerative Medicine, 2023).

Lentivirus

The Group has capabilities across all key vector types with its LentiVector® platform focusing on lentiviral vectors.

The number of clinical trials are seen as a leading indicator of future potential CDMO deal flow, and in the period from 2015 to 2022 the lentiviral vector clinical trials saw a 23% CAGR, growing from 17 in 2015 to 74 in 2022. (Source: Citeline, 2022).

Adeno-associated virus (AAV)

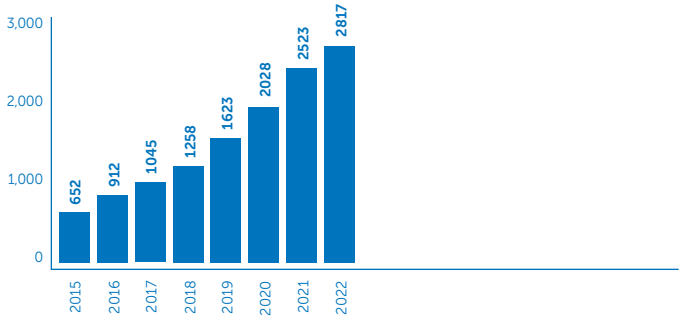
AAV is the most widely used vector for areas outside of oncology and vaccines, with 70% of gene therapies using it. The AAV sector saw a 32% CAGR in clinical trial initiations between 2015 and 2022, growing from 7 to 49 respectively.

Adenovirus

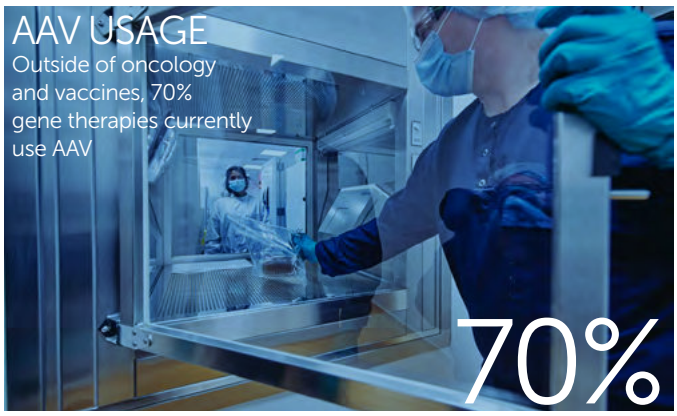
Adenoviral vectors are commonly utilised in vaccines due to their ability to generate a strong immune response, their versatility, as well as their ability to be produced quickly and on a large scale.

The adenoviral vector supply market saw a 24% CAGR in clinical trial initiations between 2015 to 2022, growing from 28 to 125 respectively. The increase in 2020 and 2021 was driven by clinical trials for vaccines for COVID-19, which accounted for 36 clinical trial initiations in 2020 and 194 in 2021. In contrast, the number of trials for COVID-19 decreased by 81% from 194 in 2021 to 37 in 2022. (Source: Citeline, 2023).

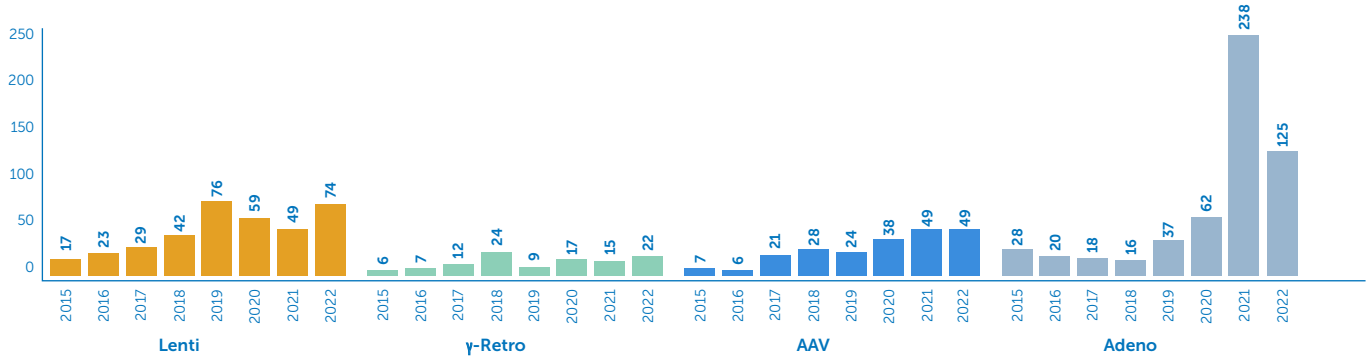
Number of cell and gene therapy candidates in development



(Source: Citeline, 2023)



Clinical trial initiations by vector type



Source: Citeline, 2023

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

GROUP AT A GLANCE

WHO IS OXFORD BIOMEDICA?

- Oxford Biomedica is a quality and innovation-led CDMO and leader in viral vectors, enabling the delivery of life-saving cell and gene therapies to patients
- Vector agnostic with innovative capabilities spanning lentivirus, adenovirus and AAV
- Proprietary platform technology protected by IP, patents and know-how
- Multiple partnerships with leading companies and proven commercial supply capabilities; approvals spanning over 30 countries
- Sole global supplier of lentiviral vector for Novartis' Kymriah®
- Manufacturer of >100m doses of the adenovirus-based Oxford AstraZeneca COVID-19 vaccine

Large pharma and innovative biotech clients include:

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

Key stats

30+
Client programmes

904
Number of employees*

18
Number of clients (including three added post-period)

9
Number of facilities

* As at 31 December 2022, including 140 employees in Boston, US.

WHERE IS OXFORD BIOMEDICA BASED?

Facilities and locations

At the end of 2022, Oxford Biomedica had nine facilities spread over eight sites across Oxford, UK; Dublin, Ireland and Boston, US. The Group's Boston, US, facility was added in March 2022 with the establishment of Oxford Biomedica Solutions, which has expanded Oxford Biomedica's footprint into the US.

Oxbox, Oxford, UK (1)

- 4,180 m² (45,000 ft²) of commercial (MHRA) manufacturing space
- 4 x GMP production suites
- 2 x fill finish suites
- Warehousing, cold chain, QC laboratories
- Fit out of 20,000 ft² fallow area is now in design phase and will provide 2 x 2000L GMP further production suites

Windrush Court, Oxford, UK (2)

- State of the art laboratories totalling 2,970 m² (32,000 ft²).
- Home to the analytical services group and process research and development

Windrush Innovation Centre, Oxford, UK (3)

- Future dedicated innovation hub
- Currently office space with planned project to generate 2,970 m² (32,000 ft²) of new research laboratories

Yarnton, Oxford, UK (4)

- 1,700 m² (18,300 ft²) of commercial (FDA/MHRA) manufacturing space
- 1 x GMP production suite, satellite warehouse and microbiology QC laboratory

Harrow House and Chancery Gate, Oxford, UK (5)

- 370 m² (4,000 ft²) of commercial (FDA/MHRA) manufacturing space
- 2 x GMP production suites
- Microbiology QC laboratory

Corporate Head Office, Oxford, UK (6)

- Located on an 11,000 ft² site within Oxford Business Park
- Houses SET and various support functions

Wallingford warehouse (7)

- 4,181 m² (45,000 ft²) of warehouse space
- Dedicated storage space for ambient raw materials

Patriots Park, Boston, MA, US (8)

- Facility size c.8,450m² (91,000 ft²)
- 2 x GMP production suites with potential for expansion

Earlsfort Terrace, Dublin, Ireland (9)

- Located in offices within Dublin's city centre
- Base for quality assurance staff to release product within the EU

BUSINESS MODEL

A QUALITY AND INNOVATION-LED VIRAL VECTOR CDMO

Illustrative Oxford Biomedica revenue streams from viral vector development process

	Cell line and process development	Pilot scale production	Early stage clinical supply	Late stage, process characterisation and validation	Commercial product supply and fill / finish
Potential upfront	Licence fee ($–$$$)				
Development revenues	$	$	–	$$$	–
Size of batches*	Up to 5L	Up to 50L	50 to 200L	200 to 1,000L	200 to 1,000L
Bioprocessing revenues	–	$	$ – $$	$$	$$$
Milestone(s)	Development & Commercial Milestones ($–$$$)				
Royalties					Low single digit royalties of sales

Financial reporting

Collaboration agreements refers to all revenue generating contractual arrangements with clients.

Illustration of potential Oxford Biomedica revenue streams throughout the product development process. The timing of Oxford Biomedica revenue recognition from executed contracts will vary depending on agreements with partners.

* Batches dependent on type of therapeutic product and viral vector

Using innovation and development to drive industrialisation

Innovation and development across all viral vector classes are core to the Group's goal of industrialising viral vector manufacturing. By industrialising viral vector production, reducing costs and improving quality through innovation, the Group is broadening the therapeutic indications that are amenable to treatment with cell and gene therapy. It is expected that the reduction in cost will help drive more projects through clinical development and ultimately adoption by payors into indications where there are a far greater number of patients, by bringing down the overall cost per patient.

Providing innovative process development and manufacturing services in a fast-growing sector

The Group provides innovative process development and manufacturing services to pharmaceutical and biotech companies in the fast-growing cell and gene therapy sector. The Group's world-leading viral vector manufacturing expertise in lentiviral vectors, AAV and adenoviral vectors means that it is able to develop and manufacture commercially scalable cell and gene therapy products for its clients across a broad range of therapeutic areas.

Proprietary platform and world leading industry expertise delivering revenues

The Group's proprietary LentiVector® platform is the first commercially approved lentiviral based gene delivery system, and the IP, patents and know-how, along with over 25 years of expertise in applying its platform technology for both *in vivo* and *ex vivo* therapies has made the Group not only a pioneer in the field, but also the global leader that it is today.

The platform innovations and arising IP are built into agreements with clients to support them in bringing their cell and gene therapies to market. Revenue is then generated from commercial development fees, bioprocessing activities, milestone payments and royalty streams (see diagram above).

Gene Therapeutics

The Group has leveraged its expertise to develop a product portfolio of innovative IP-protected cell and gene therapeutics focused on *in vivo* lentiviral vector gene therapy (see diagram on page 13). These innovative and differentiated programmes are targeted on assets which utilise the unique qualities of lentiviral vectors for generating *in vivo* CAR-T cells and treating conditions that address unmet medical needs.

The Group has reviewed strategic options and is now exploring external funding opportunities for its therapeutics portfolio.

CLIENT PORTFOLIO

CDMO portfolio at a glance

As at 31 December 2022

[1] Includes undisclosed stage programmes

CDMO portfolio[1]

The Group receives multiple revenue streams from work with clients including licence fees, process development fees and milestones, bioprocessing revenues and royalties on sales once a therapy has reached the market.

>30

By the end of 2022, Oxford Biomedica was working on >30 client programmes across early and late stage with large pharma and innovative biotechs.

Portfolio

Product	Client	Indication	Stage
Kymriah®	NOVARTIS	r/r ALL, r/r DLBCL, r/r FL	Commercial
2nd CAR-T	NOVARTIS	Cancer (multiple)	Phase I
3rd CAR-T	NOVARTIS	Cancer (multiple)	Pre-clinical
4th CAR-T	NOVARTIS	Cancer (multiple)	Pre-clinical
5th CAR-T	NOVARTIS	Cancer (multiple)	Pre-clinical
1st CAR-T/TCR-T	Bristol Myers Squibb	Undisclosed	Phase I
2nd CAR-T/TCR-T	Bristol Myers Squibb	Undisclosed	Phase I
3rd CAR-T/TCR-T	Bristol Myers Squibb	Undisclosed	Pre-clinical
4th CAR-T/TCR-T	Bristol Myers Squibb	Undisclosed	Pre-clinical
5th CAR-T/TCR-T	Bristol Myers Squibb	Undisclosed	Undisclosed
6th CAR-T/TCR-T	Bristol Myers Squibb	Undisclosed	Undisclosed
OTL-201	Orchard	MPS-IIIA (Sanfilippo syndrome type A)	Phase I/II
Other	Orchard	Undisclosed	Pre-clinical
CAR-T	Beam Therapeutics	Cancer (multiple)	Pre-clinical
CART-ddBCMA	ARCELLX	r/r Multiple myeloma	Phase II
2nd CAR-T	ARCELLX	Undisclosed	Pre-clinical
DSG3-CAART	Cabaletta Bio	Mucosal Pemphigus Vulgaris (mPV)	Phase I
TCR-T	immatics	Undisclosed	Phase I
Cell therapy	Undisclosed	Rare indication (undisclosed)	Phase III
CAR-T	Undisclosed	Undisclosed	Phase I
BI 3720931	Boehringer Ingelheim / GSK	Cystic Fibrosis	Pre-clinical
COVID-19 vaccine	AstraZeneca	SARS-CoV-2	Commercial

[1] CDMO pipeline as at 31 December 2022. Excludes AAV client programmes

Read more about the Group's CDMO portfolio on page 20.

Gene therapeutics pipeline

5

At the end of 2022, Oxford Biomedica had five programmes in its gene therapeutics pipeline.

OXB proprietary unencumbered products

Product	Indication	Stage
OXB-302	Acute Myeloid Leukaemia	Pre-clinical
OXB-40X	Undisclosed liver indication	Pre-clinical
OXB-40Y	Undisclosed liver indication	Pre-clinical
OXB-40Z	Undisclosed liver indication	Pre-clinical
Axo-Lenti-PD[1]	Parkinson's disease	Phase II

[1] Sio Gene Therapies (Sio) returned the rights to Axo-Lenti-PD to the Group in March 2022. The Group continues to explore outlicensing opportunities for this asset.

Read more about the Group's gene therapeutics pipeline on page 23.

THE GROUP'S STAKEHOLDERS

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

s172 Companies Act 2006

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

By understanding the Group's stakeholders, the Board factors the potential impact of decisions into boardroom discussions and considers stakeholders needs and concerns, in accordance with s172 of the Companies Act 2006 (as shown in the case study on pages 18 and 19). The Group works effectively with its employees, clients and suppliers, to make a positive contribution to local communities and achieve long-term sustainable returns for its investors. Acting in a fair and responsible manner is a core element of the Group's business practice as seen in the Environmental, Social and Governance (ESG) report on pages 40 and 63.

Stakeholders	How the Board and the wider Group engages	Material issues identified
Patients		
The Group works on the development of innovative products either by itself, or with clients to provide life-changing treatments to patients.	The Clinical Development department, the Chief Scientific Officer, the Chief Technical Officer and the Scientific, Technology and Advisory Committee (STAC) consults with key clinical opinion leaders, patient advocacy groups and regulatory experts to design safe clinical trials for patients in 2022. The Chief Scientific Officer, the Chief Technical Officer and STAC regularly update the Board on the results of such consultations. The Group is able to scale-up its manufacturing capacity to access a broad patient population in line with partner demand.	— Patient safety — Well-designed clinical trials — Progress product candidates to the market as quickly as possible
Employees		
The Group has an experienced, diverse and dedicated workforce, which it recognises as a key asset of the business. Therefore, it is important that the Group continues to create the right environment to encourage and create opportunities for individuals and teams to realise their full potential.	The Group has an open, collaborative and inclusive management structure and engages regularly with employees. The Group does this through the regular appraisal process, structured career conversations, management development programmes, employee surveys, webinars and webcasts, digital sharing platforms, company presentations, town hall meetings, site visits by Board members, email briefings and newsletters and its wellbeing programme. Employee engagement is frequently measured and the Group has designated Stuart Henderson as the Board's representative for gathering the views of the workforce and overseeing employee engagement. Mr Henderson attends a number of Workforce Engagement Panel meetings per year to obtain employee feedback on key issues and to facilitate two-way communication between the Board and employees, with the objective of improving Board decision-making.	— Opportunities for development and progression — Health, safety and wellbeing — Opportunity to share ideas and make a difference — Equality, Diversity and Inclusion — Leadership and development — Change management — Cost of living
Clients		
The continued performance of the Group's business would not be possible without understanding the needs and future aspirations of its clients. Many clients have come to the Group as their businesses have moved into the cell and gene therapy sector, which is testament to the Group's expertise and leadership in the sector. In addition, the Group's manufacturing expertise has attracted a broader partner base.	The Group's Client Programme and Alliance Management department and the Business Development team, the Chief Scientific Officer, the Chief Technical Officer, the Chief Operations Officer and the Chief Financial Officer regularly communicates with existing partners to discuss their goals and incorporate them into the Group's schedules/strategy. The Group does this through meetings, engagement events and forums. This active engagement ultimately ensures that the Group meets their clients needs and assists them in achieving their business goals. The Chief Commercial Officer presents a regular update on the Group's client relationships at each Board meeting.	— Understand clients' needs to refine expertise — Deliver to meet clients' business goals — Offer expert manufacturing capabilities to clients

Key stakeholders

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

- Patients
- Employees
- Clients
- Local communities
- Suppliers
- Regulators
- Shareholders

Addressing material issues in 2022 highlights | **Further links**

— Thousands of patients treated with the Group's lentiviral vectors

— Introduction of fill/finish capabilities at Oxbox enabling the Group to broaden the Scope of its commercial scale expertise and to roll out its expanded capabilities to new and existing clients ultimately benefiting patients (see S.172 case study on page 18).

p. 63 Clinical trials and ethics

p. 18 S,172 fill/finish case study

— Workforce Engagement Panel held nine meetings in 2022.

— Stuart Henderson, the Board's designated representative, attended two Workforce Engagement Panel meetings and has presented feedback to the Board arising from employee surveys and Workforce Engagement Panel discussions. During 2022, Mr Henderson participated in Workforce Engagement Panel discussions relating to, *inter alia*, employee recognition, CEO recruitment and social engagement. The Chair and Vice Chair of the Workforce Engagement Panel also presented to the Board during 2022 on two occasions, providing an update to the Board on the topics discussed by the panel and allowing an opportunity for the Board to ask questions regarding the panel's activities.

— Consulting with the Workforce Engagement Panel regarding proposals for collecting diversity data as part of the Company's broader Equality, Diversity and Inclusion agenda, and seeking input into the focus areas needed to implement year 2 of the 3-year plan to drive an inclusive and diverse culture within the Group.

— Continued roll-out of the management development programme with additional training delivered to line managers to improve their understanding of the Group's policies to ensure consistency and best practice.

— Continued leadership development with a series of facilitated away days including a focus on change management.

— Consulting with the Workforce Engagement Panel regarding the right-sizing of Group's headcount following the easing of the COVID-19 pandemic.

— Discussing and generating ideas to improve social engagement for all employees.

— Cost of living – management decided to make a cost-of-living payment of £1,200 to all UK based employees with a base annual salary of under £50,000, payable in two tranches in December 2022 and February 2023. This payment was made to 482 employees (63% of the employee population).

p. 43 People and wellbeing

p. 96 Executive annual bonus, organisation and staff

p. 45 Equality, Diversity and Inclusion

p. 44 Workforce Engagement Panel

— By understanding clients' needs and meeting their expectations, the Group was able to establish new client relationships.

— Progressed programmes with existing clients in line with agreements.

— Process C, which utilises perfusion-mode production, has been rolled out at 200L scale in GMP, with several clients adopting the next-generation lentiviral manufacturing platform.

p. 20 Performance review

p. 96 Executive annual bonus

THE GROUP'S STAKEHOLDERS (CONTINUED)

Stakeholders	How the Board and the wider Group engages	Material issues identified
Local communities		
The Group is committed to supporting the communities in which it operates, including local businesses, residents, schools and the wider public. 	The Group engages with the local community not only through the planning process but also through the Group's "Helping Hands" forum, with volunteering, fundraising and charity work. The Group operates a formal apprenticeship programme and employees of the Group attend schools and careers fairs and provide work experience opportunities. The Group liaises with industry bodies and government organisations to enhance the positive impact the Group has on the communities and sector in which it operates. The Board is kept updated on the various community initiatives.	— Apprenticeships — School and careers events — Fundraising for charity — Volunteer for local charities / organisations
Suppliers		
The Group buys many items from key suppliers and outsources some of its activities to third-party suppliers and providers. As a result, it is crucial that the Group develops strong working relationships with the Group's suppliers, so the Group can enhance the efficiency of the business and create value. 	Through effective collaboration, the Group aims to build long-term relationships with its suppliers so that both parties benefit. The business development team, operations team, Chief Operations Officer and Chief Financial Officer have regular supplier meetings and business reviews and in 2022 the Group formalised its Supplier Code of Conduct. The team reports any concerns regarding suppliers and the broader supply chain to the Board in a timely manner.	— Long term partnerships — Collaborative approach — Open terms of business
Regulators		
The Group operates in a highly regulated environment and it is important that it engages with the regulators as required. 	The Chief Scientific Officer, Chief Technical Officer, Chief Operations Officer and General Counsel are in contact with government regulatory bodies on a regular basis and attend industry forums. The Group has compliance audits performed by both government regulatory bodies and by its clients. The General Counsel arranges for annual Corporate Governance updates to the Board from external advisers and provides other regulatory updates as appropriate.	— Engage with regulators in a timely manner — Ensure GMP regulatory compliance — Protect proprietary company information and knowhow — Continuity of product supply chain into EU post Brexit — Compliance with the Corporate Governance Code
Shareholders		
The Group's shareholders play an important role in monitoring and safeguarding the governance of the Group. 	Through the Group's investor relations programme, which includes regular updates to the Board on one-to-one meetings with investors and investor roadshows as well as the Group's Annual General Meeting (AGM), the Group ensures shareholder views are brought into the Boardroom and are considered in its decision-making. There was a representative of one major shareholder on the Board for the duration of 2022. The Group engages with shareholders via the Annual report and accounts and via RNS announcements and the corporate website.	— Corporate governance — Business ethics — Strategy and business model — Financial performance

Addressing material issues in 2022 highlights	Further links
— Five apprenticeships offered in 2022. — Outreach programme in STEM subjects. — Collaborative Training Partnership programme with Oxford University and University College London launched. — £7,068 in employee fundraising for local Oxford charity.	p. 43 People p. 48 Community p. 49 Innovation p. 48 Charity
— Quality audits performed by the Group on its suppliers. — Due diligence performed by the Group on its suppliers which included regular audits on certain suppliers and quarterly business reviews covering the top 5-6 suppliers. — Procurement and supplier functions enhanced to interact with suppliers more effectively. — Development of a Supplier Code of Conduct. This Code of Conduct now exists for all suppliers to view with the next steps being to roll this out to major suppliers over the course of 2023.	p. 63 Modern Slavery and code of conduct p. 51 Supply chain
— One audit by a Government regulatory body, including approval of new fill/finish facility. — Preparation of drug master files and product specification files. — GMP inspection and regulatory training for employees and Directors. — Regular review of the Corporate Governance Code.	p. 67 Regulatory risk p. 69 Governance p. 40 ESG
— Regular meetings/calls with the investor community held virtually and in person in 2022. — Shareholders were invited to listen and attend the AGM and vote by proxy or in person when attending.	p. 90 Remuneration – annual bonus and LTIP p. 69 Governance p. 40 ESG p. 28 Financial review p. 133 Financials

THE GROUP'S STAKEHOLDERS (CONTINUED)

STAKEHOLDER CASE STUDY

Proposal to offer fill/finish services to clients

During 2022, the Group submitted an application for MHRA approval for the introduction of fill/finish services at its Oxbox manufacturing site. Approval was received in the second half of 2022.

The Board charged management to consider and report on the impact that the decision to bring fill/finish processes in-house would have on the stakeholders. The Board considered and challenged management's analysis.

Patient population and clients

The Board considered the impact that the introduction of fill/finish services to Oxford Biomedica's existing viral vector manufacturing offering would have on the wider patient population and clients and assessed whether it would bring benefits to these stakeholders.

The Board concluded that the introduction of fill/finish at Oxbox would enable the Group to broaden the Scope of its commercial scale expertise, roll out its expanded portfolio of capabilities to existing clients, and to support with marketing activities targeting prospective clients. Importantly, the Board believed that offering fill/finish services in-house would facilitate the achievement of the Group's goal of becoming a global viral vector leader, providing treatments to patients and solutions to its clients.

The Board also considered that it would provide additional benefits to clients and the wider patient population by allowing the Group to offer an end-to-end manufacturing process rather than relying on outsourcing, thereby reducing the risk of products being damaged or lost in transit to third party fill/finish providers and onward shipment to external storage providers.

Employees

Consideration was given to the effect that the process of undergoing MHRA inspection in order to obtain approval for fill/finish services would have on the Group's employees. It was noted that the expected impact on employees would be felt in terms of the increased workload for key employees involved in the inspection under a tight timeframe. Notwithstanding this, in balancing such increased workload against the expected benefits to other stakeholder groups, the Board concluded that it would be possible to effectively mitigate the impact upon employees in order to facilitate the positive impact that offering fill/finish services would bring to the wider stakeholder population.

Local communities

The Board considered whether the commencement of fill/finish services would have any positive or negative effect on local communities. The Board concluded that it would have a positive impact in terms of providing future job security for Oxford Biomedica employees in Oxford and in the creation of future jobs supporting the fill/finish processes at Oxbox. The Board also noted that the environmental impact would be reduced by removing the need to ship vector substance and then vector product from Oxford Biomedica to a third party filling contractor and a third party storage provider.

Supply chain and regulators

The Board assessed the effect that the decision to bring fill/finish in-house was expected to have on the Group's suppliers and existing supply chain, as well as on its relationships and dealings with regulators. The Board decided that the Group's suppliers would not be significantly affected by the introduction of fill/finish services and that, although there would be some additional pressure on the supply chain, this could be effectively mitigated by using the Group's Wallingford site as warehouse space for an increased strategic level of inventory which, it was expected, would further allow the Group to negotiate better pricing by discussing larger volume orders with suppliers. With regard to the Group's existing suppliers of fill/finish services, the Board recognised that the decision to bring fill/finish operations in-house would result in a loss of revenue for such suppliers. Notwithstanding this, the Board noted that such suppliers provided services to a wide variety of other clients and therefore any resulting impact on them was expected to be short-term in nature.

The Board recognised the additional regulatory workload and increased need for compliance with the MHRA to ensure the application received the necessary approvals. The Board concluded that increased engagement with the MHRA would assist the Group in building its relationships with UK regulators.

Shareholders

The Board considered how the in-house fill/finish offering would affect the Group's shareholders and assessed whether it was in the shareholders' best interests to proceed with the MHRA application. The Board believed that being able to offer clients fill/finish processes in-house would align with Oxford Biomedica's publicly stated strategy and facilitate the Group's goal of becoming a global viral vector leader. In addition, the Board believed that having in-house fill/finish capabilities would attract further work from existing and potential clients, which was expected to have a positive impact on future Group revenues.

Following due discussion and consideration, the Board concluded that it was in the best interests of the Group's stakeholders, taken as a whole, to proceed with the submission of the application for MHRA approval and with offering fill/finish services to existing and potential clients.

2022 PERFORMANCE REVIEW

Introduction

2022 was a significant year for Oxford Biomedica, as the Group expanded internationally and made its first strategic acquisition, entering the larger and fast-growing adjacent AAV market. The core business performed strongly, validating the Group's position in the market as a leading quality and innovation-led CDMO. This success is testament to the Group's world-class capabilities spanning early-stage development through to commercialisation.

Oxford Biomedica Solutions: US-based AAV manufacturing and innovation business

In January 2022, Oxford Biomedica announced that it had entered into an agreement with Homology Medicines to establish Oxford Biomedica Solutions, an innovative service provider and AAV product developer with complete end-to-end chemistry, manufacturing, and controls capabilities and expertise, from pre-clinical development through to clinical drug supply. The 91,000 sq. ft. facility is located near Boston, US. The transaction completed on 10 March 2022 and was immediately accretive to the Group's revenues.

Under the agreement, Oxford Biomedica US, Inc. acquired an 80% ownership interest in the newly formed AAV-focused manufacturing and innovation business for a US$130 million (£97 million) cash consideration, and a US$50 million (£38.2 million) capital injection into Oxford Biomedica Solutions to fund the entity to break even.

Following the transaction, the Group immediately benefited from a three-year Manufacturing and Supply agreement with Homology Medicines as a preferred partner, which provided for minimum contracted revenue of c.US$25 million (£21 million) for Oxford Biomedica Solutions for the first twelve months post-completion. Oxford Biomedica Solutions is targeting double-digit growth in AAV manufacturing and clinical development revenues through services provided to Homology Medicines, as well as existing and new clients during 2023.

Oxford Biomedica Solutions is led by Tim Kelly, Chief Executive Officer and Chair of its Board of Directors. The business has a robust business development pipeline and in 2022 signed agreements with four new, undisclosed, U.S. based biotechnology companies, exceeding the previously stated target of two by the end of 2022.

Post-period end, in 2023, Oxford Biomedica Solutions signed additional agreements with three new clients.

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In 2022, Oxford Biomedica Solutions signed agreements with four new, undisclosed, U.S. based biotechnology companies.

Juno Therapeutics, Inc. (a wholly owned subsidiary of Bristol Myers Squibb Company)

Oxford Biomedica has continued to build on its partnership with Juno Therapeutics, Inc. (a wholly-owned subsidiary of Bristol Myers Squibb Company), which started in 2020. In July 2022, the Group announced it had amended and expanded the original License and Clinical Supply Agreement signed with Juno to include two new viral vector programmes. This latest agreement demonstrates the Group's ability to expand work with existing partners and took the total number of programmes that it is working on with Bristol Myers Squibb to six.

Novartis

The Group continues its strong and long-term relationship with Novartis as its sole global supplier of lentiviral vector for Kymriah® (tisagenlecleucel, formerly CTL019).

Kymriah®, which is designed to be a one-time treatment, was the first ever FDA-approved CAR-T cell therapy and in May 2022 expanded into a third indication, after its approval from the FDA and European Commission for the treatment of adult patients with relapsed or refractory follicular lymphoma , following two or more lines of systemic therapy. This is the third B-cell malignancy indication for Kymriah®, joining approvals in indications in children and young adults with r/r paediatric and young adult acute lymphoblastic leukaemia (ALL), and r/r adult diffuse large B-cell lymphoma. In June 2022, Novartis announced five-year Kymriah® data showing durable remission and long-term survival maintained in children and young adults with advanced B-cell ALL.

Kymriah® is available in more than 400 qualified treatment centres in 30 countries having coverage for at least one indication. The Group is currently working with Novartis on four partner programmes, in addition to Kymriah®.

Vaccine manufacturing

Oxford Biomedica continued to manufacture the Oxford AstraZeneca COVID-19 vaccine at the Group's Oxbox facility during 2022, with manufacture of COVID-19 vaccines completing in the last quarter of 2022. In July 2022, the Group announced the signing of a new three-year Master Services and Development Agreement (MSDA) with AstraZeneca to facilitate potential future vaccine manufacturing opportunities on an as needed basis beyond 2022.

Oxford Biomedica has signed a 10-year MSDA with Serum Life Sciences Ltd (Serum, a subsidiary of Serum Institute of India), for the manufacture of a variety of vaccine and protein-based therapeutic products. This agreement follows on from the Memorandum of Understanding agreed with Serum in 2021. The MSDA allows for Serum to access the Group's Oxbox facility to manufacture a variety of vaccines at scales of up to 1,000L.

Serum is also able to secure exclusive access to one of the two new large scale multi 2,000L facilities in the second phase of Oxbox facility expansion for a period of 10 years from facility readiness. Serum will be required to commit to a minimum order value over the relevant period in order to secure exclusive access to the new large-scale suite.

Cabaletta

In January 2022, Oxford Biomedica announced a License and Supply Agreement with Philadelphia, US-based Cabaletta Bio for their lead product candidate, DSG3-CAART. DSG3-CAART is being evaluated in the DesCAARTes™ Phase I clinical trial as a potential treatment for patients with Mucosal Pemphigus Vulgaris and is designed to selectively target and kill the B cells that produce DSG3 antibodies while preserving the healthy B cells critical to immune function.

In late 2022, Cabaletta released six-month clinical and translation data from cohorts A1 through A4 and 28-day safety and persistence data from cohorts A1 through A5.

The Group continues its strong and long-term relationship with Novartis as its sole global supplier of lentiviral vector for Kymriah®.

2022 PERFORMANCE REVIEW (CONTINUED)

Further client updates

In July 2022, Oxford Biomedica announced a new Licence and Supply Agreement with an undisclosed US-based private biotechnology company advancing a new generation of adoptive cell therapies. The Licence and Supply Agreement grants the new client a non-exclusive licence to utilise Oxford Biomedica's LentiVector® platform for its application in their lead CAR-T programme, and puts in place a three-year Clinical Supply Agreement.

In September 2022, Oxford Biomedica announced a further Licence and Supply Agreement with an undisclosed US-based late-stage cell and gene therapy company. The Licence and Supply Agreement grants the new client a non-exclusive licence to utilise Oxford Biomedica's LentiVector® platform for its application in their lead programme, a cell-based therapy targeting a rare indication, putting into place a five-year clinical supply arrangement.

The Group continues to actively progress its collaborations with Boehringer Ingelheim, Immatics, Arcellx, Orchard and Beam Therapeutics with the combined revenues from these client relationships expected to contribute meaningfully towards the total bioprocessing and commercial development revenues in the current financial year.

In December 2022, Arcellx announced a global strategic collaboration with Kite Pharma to co-develop and co-commercialise CART-ddBCMA, Arcellx's lead late-stage product candidate. CART-ddBCMA is currently being investigated in a pivotal Phase 2 study and has been granted Fast Track, Orphan Drug, and Regenerative Medicine Advanced Therapy Designations by the FDA.

Innovation and platform development

Innovation and the development of the platform are core to the Group's goal of industrialising viral vector manufacturing, not just with lentiviral vectors but across all viral vector classes. By industrialising viral vector production, reducing costs and improving quality through innovation, the Group seeks to broaden the therapeutic indications that are amenable to treatment with cell and gene therapy. It is expected that the reduction in cost per dose brought about through the Group's combined platform and process innovation will help drive more projects successfully through clinical development and ultimately adoption by payors into indications where there are a far greater number of patients, by bringing down the overall cost per patient treated.

Multiple elements of IP and innovation are relevant across all viral vector classes. Development of the Group's technologies such as TRiPSystem™, SecNuc™, LentiStable™ and U1 and U2, along with the corresponding IP, continue to move ahead. In addition, the Group is utilising automation and the use of robotics, artificial intelligence and machine learning to further drive productivity and capacity improvements. One example is the successful development and implementation of automated methods for both the replication competent lentivirus assay and the titre (TU/mL) assay, enhancing method robustness, providing additional capabilities to meet future capacity needs whilst ensuring continuous improvement of platform analytics. The Group is expecting to launch a fourth generation of lentiviral vectors in the second quarter of 2023 which will enable higher expression, have additional safety features and a larger capacity to deliver greater amounts of DNA.

Process C, which utilises perfusion-mode production, as opposed to the more typical batch-mode production, coupled with improvements in downstream processing into the manufacturing process has been proven and rolled out at 200L scale in GMP during 2022. Process C works together with production enhancers (such as U1, U2) and has resulted in process improvements by as much as tenfold, without the need for an increase in bioreactor size, and yielding significantly more lentiviral vector per batch. The Group has begun to offer Process C commercially, with several clients adopting or evaluating the next-generation lentiviral manufacturing platform due to the evident gains in vector quantity and quality it affords.

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

In July 2022, the Group announced that it had initiated a new project with Orchard utilising the Company's proprietary LentiStable™ technology. As part of the project, Oxford Biomedica's LentiStable™ technology platform will be used to develop a producer cell line capable of stably expressing lentiviral vectors. Orchard is exploring the technology to increase the manufacturing efficiency and scalability of their investigational haematopoietic stem cell (HSC) gene therapy in development for the potential treatment of mucopolysaccharidosis type I Hurler syndrome (MPS-IH).

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

Business development and CDMO pipeline

Oxford Biomedica continues to have strong new business momentum and demand for its expertise and services, demonstrated by the addition of 11 new clients (majority in AAV) since the end of 2021, taking the Group's total number of clients to 18 (including three added post-period). This compares to six clients at the end of 2017, when the Group was solely focused on lentiviral vectors. The Group's CDMO portfolio currently comprises more than 30 programmes for its clients.

In November 2022, the Group welcomed a new Chief Commercial Officer, Dr. Sébastien Ribault, to lead the Commercial and Business Development team with a focus on the expansion of the Group's client base, complementing the nature of the Group's CDMO business. Dr. Ribault has over 25 years of experience across the biotechnology industry and CDMO space, and was previously at Merck Life Sciences, where he was Vice President & Head of Biologics and Viral Vector CDMO.

Under the leadership of Dr. Ribault, the Commercial team now consists of Commercial Operations, Business Development and Licensing specialists in multiple locations across the US, UK and Europe.

Gene therapeutics pipeline

Dr. Ravi Rao joined Oxford Biomedica as Chief Medical Officer in April 2022, with responsibility for assessing and developing the Group's therapeutic product strategy. The Group has reviewed strategic options and is now exploring external funding opportunities for its therapeutics portfolio to realise the potential of its innovative and differentiated programmes to address unmet medical needs. It is anticipated that this will allow the Group to maintain a long-term economic interest in a number of therapeutic products. No costs associated with the therapeutics portfolio are expected to be carried by the Group post 2023.

The global rights to AXO-Lenti-PD, which the Group had licensed to Sio Gene Therapies (Sio) were returned to the Group in March 2022, following Sio's decision to deprioritise the programme due to resourcing constraints. The Group continues to explore out-licensing opportunities for this asset.

Process C works together with production enhancers (such as U1, U2) and has resulted in process improvements by as much as tenfold, without the need for an increase in bioreactor size, and yielding significantly more lentiviral vector per batch.

2022 PERFORMANCE REVIEW (CONTINUED)

Facilities and capacity expansion

As part of the transaction to establish Oxford Biomedica Solutions, the Group acquired the leasehold to a state-of-the-art AAV manufacturing facility based near Boston. The facility covers approximately 91,000 sq. ft including GMP space for drug substance, drug product, QC testing, quality and warehousing, with three 500L single-use bioreactors with proven scalability to 2,000L for commercial supply.

Oxbox, the Group's largest manufacturing facility spanning 84,000 sq. ft received MHRA approval for its fill finish suite in August 2022, bringing this previously outsourced function in-house. This high quality, state-of-the art value-added capability is now being rolled out to clients.

The second phase of Oxbox development is expected to provide additional flexible manufacturing capacity for a variety of viral vector-based products, including cell and gene therapy products, vaccines, and other advanced therapeutics up to 2,000L scale. Design work for this next phase of Oxbox development is progressing, with the proceeds from the £50 million investment from Serum funding the development.

With regard to the planned redevelopment of the Windrush Innovation Centre into next generation laboratory facilities, the Group is currently conducting a review of required capacity and alternative laboratory options.

In November 2022, the Group completed the sale and leaseback of its Windrush Court facility in Oxford to Kadans for £60 million, exceeding the £55 million which the Group was initially seeking. Kadans has granted Oxford Biomedica an occupational lease of the facility for 15 years.

To ensure the Group has sufficient warehouse capacity to meet expected near-term commercial development from both current and future potential clients, the Group has entered into a lease agreement in respect of a new 45,000 sq. ft warehouse in Wallingford, Oxfordshire to store ambient raw materials. The first phase of fit-out is complete, with the site expected to be ready for occupation in the second quarter of 2023.

Short-term loan facility

In March 2022, the Group entered into an US$85 million (£64.9 million) secured short-term loan facility with Oaktree. The proceeds were used by the Group, together with the Group's existing cash, to finance a portion of the transaction with Homology Medicines to establish Oxford Biomedica Solutions. The loan carried an interest rate of 8.5% with the principal amount due at the facility's maturity date in March 2023.

In October 2022, the Group refinanced this US$85 million (£64.9 million) loan facility and the Company partially repaid the outstanding amounts and amended the facility into a new senior secured US$50 million (£42.9 million) four-year term loan facility provided by Oaktree. The loan carries a variable interest rate, which is capped at 10.25% per annum. The refinanced facility also carries the option for Oxford Biomedica, subject to customary conditions and available for a three-year period, to drawdown a further US$25 million (£21.5 million) from Oaktree to fund certain permitted acquisitions.

Corporate and organisational development

During the period, new appointments were made across the Board and the Senior Executive Team, adding further expertise to ensure that the Group's leadership is well positioned to drive the next phase of growth.

In January 2022, John Dawson stepped down as CEO after 13 years and simultaneously Dr. Roch Doliveux assumed the role of Interim CEO, in addition to his existing role as Chair. John Dawson stepped down from the Board at the AGM in May 2022 and remained an adviser to the Company throughout the year. Post-period end, in March 2023 the Group welcomed Dr. Frank Mathias as CEO and Dr. Roch Doliveux stepped down as Interim CEO and resumed as Chair. Dr. Mathias brings world-class innovation and CDMO experience to Oxford Biomedica, and joined the Group from Rentschler Biopharma SE, where he had served as CEO since 2016.

In April 2022, Namrata Patel was appointed to the Board as an Independent Non-Executive Director. Ms. Patel brings a wealth of international experience in manufacturing and end-to-end supply chain management with experience in the commercialised regulated industry as well as a wealth of sustainability experience.

Post period-end, Dr. Siyamak (Sam) Rasty informed the Board that he will not be standing for re-election at the Company's AGM in June 2023. Dr. Rasty joined the Board in December 2020 and is a member of the Scientific and Technology Advisory Committee and was a member of the Audit Committee until December 2021.

The Group has acquired the leasehold of a new 45,000 sq ft warehouse in Wallingford, Oxfordshire to store ambient raw materials. The first phase of fit-out is complete, with the site expected to be ready for occupation in the second quarter of 2023.

TRANSFORMING LIVES

ENHANCING OUR POSITION AS A GLOBAL QUALITY AND INNOVATION-LED CDMO

MANAGEMENT TEAM

Roch Doliveux
Chair

Dr. Roch Doliveux was appointed to the Board as Non-Executive Chair in June 2020. Dr. Doliveux also became Interim Chief Executive Officer from January 2022 until March 2023, following the Company's announcement of John Dawson's intention to retire as Chief Executive Officer and the acquisition of the AAV business in the US. Dr. Doliveux is currently Chair of the Board of Directors at Pierre Fabre S.A. and Vice Chair of Pierre Fabre Participations. Dr. Doliveux was previously the Chief Executive Officer of UCB S.A. for ten years during which time he transformed the company from a diversified chemical group into a global biopharmaceutical leader. He was a member of the Board of UCB from 2002 – 2015 and from 2017 – 2021. In addition, Dr. Doliveux was a member of the Board of Stryker from 2010 – 2020 and Chair of the Compensation Committee from 2016–2020. He also chaired the Board of Vlerick Business School from 2013 – 2017, the Board of IMI, the largest healthcare public-private partnership in the world from 2012 – 2015 and GLG Institute from 2016 – 2022. Dr. Doliveux is a Veterinary Surgeon by training and has an MBA from INSEAD.

Stuart Paynter
Chief Financial Officer

Stuart Paynter joined the Board in August 2017 as Chief Financial Officer. Mr Paynter has over 22 years' experience in the pharmaceutical and healthcare sectors. He qualified as a chartered accountant with Haines Watts before moving to EDS. Mr Paynter subsequently joined Steris and worked in a variety of roles within the healthcare and life sciences divisions prior to becoming the European Finance Director. Mr Paynter then moved to Shire Pharmaceuticals where he became the Senior Director of Finance Business Partnering for all business outside of the US, transitioning to a corporate finance role before becoming the Global Head of Internal Audit. Prior to joining Oxford Biomedica, Mr Paynter was Head of Finance Business Partnering at De La Rue plc. He is a member of the Institute of Chartered Accountants in England and Wales.

Sébastien Ribault
Chief Commercial Officer

Dr. Sébastien Ribault joined Oxford Biomedica in November 2022 as Chief Commercial Officer. He has over 25 years of experience across the biotechnology industry and CDMO space. Dr. Ribault was previously at Merck Life Sciences where he was Vice President & Head of Biologics and Viral Vector CDMO, leading Merck's CDMO expansion project, establishing the Services business case and helping to establish the Life Science Services business unit. Prior to his 17 years with Merck KGaA, Dr. Ribault was a Gene Therapy Development Scientist at Transgene and Head of the R&D Laboratory at Hemosystem. He has a PhD in Molecular and Cellular Biology from the University of Strasbourg.

Kyriacos Mitrophanous
Chief Scientific Officer

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

James Miskin
Chief Technical Officer

Dr. James Miskin joined Oxford Biomedica in 2000. He has more than 22 years' experience in cell and gene therapy, 17 of which have been in the GxP (good practice) environment. In his current role, Dr. Miskin has overall responsibility for Oxford Biomedica's Quality systems, analytical testing and lentiviral based bioprocessing development, as well as client programmes and alliance management. He is also a named inventor on several patents in the field. Dr. Miskin holds a Bachelor of Science degree and a PhD in Molecular Biology from the University of Leeds and subsequently conducted post-doctoral research at The Pirbright Institute for a number of years. He is a member of the UK BioIndustry Association Manufacturing Advisory Committee and is the Advanced Therapies workstream lead for The Medicines Manufacturing Industry Partnership.

Nick Page
Chief Operations Officer

Nick Page joined Oxford Biomedica in April 2018. Prior to joining, Mr Page held a number of senior operational leadership positions in the pharmaceutical industry, most recently as Platform Head of Anti-infectives within Novartis. His 40+ years of industry experience include API, Solid oral dose, Sterile, and Radiopharmaceutical manufacturing in various organisations encompassing innovative, generic and contract manufacturing. During his career, Mr Page spent several years working in China and India as well as in global roles. He originally qualified as a Chartered Chemist and also has an MBA from The Open University.

Ravi Rao
Chief Medical Officer

Dr. Ravi Rao joined the Senior Executive Team in April 2022. He divides his time between his role at Oxford Biomedica and roles he has at SV Health Investors and Sityx. Dr. Rao brings long standing bio pharmaceutical and translation experience from early stage through to launch and life cycle across multiple therapeutic areas with different treatment modalities. Most recently, Dr. Rao was Head of R&D and Chief Medical Officer at Swedish Orphan Biovitrum, where he oversaw the development and approval of multiple medicines in rare diseases across immunology and haematology. Dr. Rao began his biopharmaceutical career at Roche Pharmaceuticals and subsequently held senior positions in R&D at GlaxoSmithKline and as Chief Medical Officer at Aeglea Biotherapeutics. He was previously an academic at Imperial College and a post-doctoral fellow at Harvard University specialising in immunology. Dr. Rao received his medical degree from Cambridge University and his PhD from Imperial College. He is a member of the Royal College of Physicians and an Honorary Member of the Faculty of Pharmaceutical Medicine. He is also an independent board director of DBV Technologies.

Tim Kelly
Chief Executive Officer, Oxford Biomedica Solutions

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

Natalie Walter
General Counsel

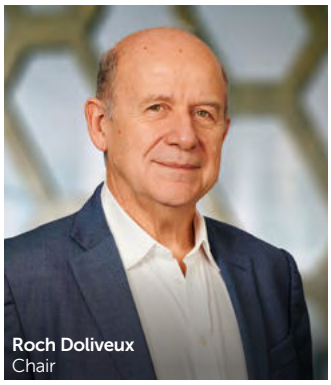
Natalie Walter joined Oxford Biomedica in May 2019 as General Counsel having worked as a consultant for the Company since May 2018. She has over 20 years' experience as a corporate lawyer advising life sciences companies, including Oxford Biomedica, on a range of business and transactional issues, equity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

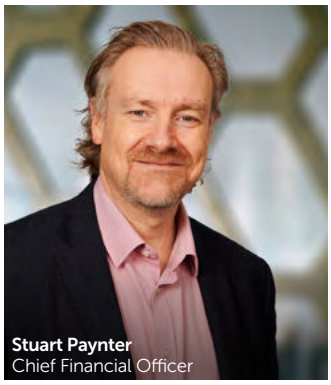
Matthew Treagus
Chief Information Officer

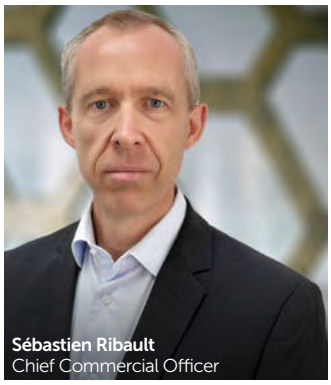
Matthew Treagus joined Oxford Biomedica in August 2021 as Chief Information Officer, having worked as a consultant with the Company since 2019. He has over 30 years' experience of applying technology to support growth, innovation and efficiency. Mr Treagus was a co-founder of AKQA, a digital services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

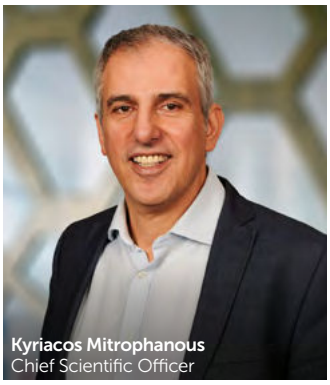
Lisa James
Chief People Officer

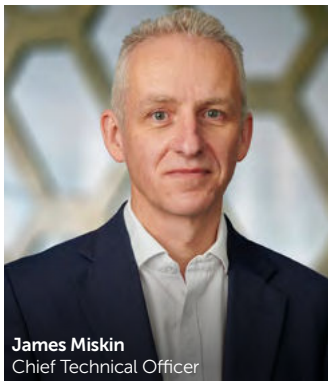
Lisa James joined the Senior Executive Team as Chief People Officer in April 2022, having worked with Oxford Biomedica since 2016. She joined Oxford Biomedica as HR Manager and during her seven-year tenure was promoted to Head of HR Delivery and VP HR Business Partnering and Development. Previously, Ms James worked as HR Manager for a European third-party High-Tech Logistics organisation, specialising in medical devices. Ms James has over 13 years' experience in Human Resources and a CIPD Level 7 Advanced Diploma in Human Resource Management.


Roch Doliveux
Chair


Stuart Paynter
Chief Financial Officer

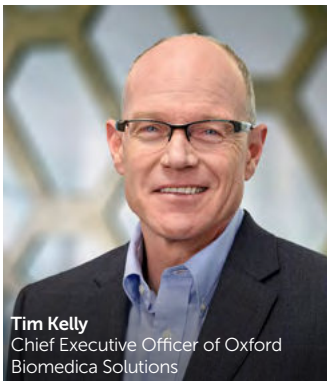

Sébastien Ribault
Chief Commercial Officer

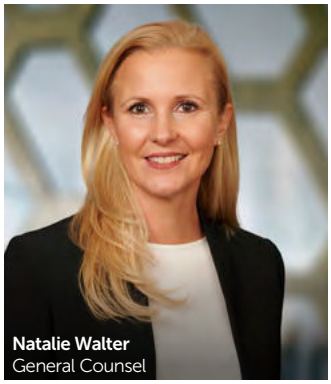

Kyriacos Mitrophanous
Chief Scientific Officer

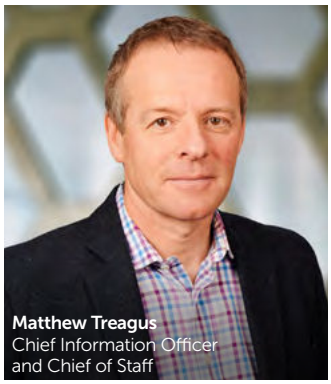

James Miskin
Chief Technical Officer

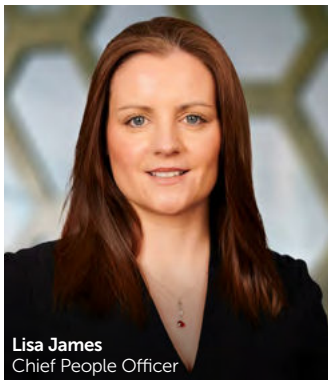

Nick Page
Chief Operations Officer

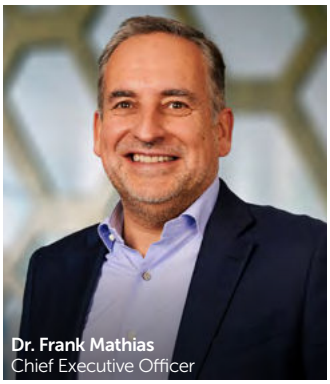

Ravi Rao
Chief Medical Officer


Tim Kelly
Chief Executive Officer of Oxford Biomedica Solutions


Natalie Walter
General Counsel


Matthew Treagus
Chief Information Officer and Chief of Staff


Lisa James
Chief People Officer


Dr. Frank Mathias
Chief Executive Officer

Full biographies for the Board of Directors can be found on pages 70 and 71.

Dr. Frank Mathias
Chief Executive Officer
Dr. Mathias joined the Board as Chief Executive Officer in March 2023. Further biographical details relating to Dr. Mathias are set out on page 71.

John Dawson
Former Chief Executive Officer
John Dawson served as Chief Executive Officer from October 2008 and stepped down as a Director at the AGM in May 2022.

Dr. Jason Slingsby
Former Chief Business and Corporate Development Officer
Dr. Slingsby served as a permanent member of the Senior Executive Team from February 2015 and stepped down in April 2023.

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

Dave Backer
Former Chief Commercial Officer
Dave Backer served as a permanent member of the Senior Executive team from September 2021 and stepped down in August 2022.

FINANCIAL REVIEW

During 2022, the Group continued to focus on growing the underlying business by attracting new clients, expanding offerings with existing clients and expansion through acquisition of technologies, capabilities and clients.

Stuart Paynter
Chief Financial Officer

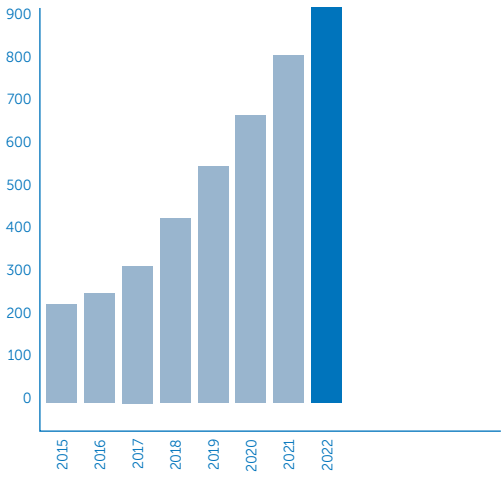
Setting firm foundations for growth

In 2022, the Group expanded its capabilities beyond lentiviral vectors and evolved into a multi-vector, quality and innovation-led CDMO. Oxford Biomedica is incredibly proud of its work in producing the Oxford AstraZeneca COVID-19 vaccine and the lives that were saved in this effort, which afforded the Group the opportunity to broaden its viral vector CDMO offering and expand the business into the US. During 2022, the Group continued to focus on growing the underlying business by attracting new clients, expanding offerings with existing clients and expansion through acquisition of technologies, capabilities and clients.

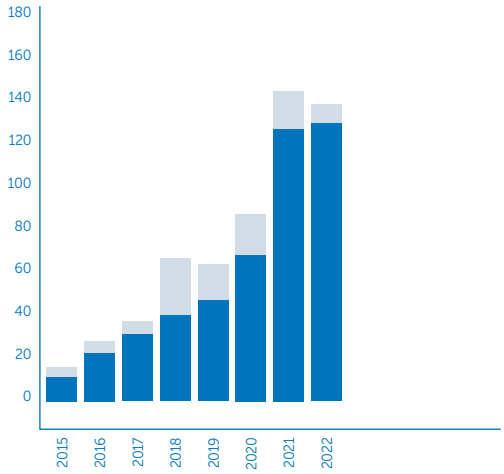
In March 2022, the Group acquired an 80% ownership interest in Oxford Biomedica Solutions, an AAV-focused manufacturing and innovation business for US$180 million (£137.4 million), with Homology Medicines retaining a 20% ownership stake. Concurrently with the Oxford Biomedica Solutions transaction, the Group entered into a manufacturing and supply agreement with Homology Medicines. Subsequently four new AAV client agreements were signed in 2022, exceeding the previously stated target of two for the year, which are expected to generate further revenues in the future. Oxford Biomedica Solutions generated revenues of £23.7 million in the year since completion of the transaction in March 2022.

Throughout 2022 the Group continued to form new client relationships whilst also expanding existing client agreements. The Group is currently working with 18 clients (including three added post-period) compared to 10 clients at the end of 2021. Lentiviral vector manufacturing volumes have continued their post-pandemic upward trajectory, with revenues from the core LentiVector® business achieving strong double-digit revenue growth compared to 2021. As expected, COVID-19 vaccine bioprocessing volumes were lower reflecting the exceptional results achieved in 2021 when vaccine manufacturing was at full pace during the pandemic.

During the period, the Group announced new or expanded licence and supply agreements with Cabaletta, Juno, two undisclosed US-based private biotechnology companies, and four new AAV clients, in addition to Homology Medicines. These agreements are expected to bolster the Group's development and manufacturing pipeline over the coming years. In June, the Group also expanded its original supply and development agreement with AstraZeneca to facilitate potential future manufacturing opportunities for the AstraZeneca COVID-19 vaccine on an as-needed basis beyond 2022.



Year-end headcount



Revenue

£m

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

The Group achieved total revenues of £140.0 million and an Operating EBITDA[1] profit of £1.6 million in 2022 compared to revenues of £142.8 million and an Operating EBITDA profit of £35.9 million in the prior year. Total revenues were broadly flat compared to the prior year despite lower COVID-19 vaccine bioprocessing volumes, due to revenues achieved by Oxford Biomedica Solutions in 2022. At a cost level, there was an increase in operating expenditure as a result of increased personnel and other operational expenditure incurred due to the consolidation of Oxford Biomedica Solutions, acquisition-related due diligence costs of £5.1 million and inflationary operational cost increases including employee salary increases to help ensure the Group continues to attract and retain high quality employees. Oxford Biomedica Solutions' operating expenditure continues to be fully funded from the US$50.0 million (£38.2 million) capital injection into the new business.

In order to fund the Oxford Biomedica Solutions transaction, the Group raised gross proceeds of £80.0 million through a placing of shares, and secured a short-term loan facility of US$85.0 million (£64.9 million) which was repayable 12 months after the closing date. In October, the Group repaid US$35 million of the US$85 million short term loan facility as part of extending the relationship with Oaktree via a new four-year term loan facility of US$50 million. Interest is payable quarterly and the principal outstanding amount is repayable at the end of the four-year term. The Group also secured the option to draw down a further US$25 million from Oaktree to fund certain permitted acquisitions.

The Group ended the year with its strongest-ever year-end cash position. Throughout the year, the Group has been strategically investing in the future growth of the business while also taking proactive steps to manage operating costs, particularly given the easing of the COVID-19 pandemic, which had required the Group to increase employee numbers significantly to help meet demand. This included right-sizing its employee base, which was successfully completed without the need for compulsory redundancies, as well as a headcount freeze for non-critical hires, further supporting the Group's cost management efforts.

In November, the Group completed a sale and leaseback of its Windrush Court facility for £60 million to Kadans Science Partner. The sale proceeds of £60 million exceeded the target offer figure of £55 million that the Group previously announced it was seeking. Under the agreement, Kadans have granted the Group an occupational lease of the property for 15 years at a rent of £3.5 million per annum rising to £4.7 million per annum after five years, with a market rent review at 10 years. In the year the Group has recognised a profit on the sale of £21.4 million, a right of use asset of £5.9 million and a lease liability of £35.6 million.

The Group's balance sheet expanded with the establishment of Oxford Biomedica Solutions through the recognition of identifiable net assets of £133.2 million. The transaction was funded through a combination of £77.0 million of net equity raised in two tranches, and drawing down the Oaktree loan of US$85.0 million (£64.9 million). The transaction also involved the recognition of a put option liability of US$51.1 million (£39.0 million) that, if exercised, requires the Group to acquire the remaining 20% of Oxford Biomedica Solutions from Homology Medicines. Further, as a result of the sale and leaseback of the Windrush Court facility, the Group's cash position strengthened to £141.3 million at the end of December 2022.

[1] Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 34.

SELECTED HIGHLIGHTS OF THE GROUP'S FINANCIAL RESULTS

TOTAL REVENUES

Total revenues were broadly in line with the prior year due to revenues recognised by Oxford Biomedica Solutions, despite lower COVID-19 vaccine bioprocessing volumes; total revenue decreased by 2% to £140.0 million (2021: £142.8 million).

£140.0m

OPERATING LOSS

Operating loss of £30.2 million (2021 operating profit of £20.8 million) decreased as a result of the lower levels of vaccine manufactured for AstraZeneca, consolidation of the investment in Oxford Biomedica Solutions and one-off acquisition-related due diligence costs of £5.1 million.

£30.2m

BIOPROCESSING AND COMMERCIAL DEVELOPMENT REVENUE

Revenues from the underlying bioprocessing and commercial development[2] activities were maintained at £128.1 million (2021: £128.4 million) driven by an anticipated reduction in COVID-19 vaccine manufacturing revenues offset by an increase in revenues from lentiviral vector and AAV commercial development and manufacturing activities. This included aggregate vaccine revenues in excess of £40.0 million.

£128.1m

PLATFORM DIVISION

The Platform division made an Operating EBITDA[1] profit of £11.7 million (2021: £45.3 million profit) and an operating loss of £17.9 million (2021: £31.4 million profit) helped by the profit on the sale of the Windrush Court facility of £21.4 million.

£11.7m

REVENUES FROM MILESTONES, LICENCES AND ROYALTIES

Revenues from milestones, licences and royalties[2], which, in the prior year, included recognition of a £4.0 million licence fee from Boehringer Ingelheim, decreased by 17% to £11.9 million (2021: £14.4 million); this decrease was driven by lower licence fees from new partner programmes.

£11.9m

CASH

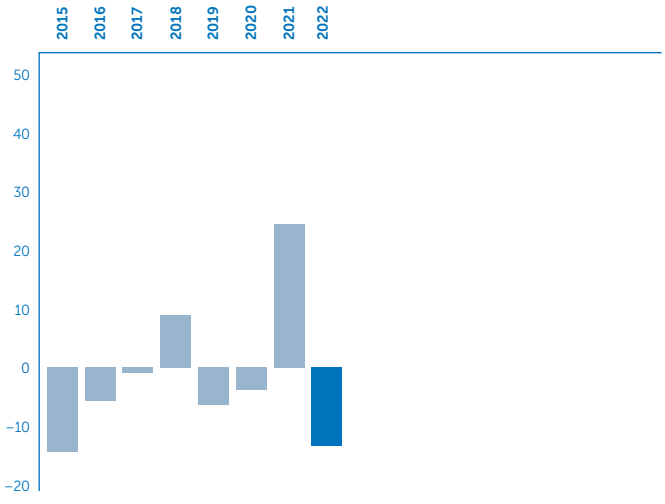
Cash at 31 December 2022 was £141.3 million (2021:£108.9 million) and £139.1 million at 31 March 2022; Net cash at 31 December 2022 was £101.5 million.

£141.3m

OPERATING EBITDA[1]

Operating EBITDA[1] profit of £1.6 million (2021 Operating EBITDA profit of £35.9 million) decreased as a result of the lower levels of vaccine manufactured for AstraZeneca, consolidation of the investment in Oxford Biomedica Solutions and one-off acquisition-related due diligence costs of £5.1 million.

£1.6m



Cash (used in)/generated from operations
£m

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 34.

2 Please refer to page 32 where a reconciliation to GAAP measures is provided.

Selected highlights of the Group's financial results are as follows:

- Total revenues were broadly in line with the prior year due to revenues recognised by Oxford Biomedica Solutions, offset by lower COVID-19 vaccine bioprocessing volumes; total revenue decreased by 2% to £140.0 million (2021: £142.8 million).
- Revenues from the underlying bioprocessing and commercial development activities[2] were maintained at £128.1 million (2021: £128.4 million) driven by an anticipated reduction in COVID-19 vaccine manufacturing revenues offset by an increase in revenues from lentiviral vector and AAV commercial development and manufacturing activities. This included aggregate vaccine revenues in excess of £40.0 million.
- Revenues from milestones, licences and royalties[2], which, in the prior year, included recognition of a £4.0 million license fee from Boehringer Ingelheim, decreased by 17% to £11.9 million (2021: £14.4 million); this decrease was driven by lower license fees from new partner programmes.
- The launch of Oxford Biomedica Solutions, enabling entry into the fast-growing AAV market whilst also establishing a key strategic presence in the US, drove an increase in operating expenses to £123.0 million (2021: £62.5 million) which included one-off acquisition-related costs. Active cost control initiatives were initiated to reduce the Group's operating cost base as the COVID-19 pandemic eased.
- Operating EBITDA[1] and operating profit benefited from a profit on sale of the Windrush Court facility of £21.4 million.
- Operating EBITDA[1] profit and operating loss of £1.6 million and £30.2 million respectively (2021 Operating EBITDA profit and operating profit of £35.9 million and £20.8 million respectively) decreased as a result of the lower levels of vaccine manufactured for AstraZeneca, consolidation of the investment in Oxford Biomedica Solutions and one-off acquisition-related due diligence costs of £5.1 million.
- The Platform division made an Operating EBITDA[1] profit of £11.7 million (2021: £45.3 million profit) and an operating loss of £17.9 million (2021: £31.4 million profit) helped by the profit on the sale of the Windrush Court building of £21.4 million, whilst the Product division made an Operating EBITDA loss of £10.0 million (2021: £9.4 million loss) and an operating loss of £12.3 million (2021: £10.6 million loss).
- Cash burn of £33.0 million in 2022 (2021: £16.0 million cash inflow) reflected decreased cash inflows from vaccine production, increased capital expenditure and operational cash flows, and due diligence fees paid in connection to the Homology Medicines transaction.
- Gross proceeds of £80.0 million (net proceeds £77.0 million) were raised through a placing of shares, and the Group secured a short-term loan facility of US$85.0 million (£64.9 million). Subsequently, in October, the Group repaid US$35 million and entered into a new four-year term loan facility of US$50 million (2021: £108.9 million).
- Cash at 31 December 2022 was £141.3 million (2021:£108.9 million) and £139.1 million at 31 March 2023; Net cash at 31 December 2022 was £101.5 million.

[1] Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 34.

[2] Please refer to page 32 where a reconciliation to GAAP measures is provided.

Key Financial and Non-Financial Performance Indicators

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

FINANCIAL REVIEW (CONTINUED)

£m	2022	2021	2020	2019	2018
Revenue					
Bioprocessing/commercial development	**128.1**	128.4	68.5	47.3	40.5
Licences, milestones and royalties	**11.9**	14.4	19.2	16.8	26.3
	140.0	142.8	87.7	64.1	66.8
Operations					
Operating EBITDA[1]	**1.6**	35.9	7.3	(5.2)	13.4
Operating (loss)/profit	**(30.2)**	20.8	(5.7)	(14.5)	13.9
Cash flow					
Cash (used in)/generated from operations	**(13.2)**	24.5	(3.9)	(6.6)	9.2
Capex[2]	**16.3**	9.5	13.4	25.8	10.1
Cash (burn)/inflow[3]	**(33.0)**	16.0	(7.8)	(26.3)	(1.9)
Financing					
Cash	**141.3**	108.9	46.7	16.2	32.2
Loan	**39.8**	–	–	–	41.2
Non-Financial Key Indicators					
Headcount					
Year-end	**904**	815	673	554	432
Average	**929**	759	609	500	377

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 34.

2 This is Purchases of property, plant and equipment as per the cash flow statement which excludes additions to Right-of-use assets. A reconciliation to GAAP measures is provided on page 135.

3 Cash burn/(inflow) is net cash generated from operations plus net interest paid plus capital expenditure. A reconciliation to GAAP measures is provided on page 35.

Revenue

The Group's revenues decreased by 2% to £140.0 million (2021 £142.8 million). Revenues generated from bioprocessing/commercial development were maintained at £128.1 million (2021: £128.4 million) despite a decrease in the volume of vaccine batches manufactured for AstraZeneca. This was partially offset by an increase in revenues from lentiviral vector and AAV commercial development and manufacturing activities. Bioprocessing and commercial development activities performed on behalf of the Group's other clients have increased due to increased development and manufacturing activities performed on behalf of Boehringer Ingelheim, Juno, Arcellx, Homology Medicines and other new clients.

Revenues from licence fees, milestones and royalties of £11.9 million (2021: £14.4 million), decreased by 17% when compared to prior year. In 2021 a licence fee from Boehringer Ingelheim of £4.0 million was recognised.

Operating EBITDA

£m	2022	2021	2020	2019	2018
Revenue	**140.0**	142.8	87.7	64.1	66.8
Other income	**2.3**	0.9	0.8	0.9	1.1
Gain on sale of property	**21.4**	–	–	–	–
Total expenses[3]	**(162.0)**	(107.8)	(81.2)	(70.2)	(54.5)
Operating EBITDA[1]	**1.6**	35.9	7.3	(5.2)	13.4
Non cash items[2]	**(31.8)**	(15.1)	(13.0)	(9.3)	0.5
Operating (loss)/profit	**(30.2)**	20.8	(5.7)	(14.5)	13.9

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 34.

2 Non-cash items include depreciation, amortisation, revaluation of investments, fair value adjustments of available-for-sale assets and the share based payment charge. A reconciliation to GAAP measures is provided on page 34.

3 Total expenses are operational expenses including cost of goods incurred by the Group. A reconciliation to GAAP measures is provided on page 33.

Revenue decreased by 2% in 2022 whilst the Group's cost base grew by 50% to £162.0 million due to an increase in operational spend due to the consolidation of the results of Oxford Biomedica Solutions, as well as inflationary increases and acquisition-related due diligence costs of £5.1 million. The Group benefited from a profit on the sale of its Windrush Court facility of £21.4 million in a sale and leaseback transaction. The Operating EBITDA profit of £1.6 million is therefore £34.3 million lower than the £35.9 million Operating EBITDA profit generated in 2021 as a result of the decrease in revenues, profit on sale of building and an increased cost base.

Total Expenses

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

£m	2022	2021	2020	2019	2018
Research and development[1,4]	**60.9**	40.2	29.7	22.6	18.0
Bioprocessing costs[4]	**33.9**	7.2	10.7	7.4	1.2
Administrative expenses[4,5]	**28.2**	15.1	11.3	11.9	7.4
Operating expenses	**123.0**	62.5	51.7	41.9	26.6
Depreciation	**(20.3)**	(12.4)	(9.8)	(5.8)	(4.3)
Amortisation	**(6.1)**	–	–	–	–
Share option charge	**(5.4)**	(2.5)	(2.4)	(1.6)	(1.1)
Adjusted Operating Expenses[2]	**91.2**	47.6	39.5	34.5	21.2
Cost of sales	**70.8**	60.2	41.7	35.7	33.3
Total Expenses[3]	**162.0**	**107.8**	**81.2**	**70.2**	**54.5**

1 Includes the RDEC tax credit.
2 Research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and the share option charge.
3 Cost of goods plus research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and the share option charge.
4 Includes operational expenditure for Oxford Biomedica Solutions from March 2022 onwards.
5 Included £5.1 million in one-off acquisition-related due diligence costs relating to the transaction to acquire Oxford Biomedica Solutions.

£m	2022	2021	2020	2019	2018
Raw materials, consumables and other external bioprocessing costs	**45.6**	34.2	22.0	22.8	18.3
Manpower-related	**84.4**	55.0	45.3	35.2	26.7
External R&D expenditure	**3.6**	2.5	1.4	1.4	1.9
Due diligence costs	**5.1**	1.2	–	–	–
Other costs	**27.8**	20.0	17.1	12.0	7.6
RDEC tax credit	**(4.5)**	(5.1)	(4.6)	(1.2)	–
Total expenses[1]	**162.0**	107.8	81.2	70.2	54.5

1 Total expenses are operational expenses including cost of goods incurred by the Group. A reconciliation to GAAP measures is provided above.

— Raw materials, consumables and other external bioprocessing costs have increased as a result of increased LentiVector® batch manufacturing and also materials used by Oxford Biomedica Solutions during 2022, as compared to 2021.

— The increase in manpower-related costs is due to the increase in the average headcount from 759 in 2021 to 929 in 2022 primarily as a result of 124 employees gained as part of the transaction to establish Oxford Biomedica Solutions but also reflecting employee salary increases.

— External R&D expenditure increased as a result of additional research and development project spend incurred in both the platform and product divisions.

— Due diligence costs in both years relate to the establishment of Oxford Biomedica Solutions.

— Other costs were higher as a result of the inclusion of the administrative expenditure of Oxford Biomedica Solutions, and inflationary increases.

— The RDEC credit has decreased to £4.5 million (2021: £5.1 million) due to a decrease in the level of eligible research and development expenditure, mainly employee costs and raw materials.

FINANCIAL REVIEW (CONTINUED)

Operating and Net profit/(loss)

£m	2022	2021	2020	2019	2018
Operating EBITDA[1]	**1.6**	35.9	7.3	(5.2)	13.4
Depreciation, Amortisation and share option charge	**(31.8)**	(14.9)	(12.2)	(7.4)	(5.5)
Change in fair value of assets at fair value through profit and loss	**–**	(0.2)	(0.8)	(1.9)	6.2
Operating (loss)/ profit	**(30.2)**	20.8	(5.7)	(14.5)	13.9
Interest	**(7.8)**	(0.9)	(0.8)	(5.4)	(6.2)
Forex	**(8.0)**	–	–	(1.0)	(2.7)
Taxation	**0.8**	(0.9)	0.3	4.8	2.5
Net (loss)/profit	**(45.2)**	19.0	(6.2)	(16.1)	7.5

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

In arriving at Operating (loss)/profit it is necessary to deduct from Operating EBITDA the non-cash items referred to above. The depreciation (£20.3 million) and amortisation (£6.1 million) charge was higher in 2022 due to acquisition of the fixed assets of Oxford Biomedica Solutions, as well as amortisation of intangible assets recognised as a result of the acquisition of Oxford Biomedica Solutions in March 2022. The share option charge increased by £2.9 million due to the increased employee headcount of the Group, mainly as a result of the Oxford Biomedica Solutions acquisition.

The impact of these charges resulted in an operating loss of £30.2 million in 2022 compared to a profit of £20.8 million in the prior year.

The interest charge increased by £6.9 million largely due to interest charges on the Oaktree loan, as well as IFRS 16 interest on the lease liability related to the Oxford Biomedica Solutions Boston facility. Forex increased by £8.0 million due to foreign exchange movements on the Oaktree loan. The corporation tax expense in 2022 decreased as the corporation tax charge in 2022 is limited to the notional tax charge on the RDEC tax credit included within research and development costs and the release of the deferred tax on the Oxford Biomedica Solutions intangible assets arising on acquisition.

Other Comprehensive Income

The Group recognised other comprehensive income in 2022 of £10.6 million (2021: nil) in relation to movements on the foreign currency translation reserve. The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, including gains arising from monetary items that, in substance, form part of the net investment in foreign operations.

Segmental analysis

The Group reports its results within two segments, namely:

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

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

£m	Platform	Product	Total
2022			
Revenue	**139.9**	**0.1**	**140.0**
Operating EBITDA[1]	**11.7**	**(10.0)**	**1.6**
Operating (loss)/profit	**(17.9)**	**(12.3)**	**(30.2)**
2021			
Revenue	142.7	0.1	142.8
Operating EBITDA[1]	45.3	(9.4)	35.9
Operating profit/(loss)	31.4	(10.6)	20.8

[1] Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 34.

In 2022 the Platform segment experienced a decrease in revenue of 2% from £142.7 million to £139.9 million due to the lower volumes of vaccine batches manufactured for AstraZeneca partly offset by increased manufacturing volumes for lentiviral and AAV clients. Commercial development revenues increased due to activities performed on behalf of existing clients Arcellx, Boehringer Ingelheim, Homology Medicines and other clients. Operating results were negatively impacted by the lower revenues as well as Oxford Biomedica Solutions' operational expenditure in the period since they were acquired, but positively impacted by a gain of £21.4 million on the sale and leaseback of the Windrush Court facility.

The Product segment has generated revenues of £0.1 million (2021: £0.1 million) and an Operating EBITDA loss and operating loss of £10.0 million and £12.3 million respectively (2021: loss of £9.4 million and £10.6 million respectively). Product operating expenses were higher due to increased research, development and pre-clinical product expenditure, but also increased manpower costs.

In the first quarter of 2023, the Senior Executive Team has re-assessed the reporting segments to reflect the way the business will be managed in future. Management reporting is currently being reworked to align with these new segments going forward and the Group expects to be able to report on these new segments during 2023 and thereafter. No changes from the current basis have been reflected in the 2022 Annual report and accounts.

Cash flow

The Group held £141.3 million of cash at 31 December 2022, having begun the year with £108.9 million. Significant movements across the year are explained below.

£m	**2022**	2021	2020	2019	2018
Operating (loss)/profit	**(30.2)**	20.8	(5.7)	(14.5)	13.9
Non-cash items[1] included in operating loss	**31.8**	15.1	13.0	9.3	(0.5)
Operating EBITDA[2]	**1.6**	35.9	7.3	(5.2)	13.4
Working capital movement[5]	**(14.8)**	(11.4)	(11.2)	(1.4)	(4.2)
Cash (used in)/generated from operations	**(13.2)**	24.5	(3.9)	(6.6)	9.2
R&D tax credit received	**0.6**	1.0	7.0	3.1	3.7
Net cash (used in)/generated from operations	**(12.6)**	25.5	3.1	(3.5)	12.9
Interest paid, less received	**(4.1)**	–	–	(3.3)	(4.7)
Sale of investment asset	**–**	–	2.5	6.3	–
Capex[3]	**(16.3)**	(9.5)	(13.4)	(25.8)	(10.1)
Cash (burn)/inflow[4]	**(33.0)**	16.0	(7.8)	(26.3)	(1.9)
Acquisition of subsidiary	**(99.2)**	–	–	–	–
Sale of building	**60.0**	–	–	–	–
Net proceeds from financing[6]	**104.6**	46.2	38.3	10.3	19.8
Movement in year[7]	**32.4**	62.2	30.5	(16.0)	17.9

1 Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments.
2 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. However, deferred bonus share option charges are not added back to operating profits in the determination of Operating EBITDA as they may be paid in cash upon the instruction of the Remuneration Committee. A reconciliation to GAAP measures is provided on page 34.
3 This is Purchases of property, plant and equipment as per the cash flow statement which excludes additions to Right-of-use assets. A reconciliation to GAAP measures is provided on page 136.
4 Cash (burn)/inflow is net cash generated from operations plus net interest paid plus capital expenditure.
5 The working capital movement includes the movement in trade and other receivables (–£17.9 million), trade and other payables (+£17.0 million), deferred income (–£0.7 million), contract liabilities (+£5.9 million), inventory (+£0.7 million), as well as adding the amortisation of loan fees (+£0.6 million), the deferred bonus portion of the share option charge (+£1.0 million), and the gain on sale and leaseback (+21.4 million) as outlined on page 174.
6 Net proceeds from financing consists of Proceeds from issue of ordinary share capital, Costs of share issues, Payment of lease liabilities, Loans received, Other direct costs in relation to leases and Loan arrangement fees as outlined on page 136.
7 The movement in the year is made up out of the net increase in cash and cash equivalents of £29.5 million and the effect of movements in exchange rates on cash held of £2.8 million.

FINANCIAL REVIEW (CONTINUED)

— The negative working capital movement of £14.8 million is driven mainly by adding back the profit on the sale of the Windrush Court facility of £21.4 million offset by an increase in trade payables and contract liabilities due to the acquisition of Oxford Biomedica Solutions and a decrease in trade and other receivables.

— Interest paid less interest received increased by £4.1 million due to interest paid on the Oaktree loan.

— The Group received £0.6 million from an SME R&D tax claim related to the 2020 financial year.

— Purchases of property, plant and equipment increased from £9.5 million to £16.3 million, mainly as a result of the purchase of manufacturing and laboratory equipment required by Oxford Biomedica Solutions for its activities.

— The Group acquired an 80% ownership stake in Oxford Biomedica Solutions for £99.2 million net of cash acquired.

— The Group sold its Windrush Court facility in a sale and leaseback transaction, receiving net proceeds of £60.0 million.

— The net proceeds from financing during 2022 was £104.6 million, consisting of £77.0 million equity share placement in two tranches, £33.4million in loans received from Oaktree, share option equity issued of £0.2 million and foreign exchange gains on cash held of £2.8 million, reduced by lease payments of £4.2 million and loan arrangement fees of £4.6 million in the year.

— The result of the above movements is a net increase in cash of £32.4 million from £108.9 million to £141.3 million.

Statement of financial position review

The most notable items on the Statement of financial position, including changes from 31 December 2021, are as follows:

— Intangible assets increased from £0.1 million to £105.9 million due mainly to £102.9 million of technology assets and £0.6 million of goodwill acquired as part of the acquisition of Oxford Biomedica Solutions.

— Property, plant and equipment has increased by £64.0 million to £133.8 million due to £58.9 million of property plant and equipment acquired as part of the transaction to establish Oxford Biomedica Solutions, £29.3 million of capital expenditure incurred, positive foreign exchange movements of £4.9 million, offset by depreciation of £20.3 million, change in estimate of £1.3 million and £7.5 million as a result of the disposal of the Windrush Court facility.

— Inventories have increased from £9.5 million to £12.6 million due to inventory balances held by Oxford Biomedica Solutions at year end.

— Trade and other receivables increased from £44.7 million to £61.6 million due to invoices raised at year end for contracted bioprocessing and process development activities.

— Trade and other payables have increased from £19.1 million at the start of the year to £36.6 million due to the inclusion of the trade and other payables of Oxford Biomedica Solutions.

— Contract liabilities increased from £12.6 million in 2021 to £18.4 million due to invoices raised at the end of 2022 for future process development activities.

— Deferred Income decreased from £2.7 million in 2021 to £2.0 million due to the release of amounts deferred as part of the Innovate UK capex grant funding.

— Provisions increased by £2.2 million as a result of the recognition of an decreased liability for the costs of restoring existing properties to their original state, as well as the recognition of a liability for the costs of restoring the newly leased Windrush Court head office and laboratories, and Wallingford warehouse property to its original state at the end of the lease term.

— Lease liabilities increased by £65.2 million to £74.5 million due to the inclusion of the lease liabilities for Windrush Court, as part of the sale and leaseback of the building, the Bedford, Massachusetts, property lease as part of the acquisition of Oxford Biomedica Solutions, and the new Wallingford warehouse lease.

— Loans have increased from £nil to £39.8 million as the Group entered into a 4 year US$50 million loan facility with Oaktree in October, after repaying US$35 million of the initial one year US$85 million (£64.9 million) loan entered into in March 2022.

— Put option liability – the Group has recognised a liability of £38.2 million for the put option to acquire the remaining 20% of Oxford Biomedica Solutions that it does not already own.

Financial outlook

The Group is building a quality and innovation-led, high growth, global viral vector leader, operating across all viral vector types. To achieve this, the Group is targeting new client relationships for lentiviral vector and AAV while also broadening existing client relationships. Oxford Biomedica has a strong, diversified and growing business development pipeline and has seen a strong increase in pipeline opportunities in the last quarter, giving the Group confidence in growth prospects.

In 2023, the Group is targeting double digit growth in lentiviral vector manufacturing and commercial development revenues driven by the successful progression, development and expansion of existing client programmes. Further, the Group is expecting to secure multiple new agreements across both lentiviral vector and AAV.

Oxford Biomedica Solutions is targeting double-digit growth in AAV manufacturing and clinical development revenues through services provided to existing and new clients.

Overall, the Group expects total revenues to be marginally lower in 2023 than 2022 due to the cessation of COVID-19 vaccine manufacturing which generated in excess of £40 million of revenues in 2022. However, the Group expects to deliver strong double-digit growth in both lentiviral vector and AAV related revenues in 2023.

Cost of goods, which includes material costs and the transfer of bioprocessing manpower and overheads, is expected to be at similar levels to 2022, with the impact of marginally lower revenues offset by ongoing inflationary pressures. Bioprocessing and research and development costs are expected to increase due to the full year impact of Oxford Biomedica Solutions. Administrative expenditure is expected to decrease due to one-off costs related to the Oxford Biomedica Solutions transaction not recurring and successful cost containment measures.

Oxford Biomedica Solutions continues to be funded through the Group's US$50 million (£38.2 million) capital injection into the business in March 2022 and is expected to break even on an Operating EBITDA basis during 2025 as previously indicated. As a result of the financial consolidation of this initially loss-making part of the Group, the Group expects to deliver an Operating EBITDA loss in 2023.

With the significant revenue growth targeted in the Group's viral vector business, the cost base has been right-sized to anticipate future growth and the Group maintains a strong balance sheet. Progress is being made on potential external funding for the therapeutics portfolio. No costs associated with the therapeutics portfolio are expected to be carried by the Group after 2023.

Capex levels are expected to be similar to those incurred in 2022 with the Group taking a suitably cautious approach to planning significant new projects. The Group will continue to invest in new technologies in order to maintain its competitive edge in lentiviral vectors, and to continue to build a leading position in AAV.

Building on its leading position in lentiviral vectors, the Group aims to ultimately have a market leading position in the viral vector outsourced supply market across all key vector types, with long term revenue growth rates exceeding the broader market.

FINANCIAL REVIEW (CONTINUED)

Going concern

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

The Group made a loss for the year ended 31 December 2022 of £45.2 million and consumed net cash flows from operating activities for the year of £12.6 million. The Group also:

— raised £77.0 million (net of £3 million of share issue cost) in cash from an equity fundraise in January and March 2022;

— entered into a one year US$85 million (£63 million) loan facility with Oaktree as part of the acquisition of Oxford Biomedica Solutions in March 2022 which was then converted into a four-year term loan facility together with repayment of US$35 million of the initial principal amount in October 2022;

— during November 2022, sold its Windrush Court facility in a sale and leaseback transaction for £60 million to Kadans, whilst also agreeing an occupational lease of the property for 15 years; and

— ended the year with cash and cash equivalents of £141.3 million.

In considering the basis of preparation of the Annual report and accounts, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2023 annual budget and forecasts for 2024. The Directors have undertaken a rigorous assessment of this base case forecast and have also assessed the potential impact from the principal risks and uncertainties outlined in the strategic report of the Group's Annual report and accounts, taking into consideration the magnitude and likelihood of these risks and uncertainties occurring to prepare a downside scenario with associated mitigated actions.

The cash flow forecast prepared for the severe but plausible downside scenario with mitigating actions assumes the following:

— Commercial challenges leading to a substantial manufacturing and development revenue downside affecting both the LentiVector® platform and AAV businesses;

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

— The product development spin out strategy taking longer, or ultimately being unsuccessful; and

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

Under both the base case and mitigated downside scenario, the Group and parent company has sufficient cash resources to continue in operation for a period of at least 12 months from the date of approval of these financial statements.

In the event of the downside scenarios crystallising, the Group would continue to meet its existing loan covenants until June 2024 without taking any mitigating actions, but the Board has mitigating actions in place that are entirely within its control that would enable the Group to reduce its spend within a reasonably short time-frame to increase its cash covenant headroom as required by the loan facility with Oaktree Capital Management. The Board has confidence in the Group's ability to continue as a going concern for the following reasons:

— The Group has cash balances of £141.3 million at the end of December 2022 and £139.1 million at the end of March 2023;

— Approximately two thirds of 2023 forecasted revenues are covered by binding purchase orders which give certainty to revenues over the next 12 months;

— The Group's history of being able to access capital markets including raising £77 million of equity during 2022;

— The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the US$85 million one-year facility and US$50 million replacement four-year facility obtained with Oaktree;

— The Group's ability to continue to be successful in winning new clients and building its brand as demonstrated by successfully entering into new and expanding existing Client agreements with AstraZeneca, Juno Therapeutics (a wholly owned subsidiary of Bristol Myers Squibb Company), Homology Medicines and multiple other new partners over the last twelve months.

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

Stuart Paynter
Chief Financial Officer

OBJECTIVES SET FOR 2023

The Group's corporate objectives are set out in the table below. In addition to these Corporate objectives, the Group sets annual ESG objectives, which involve every part of the business. Details of the ESG Objectives for 2023 are set out in the five pillars for responsible business on pages 40 to 63.

Objective	Headlines	Weighting
Growth		
	**Achieve the 2023 budget.** — Hit revenue, EBITDA and cash balance targets as set out in the Group's 2023 budget. **Order Book / Backlog.** — Acquire new clients. — Expand partner relationships with new projects. **Productivity.** — Focus on efficiency and value-adding tasks to increase output and improve margin. **Client Satisfaction.** — Focus on delivering solutions to clients. — Bringing great teams and innovative technologies to bear on client problems. **Proposition.** — Increase the Group's service catalogue to better meet needs of existing clients. — Raise awareness in market and communicate value proposition to target segments.	40%
Innovation		
	**Technology and Platform.** — Directly connect research and development activity with client challenges, and market needs across all vector types: safety, quality, capacity, yield, transgene expression and COGs. **Collaboration.** — Share knowledge across functions and sites to invent, innovate and commercialise Oxford Biomedica's science where it accelerates solutions for clients or advances the Group's technology platforms.	20%
People		
	**People.** — Connect people to the Group's purpose. — Provide a clear vision and strategy in pursuit of it. — Every employee must become an advocate and promoter for Oxford Biomedica's business. **Development.** — Give every employee the opportunity to develop and make their greatest contribution. **Retention.** — Retain the Group's highest performers and core capability to deliver to clients.	20%
Corporate		
	**Establish TherapyCo.** — Unleash the value of the Oxford Biomedica product programmes. — Create an *in vivo* CAR-T, and potentially liver, therapeutics business funded and operated independently, in which Oxford Biomedica will be a strategic shareholder. **Brexit Preparedness.** — Mitigate risk of Brexit in Oxford Biomedica's abilities to continue to serve clients without interruption. **Investors.** — Strengthen relationship with US and other high-quality institutional shareholders in confirmation of the Group's strategic shift to a 100% CDMO business. **Environment.** — Make material progress on Oxford Biomedica's long-range commitments.	20%

Note: The Remuneration Committee has overriding discretion over the assessment of the achievement of the above objectives and can determine the extent to which each is met, partially met or exceeded. The Remuneration Committee will also take into consideration the circumstances in which the objectives were achieved, for example, the market conditions or if achieved on time and to budget.

SUSTAINABILITY REPORT

The Group's ESG mission is to deliver life changing therapies to patients in an ethical and socially responsible way.

Oxford Biomedica's ESG mission

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

During 2022, Oxford Biomedica continued to focus on ways to increase sustainability initiatives across the Group, and continued to build momentum in its mission-led approach to incorporate sustainable practices in regular, day-to-day business activities.

The Group's commitment to responsible business practices were recognised with inclusion in the FTSE4Good index in June 2022. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

- People
- Innovation
- Community
- Supply Chain
- Environment

Values

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

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

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

Oxford Biomedica's ESG Committee

The Group's ESG Committee is responsible for the governance and oversight of the ESG commitments. The ESG Committee had previously been led by the CEO who chaired the committee meetings and reported to the Board. Following John Dawson's decision to step down as CEO in January 2022, Nick Page – in his capacity as Chief Operations Officer – assumed the role of Chair of the ESG Committee. Following the Group's newly appointed CEO, Dr. Frank Mathias, joining the Board in March 2023, the ESG Committee will continue to be chaired by Mr Page, with Dr. Mathias in regular attendance.

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

Deliver innovation

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

Be inspiring

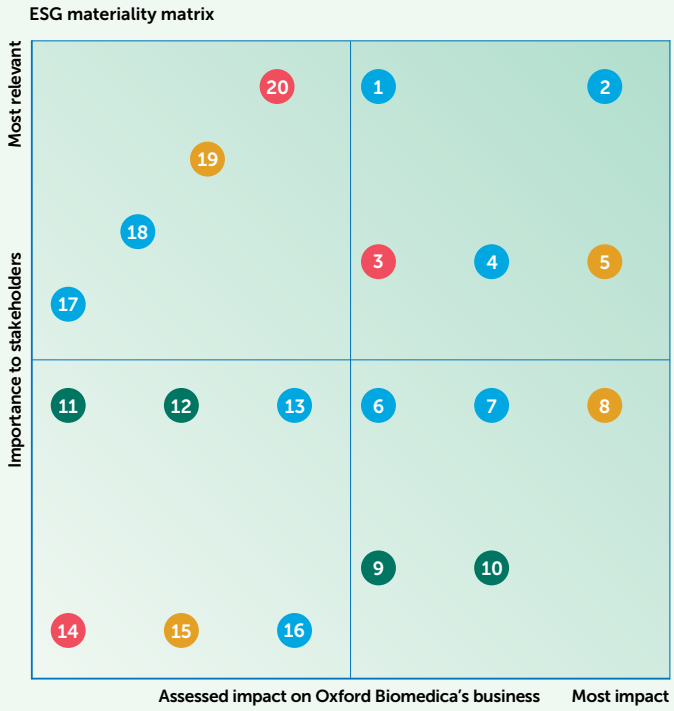
We succeed together through our passion, commitment and teamwork. Through our actions and behaviours, we create an environment which positively challenges, engages and excites us.

Have integrity

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

ANALYSIS OF MATERIAL ESG ISSUES

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



People

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

Community

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

Responsible Innovation

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

Environment

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

ESG ratings

Our commitment to responsible business practices has been recognised with Prime status (as of 25 June 2021).

ISS is one of the world's leading rating agencies for sustainable investments. Prime status is awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.

The Company has been included in the FTSE4Good index since 2022. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

OUR PEOPLE

2022 HIGHLIGHTS

2022 ESG People objectives – what we achieved:

Deliver on year one actions from the three-year Equality, Diversity and Inclusion ("ED&I") plan	90%
Continue employee engagement activity and expand to cover new topics	90%
Introduce further wellbeing initiatives to ensure the Group is offering something for everyone	100%

2023 FOCUS

2023 ESG People objectives:

Raise awareness, commitment and involvement with Oxford Biomedica's ED&I plan throughout the business and deliver Year 2 actions (data, policies, awareness, Employee Resource Groups).
Implement and track 2023 'Your Voice' Group-wide and functional action plans, and continue to connect people to Oxford Biomedica's purpose and patients.
Continue to build on early careers activity with engagement with universities and schools and develop an inclusive work experience programme.

Health and safety

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

The Group has continued to develop its Health and Safety Management System in 2022. The system, which includes incident reporting and management, action tracking, risk assessment and the Group's Health and Safety Policies and Procedures has experienced an evolution in the way metrics are tracked and communicated. The most notable improvements to the metrics are linked to the incident investigations completion and risk assessment review and read completion monitoring. The introduction of Heath and Safety for Managers Training has added an improved competency for the majority of senior leadership in all aspects of the safety management system in 2022. The Group's emphasis on strong governance training will continue into 2023. The Group continues to focus on the output of the Safety Climate Survey, engaging with staff and their Safety Representatives to identify improvements revolving around eight factors that contribute to a positive safety culture. The eight factors are:

— Accident and near miss reporting;

— Organisational commitment;

— Health and Safety oriented behaviours;

— Health and Safety trust;

— Usability of procedures;

— Engagement in Health and Safety;

— Peer group attitude; and

— Resources for Health and Safety.

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

The Group has improved its permit to work system by prescribing a more risk-based approach to the control of tasks, in line with HSE Guidance. A greater amount of training has been integrated for the demands of competency required to authorise diverse types of activity.

The attitude and behaviour of the Senior Executive Team (SET) is critical to Oxford Biomedica's safety culture. The SET has helped to promote positive approaches to health and safety by leading by example, communicating effectively and engaging with staff, encouraging a learning culture, promoting a "just, no-blame culture", and tracking and monitoring progress to fight complacency. The Group has continued to promote this through 2022 with SET visits around the sites at Oxford Biomedica.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Engagement

Employee voice is a key part of how the Group engages with its people and talent across the business. In April 2022, the Group thanked its first Workforce Engagement Panel (WEP) and elected 16 new representatives from across the business. The newly elected panel are passionate about raising topics that are important to employees from across the business and act as a conduit between employees and SET / the Board.

The new WEP met nine times in 2022, with two meetings attended by the WEP Board designated representative, Stuart Henderson. Following feedback from the first annual all employee engagement survey 'Your Voice', the SET committed to improving the frequency of communication with employees and have established a regular fortnightly SET Q&A briefing. These sessions provide SET with a platform to share business updates and is an open forum for employees to ask any questions they would like. To date these have been well received.

In September 2022, the Group announced the Board's updated strategy and direction as an innovation-led CDMO business, with plans to seek external funding for its gene therapeutics pipeline. To provide an opportunity to consult and communicate with employees during this time of organisational change, the WEP conducted more regular *ad-hoc* meetings and shared thoughts and feedback from employees across the business. This has been well received, ensuring employees have a voice throughout this process.

Towards the end of 2022, the Group launched its annual all-employee engagement survey 'Your Voice' to provide a further opportunity for employees to share their views. The survey was also launched to colleagues in Boston, providing a wider range of employee feedback on which to take action in 2023.

Alongside efforts to seek employee feedback, the Group has continued to provide recognition opportunities for employees, through the annual values and long service awards. In 2023, the Group will strengthen its informal recognition offering by introducing a new process designed to provide employees and managers with a more regular opportunity to reward and recognise the valuable contributions of their colleagues.

Aside from the WEP and 'Your Voice' engagement surveys, in July 2022, the Group launched a stay interview initiative, designed to provide a more regular opportunity to seek employees' feedback and identify the reasons that they choose to remain with the organisation. Employees across a wide population were selected at random to discuss their thoughts and ideas on their experience working with the Group. This increased the volume of feedback obtained from the business and also provided an opportunity for employees to engage with members of the HR team on a regular basis. Although still in the early stages, the insights gained from this have already provided a further resource for the Group in understanding areas which are operating well, as well as areas where improvements can be made. Coupled with feedback from the 'Your Voice' engagement survey in late 2022, the Group expects to have a diverse range of data from which to draw upon for any relevant changes in 2023.

The Group has launched a stay interview initiative, designed to provide a more regular opportunity to seek employees' feedback and identify the reasons that they choose to remain with the organisation.

The Group has continued to provide recognition opportunities for employees, through the annual values and long service awards.

x9

The WEP met nine times in 2022, with two meetings attended by the WEP Board designated representative, Stuart Henderson.

Equality, Diversity and Inclusion (ED&I)

Throughout 2022, the Group has continued its commitment to building a more inclusive organisation where all forms of diversity are celebrated. In 2022, the Group focused on the year one objectives of the three-year ED&I plan. This was created from the recommendation report following diagnostic work undertaken in 2021 which involved data gathering and analysis, policy review and enhancement, opportunities to celebrate diversity, and education and awareness raising.

During the year, the Group formed an ED&I Working Group, a group of volunteers who make sure that the Group applies equality and diversity principles within the Scope of the ED&I project plan. Ensuring that everyone, no matter their background or who they are, are seen, heard and supported. Oxford Biomedica volunteers actively promote and aspire to advance the culture of inclusion through intentional, positive and conscious efforts that benefit people and Oxford Biomedica as a whole.

In addition, the Group worked with HR data specialists and ED&I advisers to establish the ED&I data it will collect and report on to monitor or progress. The Group has defined its data statement and continues to seek advice from counsel around good practice in gathering and storing data in line with applicable laws and regulation.

The Group has researched and created a set of inclusive people policies that embrace diversity and aim to create a sense of belonging in the workplace. Throughout 2023, the Group will implement and embed the policies designed, including a menopause policy and transgender equality policy.

The Group also aims to build engagement and increase activities through the introduction of Employee Resource Groups and celebratory and learning events to deepen understanding and build psychological safety on a range of ED&I themes.

	Male	Female	Total	% Male	% Female
Board including Non-Executive Directors	6	4	10	60%	40%
Senior managers and direct reports	**32**	25	57	56%	44%
All other employees	**381**	455	836	46%	54%
Total	**419**	**484**	**903**	**46%**	**54%**

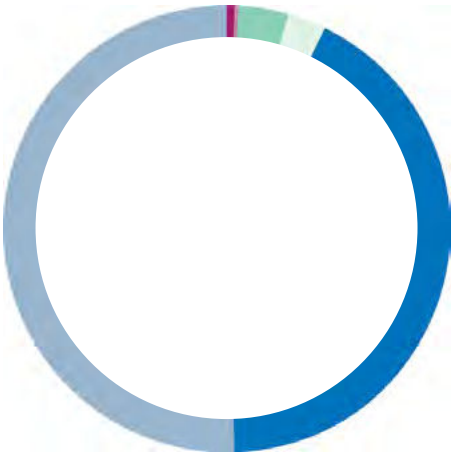
Group headcount as at 31 December 2022.

Gender Pay Gap

The Gender Pay Gap report was submitted to the UK Government Equalities Office in the first quarter of 2023 and a copy of the report can be found on the Company's website (www.oxb.com). Following three consecutive years of decrease in pay gap (2022: 17.65%; 2021: 11.5%; 2020: 18.0%; 2019: 21.7%), in 2022, the gender pay gap increased. The Group's management is confident that the gender pay gap does not stem from paying men and women differently for the same or equivalent work but is likely to be the result of the dispersal of genders across roles within the Group and the salaries that these roles attract, particularly at the executive level.

The increase in pay gap from 2021 is primarily a result of a larger proportion of newly recruited female employees into lower graded professional, technical and operations roles. Whilst it is encouraging that more females are being recruited into more traditionally male dominated roles, this has impacted the average hourly pay for women in the Group. In addition, the senior executive level of the Group and higher paid roles, continues to be predominantly populated by men, and the number of men at this level has increased in 2022 to 8, compared to 2 females (2021: 6:2). This has drawn the overall average hourly pay of males upward, increasing the overall gender pay gap.

Throughout 2023, the Group will implement and embed a set of inclusive people policies that embrace diversity and aim to create a sense of belonging in the workplace, including a menopause policy and transgender equality policy.



Employees by gender
Work in progress

Board including Non-Executive Directors
Male
Female

Senior managers and direct reports
Male
Female

All other employees
Male
Female

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

There has also been a small increase in the mean gender bonus gap, to 47.89% (2021: 44.9%), where there had initially been an improvement following the launch of a company wide bonus scheme, where all employees are now eligible, (subject to service criteria). The gap is in part caused by the basis for calculating actual salaries, which does not consider part-time workers, where 85% of part-time employees within the Group are women. This is in addition to the overall composition of men and women at the senior executive level, where these roles attract a higher bonus.

The Group is committed to addressing its gender pay gap through the continued focus on ED&I, an ongoing review of the Group's reward principles and their application, and by providing continued development opportunities to help all employees achieve their full potential including the Group's successful Management Development and Mentoring programmes. In 2023, the Group will further review its career development policies and practices to ensure transparency and inclusivity.

As part of the ED&I action plan, the Group plans to implement several new policies to support women in the workplace, including the introduction of a Menopause Policy and review of its parental policies. The Group intends to set up Employee Resource Groups to champion and support Diversity and Inclusion across the business and is considering one such group to focus on supporting and empowering women, with an emphasis on encouraging women in leadership.

The Group's wellbeing strategy has continued to focus on mental wellbeing, as well as offering support in other areas such as financial and physical wellbeing.

Health and Wellbeing

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

In 2022, the Group's wellbeing strategy continued to focus on mental wellbeing, as well as offering support in other areas such as financial and physical wellbeing. Regular updates and information have been provided to employees on a range of topics, with options for attending webinars, listening to podcast recordings and making use of specific resources all available.

During the period under review, the Group continued to monitor the local situation with regard to COVID-19 and made COVID-19 tests available for those who felt unwell at work. Regular updates were also issued to employees as the Group recognises its ongoing responsibility to the health, safety and wellbeing of all employees. The Group continued its roll out of its new 'ways of working' policy by moving to a more hybrid working approach, enabling teams to take advantage of the opportunity to work from home where possible but prioritising in person interactions to support business needs.

Early in 2022, the Group promoted Wellbeing at Work by inviting its benefits providers to deliver presentations and briefing sessions to employees. This enabled employees to make informed decisions about how their benefits package could best support them and their families, as well as helping employees to find out more information on the wide range of benefits on offer at Oxford Biomedica. Following this, a stress awareness webinar was delivered by an external speaker, focusing on tools and techniques to manage stress.

Later in 2022, the Group recognised Mental Health Awareness Week, with the national theme for the year being loneliness. Employees were encouraged to consider how they could support one another during times of loneliness and the importance of reaching out and connecting with colleagues. Focus was also given over the summer months to sun awareness, advising employees of how to stay safe in the sun.

The Group promoted Wellbeing at Work by inviting its benefits providers to deliver presentations and briefing sessions to employees. This enabled employees to make informed decisions about how their benefits package could best support them and their families.

During the latter half of 2022, specific emphasis has been placed on financial wellbeing given the difficult economic climate. The Group partnered with its pension provider, Hargreaves Lansdown, to deliver a series of webinars on budget and debt management, supporting employees to better understand how they can manage their money. This was coupled with the promotion of BUPA's Silvercloud mental wellbeing platform programme, 'Space from Money Worries', which is a modular programme delivered over 9 weeks, designed to help employees understand the relationship between money and their mental health. As a further commitment to the Group's support of its employees and in recognition of the difficult economic conditions, approximately 63% of the workforce received a £1,200 cost of living payment, paid in two instalments of £600 in December 2022 and February 2023.

In 2023, the Group will look to further expand its wellbeing offering, with consideration being given to introducing a wellbeing programme designed to cover a wide range of topics throughout the year.

Learning and development

Considerable progress was made in terms of learning and development at Oxford Biomedica during 2022. The Group sustained momentum around its existing learning offerings whilst introducing a number of new initiatives. The key objective of these changes was to make meaningful and impactful development opportunities accessible to employees.

To date, a total of 203 managers have completed the Group's Management Development Programme (MDP) with MDP alumni given the opportunity to attend a Growth Mindset Workshop. Additionally, the Group introduced a new training programme for managers, called "Manager Toolkit," designed to provide managers with the knowledge to handle practical day to day people-related actions. Through this programme, the Group provided training to over 100 managers, and intends to offer this training to the rest of its managers in 2023.

To make learning accessible to employees, the Group partnered with a digital learning platform which offers a range of courses now including Compliance, Quality, Bioprocesses and Management. Feedback from users was positive and the Group intends to make the platform available for the rest of the employees.

In 2022, the Group strengthened its Early Careers Programme in a number of ways. The three pillars of the Early Careers Programme are:

a) build a quality future talent pipeline for Oxford Biomedica;

b) differentiate the Oxford Biomedica brand; and

c) give back to the community by designing engagement with schools/universities, which will inspire students and enable them to make informed career choices.

The key initiatives undertaken during 2022 were:

— A 2-day work experience opportunity was designed and deployed for the children of employees in secondary education;

— Partner schools were identified and an impactful engagement plan is being created; and

— Engagement with the apprentices, their managers, and training providers were strengthened.

£1,200

Approximately 63% of the workforce received a £1,200 cost of living payment, paid in two instalments of £600.

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A total of 203 managers have completed the Group's Management Development Programme (MDP) with MDP alumni given the opportunity to attend a Growth Mindset Workshop.

COMMUNITY

2022 HIGHLIGHTS

2022 ESG Community objectives – what we achieved:

Continue to fundraise for chosen Group charities – Oxfordshire Mind and Homeless Oxfordshire	100%
Launch the community volunteering policy	100%
Continue to build local educational establishment/early careers links	100%

2023 FOCUS

2023 ESG Community objectives:

- Continue to fundraise for chosen Group charities
- Build on the Group volunteering policy launched in 2022 to increase employee involvement in local community volunteering
- Continue to build local educational establishment/early career links

The Group continues to build and strengthen its involvement in the local community, recognising the value of being a good local citizen and delivering positive benefits to the community. Throughout the year, the Group continued to develop its apprenticeship scheme, supporting science education and offering an alternative route to the traditional university pathway. The Group behaves as a responsible neighbour, complying with national and local laws and regulations, particularly with regard to emissions, waste, property planning, and the traffic impact caused by employees. To help minimise the traffic impact on the community, the Group has continued to provide a range of transport initiatives including a well-established cycle to work scheme and bike shelters, whilst the Group's Flexible Working Policy has reduced the number of journeys to and from work by giving employees the option to work from home.

Apprenticeship scheme

As part of the Group's focus on delivering local benefits and providing high skilled jobs to the local community, the Group has an apprenticeship scheme in collaboration with the Advanced Therapies Apprenticeship Community and multiple training providers. In 2022, the Group added an additional five apprentices with 37 apprenticeships running throughout the year. The apprentices include school leavers from the local community who are enrolled on a training scheme in the highly skilled areas of Manufacturing and Analytical testing. The Group is committed to supporting the apprentices through in-post learning, training, and expanding the scheme in the future.

In recognition of the Group's early career flagship programme, providing university accredited qualifications, industry experience, and a salary to apprentices, the Group was awarded "Apprenticeship Employer of the Year 2022" in the Oxfordshire Apprenticeship Awards.

Charitable giving

Fundraising efforts for the Group's nominated charities, Oxfordshire Mind (Registered Charity No. 261476) and Homeless Oxfordshire (Registered Charity No. 297806), selected through an employee vote, continued during the year. As part of the Group's commitment to provide support to these local charities, a group of employee volunteers, known as the Helping Hands team, organised a series of fundraising events including, a summer concert, a raffle, a bake sale, and a football tournament. In 2022, a total of £7,063 was raised for nominated charities, and the Group donated £1,000 to two local primary schools.

In 2022, the Group continued to run 'payroll giving', providing employees with the opportunity to support UK-registered charities in a tax-efficient manner through monthly payroll contributions.

Volunteering

The Group has furthered its efforts to encourage employees to get involved in community work and make a difference in their local communities. The introduction of a community volunteering activity scheme allows employees to request up to seven hours of paid time off for volunteering each year. Throughout the year, 20 volunteering days were taken, with employees volunteering in several areas, including local litter picking, Earth's Trust land management, and the Royal British Legion Poppy Appeal. The Group regards community projects as a great way to meet people, develop new friendships, and most importantly improve employee wellbeing.

INNOVATION

2022 HIGHLIGHTS

2022 ESG Innovation objectives – what we achieved:

Promote science and increase knowledge sharing through increased public engagement	100%
Deliver greater economy by maximising productivity at scale and reducing environmental impact	100%
Continue to build strong academic collaborations through support for the ABViP programme	100%

2023 FOCUS

2023 ESG Innovation objectives:

- Increase public engagement through participation in school and university outreach programmes and continued support for the ABViP programme
- Innovation in scaled down and digitised platforms to intensify R&D activities while minimising resource utilisation
- Continue to deliver on maximising productivity at scale and reducing environmental impact

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

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

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

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

Commitment to ensuring all research and innovation at the Group maintains the highest ethical standards

The Group's commitment to achieving the highest ethical standards has historically been embedded in all research and development activities and has continued to shape the Group's platform innovation in 2022. This objective underpins the Group's overall ESG mission to deliver life-changing gene therapies to patients in an ethical and socially responsible way.

In 2022, an ethical review process for the New Technology and New Product Committees was implemented, building on the former ethical review process for research and innovation activities, and representing a formalised inclusion of ethical review considerations. In 2022, an additional focus of the New Technology Committee was on identifying and prioritising innovation around process intensification to produce therapeutic viral vectors in sufficient quantities to meet clinical and commercial demands in a more economical and environmentally sustainable way.

Innovation tools to support delivering greater economy

In 2020, the Group developed three new tools for innovation to aid the innovation process. During the course of 2022, the Group continued to implement these tools:

— A technology roadmap designed to ensure the smooth and timely progression of new technologies to commercialisation is now in place and has been applied to six development projects;

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

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

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

Promoting science and increase knowledge sharing through increased public engagement

In 2022, the Group continued to work with In2Science who help children from disadvantaged backgrounds enter STEM subjects in higher education. The group sponsored five students during the year with Oxford Biomedica employees also participating in mentoring sessions to offer insights and guidance on pursuing a career in STEM industries.

Continued strong academic collaborations and support of studentship programmes

The Group continues to work to promote science and build strong academic collaborations. The Group continued to support PhD/DPhil studentships through Advanced Bioscience of Viral Products (ABViP). This multidisciplinary training programme will help foster the next generation of bioscience leaders and advance research in the area of viral vectors for future gene therapies and vaccines. The programme is led by Oxford Biomedica and involves both UCL and University of Oxford as academic institutions. ABViP will train a cohort of 24 PhD/DPhil students over the course of 2022, 2023 and 2024, with 7 students enrolled onto the programme in 2022.

The Group intends to continue to support outreach programmes such as In2Science, to promote STEM careers as a viable route for school children from demographics that have a low representation in higher education, particularly in STEM subjects. The Group is also committed to ensuring the BBSRC CTP programme is a success and fully engage with academic partners and the research council to ensure the best support is provided for the next generation of research leaders coming through the programme.

An additional focus of the New Technology Committee was on identifying and prioritising innovation around process intensification to produce therapeutic viral vectors in sufficient quantities to meet clinical and commercial demands in a more economical and environmentally sustainable way.

The Group's commitment to achieving the highest ethical standards has historically been embedded in all research and development activities and has continued to shape the Group's platform innovation in 2022.

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ABViP will train a cohort of 24 PhD/DPhil students over the course of 2022, 2023 and 2024, with 7 students enrolled onto the programme in 2022.

SUPPLY CHAIN

The Group is fully committed to responsible supply chain management, and work continued to progress throughout 2022 to build a supply chain that aligns with the Group's commitment to sustainability whilst delivering commercial benefit. A supplier code of conduct has been rolled out and published on the Group's website, detailing the Group's overall approach to supplier engagement and the standards it expects its suppliers to adopt.

The Group's supplier code of conduct follows a continuous improvement approach that advances supplier performance over time, and includes the Group's conduct commitments and its expectations of suppliers in relation to bribery and corruption, animal welfare, child labour, data privacy and protection. Also included in the supplier code of conduct is information pertaining to health and safety practices, governance and management systems, human rights matters, environmental practices and related management systems. The Group's robust processes and controls ensure that all elements of the its supply chain are managed responsibly.

Full details of the Group's ESG pillars, including the supplier code of conduct, can be found on our ESG website at www.oxb.com.

2022 HIGHLIGHTS

2022 ESG Supply Chain objectives – what we achieved:

To incorporate the new supplier code of conduct for suppliers into all new contractual supply relationships	100%
To publish the new code of conduct on the Group's website including the Group's supply chain requirements	100%

2023 FOCUS

2023 ESG Supply Chain objectives:

To hold quarterly face-to-face meetings with key suppliers to review their compliance with the supplier code of conduct.

To develop and issue a supplier code of conduct questionnaire for all GMP suppliers to assess their compliance with the supplier code of conduct

The Group's supplier code of conduct follows a continuous improvement approach that advances supplier performance over time.

ENVIRONMENTAL

2022 HIGHLIGHTS

2022 ESG Environment objectives – what we achieved:

Aim to reduce the volume of paper used and offset paper usage by planting trees (become "paper neutral")	100%
Increase recycling by 5%	100%
Develop net zero plan for CO_2 by 2040 and meet the Group's TCFD metrics	50%
Gain affiliation to an external agency e.g. SBTI, "My Green Lab" to assist with the Group's 10+ year sustainability plan	50%

2023 FOCUS

2023 ESG Environment objectives:

Develop net zero plan for CO_2 by 2040 and meet the Group's TCFD metrics
Baseline the Group's extended value change Scope 3 emissions
Inclusion of Oxford Biomedica Solutions within Scope 1, 2 and 3 monitoring and appointment of representatives from Oxford Biomedica Solutions to the ESG Committee

Environmental policies and initiatives

The Group fully recognises its responsibility to minimise the impact of its activities on the global environment, its neighbours and the local community. The Group's Environmental Management System (EMS) has continued to evolve and grow with the organisation. The Group has undertaken a targeted internal environmental review against environmental performance data to enable more effective performance monitoring. The Group has worked with interested parties including utility providers, waste operators and suppliers in order to provide more transparent data for collection. The Group complies with all environmental regulations, including those relating to environmental permits and consents, waste disposal and discharges.

The Group continues to work towards reducing its carbon footprint (see pages 53 to 55 for further information as regards the Group's Streamlined Energy and Carbon Reporting (SECR) activities). As part of the Group's 2022 Environmental pillar initiatives, the Group has focused on waste stream efficiency by engaging with waste operators through audit and employees through awareness events and internal promotion. The result has been a proportional increase in recycling of 6%, mainly due to lab-based recycling, and a more streamlined collection service across all waste streams. The Group endeavours to perform at the top of the waste hierarchy where possible and has created an internal spare equipment page to promote reuse of redundant equipment across lab-based groups. Following the Group's success in paper reduction in 2021, 2022 has seen increased incentives to reduce usage even further with the purchase of tablets for lab settings and the introduction of tree planting to offset the amount of paper consumed and processing emissions created by the Group's annual consumption. The Group has started pre-planning for phase 2 of the construction for its Oxbox site and has started to engage in the first stages of Building Research Establishment Environmental Assessment Method (BREEAM) certification in order to work to the highest environmental standards during construction, with the goal for Oxbox to become resource-efficient, post construction.

The Group has engaged with expert advisors to create science-based alignment in the upcoming net zero plan for CO_2 emissions by 2040. In 2022, energy audits were carried out at all UK sites in order to understand Scope 1 and 2 demand and gain recommendations for reduction measures. Alongside this work, Scope 3 baselining was undertaken during 2022 in order to gain a full appreciation of the Group's emissions and inform targeting. The Group's aim is to have finished the net zero plan in 2023.

Transportation has been another environmental aspect that has received a great deal of attention in 2022. The Group has acquired the leasehold of a new 45,000 sq. ft warehouse in Wallingford, Oxfordshire, to bulk store long life consumables, therefore decreasing the overall frequency of freight. The site is expected to be ready for occupation in the second quarter of 2023 and the results of this are expected to be seen in the 2023 environmental report. With regard to employee commuting, the Group has commissioned the installation of 14 electric vehicle charging points, whilst developing a framework for further future installations.

Following the establishment of Oxford Biomedica Solutions in 2022, the Group plans to appoint representatives from the Oxford Biomedica Solutions team to join its ESG Committee and is aiming to integrate their environmental performance data with UK-based monitoring during 2023.

The Group has high levels of engagement from employees on environmental sustainability activities, and actively encourages employee engagement and involvement in improving the Group's environmental performance. Multi-department environmental representatives support the Group's sustainability initiatives and in 2022 they facilitated the promotion of reduced utility consumption through intranet posts and on-site electrical appliance "switch it off" initiatives. The biggest impact of 2022 in this regard was the substitution of plant room lighting at Oxbox, making an annual saving of 10 tonnes CO_2.

Work to gain affiliation to an external agency to assist with the Groups 10+ year sustainability plan is ongoing. Throughout the year, the Group engaged with a number of agencies, including SBTI and MyGreenLab, and expect affiliation in 2023.

The Group's SECR Compliant Directors statement

2022 SECR Performance

The Group's carbon footprint for the 2022 reporting year has been calculated based on the environmental impact across Scope 1, 2 and 3 (selected categories) emission sources across all sites of operation. The emissions are presented on both a location and market basis, as this is compulsory under the SECR. On a location basis, the Group's emissions are 4,475 tCO_2e, which represents an average impact of 5.5 tCO_2e per full time employee (FTE), and on a market basis the Group's emissions are 2,935 tCO_2e. Emission intensity metrics used are on an employee basis, which will be monitored to track performance in subsequent environmental disclosures.

The Group has made significant efforts to improve data collection processes and data quality during 2022. As a result, base year emissions have been restated in order to reflect a more accurate comparison with the performance of subsequent years and to provide a valid assessment of progress against targets. More specifically, waste emissions have been restated using actual mass based data, provided by the Group's waste operators, expelling the need for the Group to use conversion factors used in the past. The Group has demonstrated an actual reduction of waste emissions of 10% in 2022.

Energy and carbon action

In 2022 the following Energy Savings Initiatives were undertaken:

- Lighting substitution at the Oxbox site, including the installation of passive infra-red sensors, saving an estimated 52,000KWh per annum and 10 tCO_2e.
- Focus on cold storage with entry into the International Freezer challenge. Three freezers of redundant samples were discarded, saving extra unit demand.
- IT appliance "Turn It Off" campaign promoted by Environmental Representatives.
- Energy audits performed by a specialist third party as part of the net zero strategy and future initiative potential.
- The first and second floors of the Windrush Innovation Centre air-handling units have been switched off whilst the area is under redevelopment.

2022 ESG Environmental results

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

- World Resources Institute (WRI) GHG Protocol (revised version);
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019); and
- UK office emissions have been calculated using DEFRA 2022 conversion factors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Following an operational control approach to defining the Group's organisational boundary, the Group calculated GHG emissions from business activities falling within the reporting period of January 2022 to December 2022. The reporting period of January 2021 to December 2021 is included for comparison purposes.

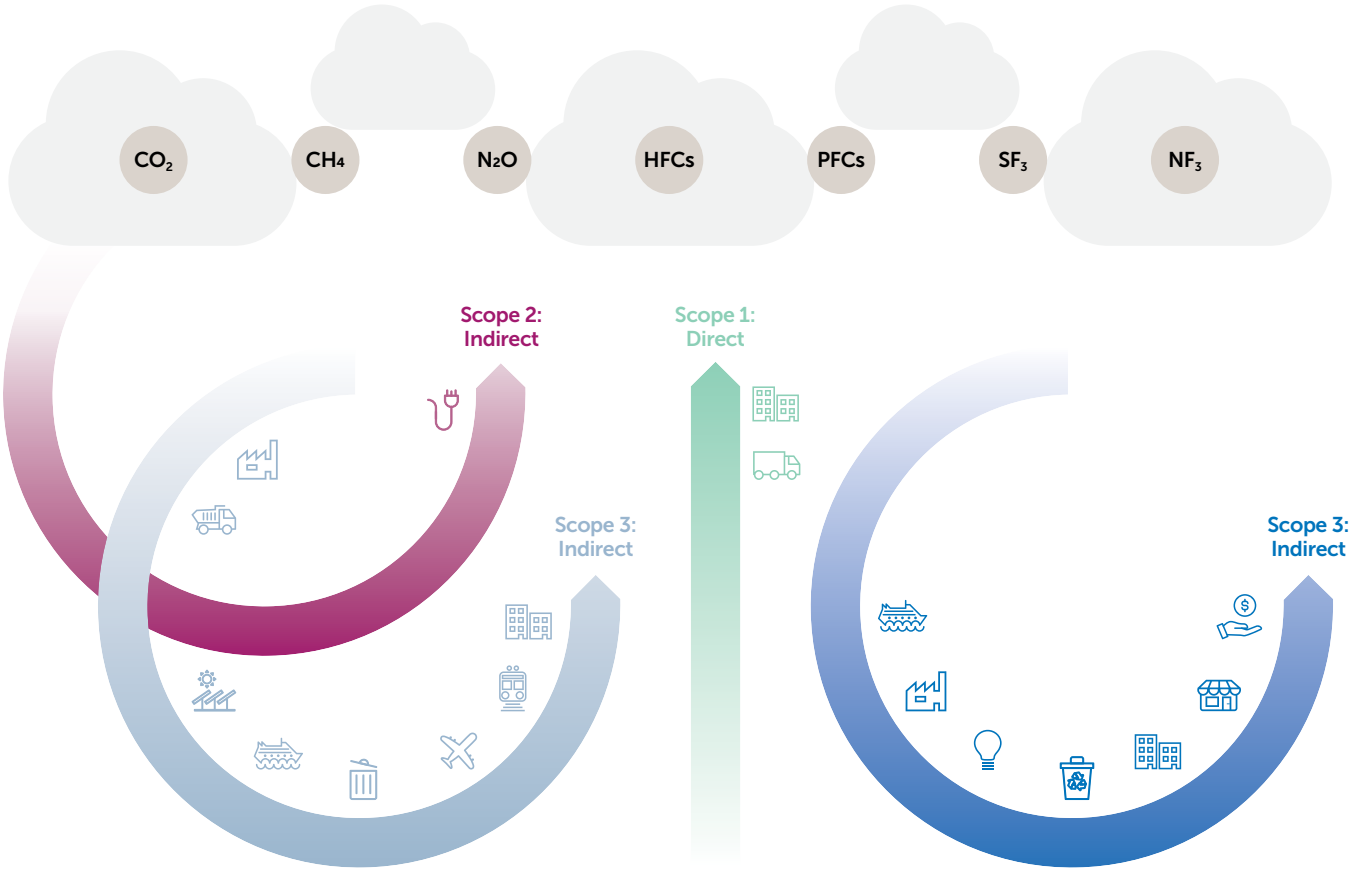
Energy and carbon disclosures for the reporting period 1 January 2022 – 31 December 2022

		Global Emissions tCO_2e			Percentage change to 2021
	Emissions Source	2020[1]	2021[2]	2022[2]	(%)
Scope 1	Natural gas	1,144	1,242	879	–29%
	Other Fuel Types	13	14	7	–50%
	Fleet	18	13	9	–31%
	Refrigerants	-	55	23	–58%
	Processing emissions	14	14	48	243%
Total Scope 1		**1,189**	**1,338**	**966**	**–28%**
Scope 2	Electricity (Market Based)	719	426	256	–40%
	Electricity (Location Based)	2,202	2,293	1,796	–22%
Total Scope 2 (Market Based)		**719**	**426**	**256**	**–40%**
Total Scope 2 (Location Based)		**2,202**	**2,293**	**1,796**	**–22%**
Scope 3[3]	Electricity transmission and distribution	186	198	158	–20%
	Water	16	5	4	–20%
	Employee cars	3	2	6	200%
	Rail	0.7	0.8	1.4	75%
	Public Transport	0.2	1.4	2.0	43%
	Business flights	212	109	448	311%
	Paper	6	4	3	–25%
	Waste & Recycling	16	16	16	–0%
	Employee commuting	960	1,157	1,075	–7%
Total Scope 3		**1,400**	**1,493**	**1,713**	**15%**
Total (Market Based)		**3,308**	**3,257**	**2,935**	**–10%**
Total (Location Based)		**4,791**	**5,124**	**4,475**	**–13%**
Total Energy Usage (kWh)[4]		**15,827,438**	**17,613,049**	**14,049,362**	**–20%**
Nomaliser	tCO_2e per FTE	6.6	5.9	5.5	–7%

[1] 2020 emissions have been restated in 2022 due to receipt of updated actual data and to include additional emission sources.
[2] 2021 emissions have been restated in 2022 due to receipt of updated actual data and to include additional emission sources.
[3] Emissions have been rounded to one decimal place when less than 2 tCO_2e to allow for more accurate comparisons year on year.
[4] Energy reporting includes kWh from Scope 1, Scope 2 and Scope 3 employee cars only (as required by the SECR regulation).

2021 and 2022 – UK versus Global energy and carbon disclosures comparison

	2021		2022		Percentage change to 2021 (%)	
Emissions (tCO2e)	UK	Global (excl. UK)	UK	Global (excl. UK)	UK	Global (excl. UK)
Total (Location Based)	4,828	297	4,263	213	–12%	–28%
Total Energy Usage (kWh)	16,247,328	1,365,721	13,107,000	942,362	–19%	–31%



Scope 2 – Indirect

- Purchased electricity, steam, heating and cooling for own use

Scope 3 – Indirect

- Purchased goods and services
- Capital goods
- Fuel and energy related activities
- Transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Leased assets

Scope 1 – Direct

- Company facilities
- Company vehicles

Scope 3 – Indirect

- Transportation and distribution
- Processing of solid products
- Use of sold products
- End of life treatment of sold products
- Leased assets
- Franchises
- Investments

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Taskforce for Climate-related Financial Disclosure (TCFD)

The Group supports the TCFD framework and committed in the 2021 Annual report and accounts to refine its risk assessment methodology in order to ensure that the climate risks associated with the Group can be fully integrated into business planning. This commitment extends beyond the Group's operational sites to also include five key suppliers. The following table sets out the required disclosures and explains where in this Annual report and accounts the various disclosures can be found. The Group is pleased to confirm that the disclosures in the Annual report and accounts are consistent with the TCFD recommendations, save for the assessment of the impact of climate-related risks and opportunities on the Group's financial planning and the completion of the review into all material Scope 3 emission categories, both of which remain on-going following the acquisition and subsequent integration of Oxford Biomedica Solutions and which the Group expects to conclude during the 2023 financial year. Furthermore, the Group is working with an external expert advisor to ensure alignment of its targets with the Science based Targets Initiative (SBTI) and also expects this process to conclude in 2023.

TCFD Recommendation	The Group's Approach
Governance	
Disclose the organisation's governance around climate-related risks and opportunities. – Describe the Board's oversight of climate-related risks and opportunities described – Describe management's role in assessing and managing climate-related risks and opportunities	The Board of Directors is responsible for overseeing the effective management of the Group's climate-related risks and opportunities. The Board is supported in this effort by the SET – a cross-functional group of individuals who work to advance these objectives within their respective areas of expertise. The Group's CEO is responsible to the Board for the management, development, and performance of the business, including climate-related risks and opportunities and the Group's Net Zero by 2040 commitment. The Group has an established ESG Committee to monitor the execution of its sustainability strategy, establish goals and targets related to climate-related risks and opportunities, oversee communication of its sustainability activities with stakeholders and provide input to the Board and other Committees on sustainability matters. The ESG Committee had previously been chaired by the CEO, however, in 2022 following John Dawson's retirement, the Group's ESG Committee was chaired by Nick Page in his capacity as COO. Following the appointment of Dr. Frank Mathias as the Group's CEO in March 2023, the ESG Committee will continue to be chaired by Mr Page, with Dr. Mathias in regular attendance. The ESG Committee serves as a supportive entity for both the Board and the SET and met on three occasions in 2022 for an update on progress regarding the Group's Climate Strategy, TCFD and other ESG targets. During 2022, the Group COO and Head of Investor Relations gave presentations to the Board on work completed in relation to waste management and recycling, energy efficiency, carbon removals and flood risk at the Boston site. In addition, the Group has commenced a review of its Environmental Policy, in order to more accurately describe the arrangements surrounding climate risk governance and monitoring – this is a key area of focus for 2023. A strategic Environmental Representative group was established in 2021 to support the delivery of sustainability and climate strategies. The sustainability group meets every month and makes suggestions for sustainability actions to be taken at Oxford Biomedica, which are then publicised across the Group. Environmental due diligence was undertaken prior to the Oxford Biomedica Solutions acquisition. Subsequent to this, increased climate scenario screening has been undertaken in connection with the TCFD disclosures in this Annual report and accounts. Any future acquisitions proposed by the Group will be integrated into the Group's ESG Committee and net zero strategy, in line with the approach taken by the Group following the acquisition of Oxford Biomedica Solutions.
Strategy	
Disclose the actual and potential impacts of climate related risks and opportunities on the Group's business, strategy and financial planning where information is material. –Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term – Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning – Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	In 2022, the Group assessed the potential risk of material, physical climate impact across all sites of operation. These potential impacts were mapped against risk posed by the geography of the Group's sites using relevant environmental modelling tools. The risk posed was ultimately low with the exception of potential high risk associated with Dublin, with regard to water stress, and Boston, with regard to flood risk. The risk of water stress associated with Dublin does not pose a threat to the Group, as its current operations in Dublin are solely office-based and are therefore not water reliant. Flood risk at Boston is assessed and managed by the local environmental management system. The Group also expanded physical climate risk assessment to include the Group's top five suppliers, identified through capital expenditure and reliance within the supply chain. Annual extreme weather damages and 1-in-100 year damages rose using the "middle of the road" scenario and above for both Netherlands (where two of the Group's major suppliers are located) and UK based sites and suppliers across medium and long term timeframes. The Group also worked with an expert advisor to undertake a qualitative transitional risk assessment with the use of expert opinion and research within the pharmaceutical industry and economic commentary. The most prominent transitional risk factors centre on the growing pressure to decarbonise operations and supply chains in anticipation of (a) the possibility of Government mandated carbon pricing (including levies placed on cross border sales into the EU market through upcoming Carbon Border Adjustment Mechanism (CBAM) legislation), and (b) shifting investor appetite for decarbonised portfolios due to Green Asset Ratio and Green Lending Ratio disclosure requirements affecting the financial services and asset management sectors. During 2022, the Group continued its review into all material Scope 3 emission categories in order to develop a Scope 3 emission baseline against the Group's baseline year of 2020. The Group expects to complete this process in 2023. The Group also undertook energy audits at all sites in 2022 in order to inform a science based target route and applicable initiative milestones to net zero. The Group defines meeting net zero as reducing Scope 1, 2 and 3 emissions by 90 – 95% against the Group's baseline year of 2020. In addition, residual emissions must be compensated by utilising carbon removals, for example tree planting. The Group has identified flood risk as the most material climate risk to current operations. Accordingly, as shown in the risk management section of this table below, the Group is prioritising a review of both the Boston site and supplier flood risk management in 2023. The Group has modelled a 2°C or lower scenario across all material identified climate risks. The findings are set out in the table on page 58 and identify flood risk and water stress as being the most significant.

TCFD Recommendation	The Group's Approach
Risk Management	
Disclose how the organisation identifies, assesses and manages climate-related risks. – Describe the organisation's processes for identifying and assessing climate-related risks – Describe the organisation's process for managing climate-related risks – Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	In 2022, the Group considered a variety of climate scenarios and categorised them as optimistic (NGFS net zero 2050 median, SSP2 RCP4.5), middle of the road "current policies" (NGFS current policies median, SSP2 RCP8.5) and pessimistic (RCP8.5, SSP3 RCP8.5). This range of climate scenarios has been chosen to provide increased confidence in the assessment by consulting multiple reputable models. Each climate aspect has then been assessed using these scenario models and split into 3 distinct time horizons, short term (up to 2030), medium term (2031-2050) and long term (2051-2100). For each physical risk aspect a specific assessment was made using climate impact data from ISMIP (Inter-Sectoral Impact Model Intercomparison Project), CLIMADA, CMIP5 GCM data, WRI Aqueduct Global Maps 3.0, HydroBASINS database, The Pfafstetter system, FEMA Analysis, NOAA inundation maps and LOCA Statistically Downscaled CMIP5 Projections for North America. Transitional risks underwent a qualitative analysis using expert analysis, research within the pharmaceutical sector and economic commentary. The climate related risks disclosed are not unique to the Group, and are applicable across the pharmaceutical sector. The Group is well versed in climate risk management and has implemented its decarbonisation pathway towards net zero in order to reduce the likelihood of a more severe further climate scenario materialising. Details of the pathway can be seen in the targets and metrics section of this TCFD report on page 62. The Group also focuses on operational resilience at a local site level through building management practices and with the use of an environmental management system. The supply chain is under periodic analysis for increased resilience, which was increased further in 2022 with the lease of the 45,000m^2 Wallingford warehouse, enabling greater carrying capacity. The materiality matrix set out on page 42 demonstrates key environmental aspects of the Group's operations that are fixed with short term targets, and monitored through the governance structure set out above. Flood risk has been identified as the most material climate risk to the Group's operations and value chain, as the that risk is relatively high already, before climate change is even taken into account. As a result, flood risk management will be reviewed for both the Boston site and for the Group's suppliers based in the Netherlands in 2023.
Metrics and Targets	
Disclose the metrics and targets to assess and manage relevant climate-related risks and opportunities where such information is material. – Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process; – Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks; and – Describe the targets used to manage climate-related risks and opportunities and performance against targets	The Group has chosen a reasonable selection of metrics to facilitate its assessment of climate-related risks and opportunities in line with Group strategy and risk management processes. Further details regarding these metrics, together with the reasons for their selection, are disclosed in the metrics and targets section of this TCFD report on page 61. The Group's Environmental, Social and Governance Report outlines its various environmental metrics and targets on page 61, including the following key objectives: minimising waste generation and encouraging a circular economy, optimising energy usage, decreasing the use of packaging materials, particularly plastics, and sourcing materials from sustainable suppliers. Of the targets set out on page 62, the Group has already achieved its target of a 10% reduction in Scope 1 and 2 GHG emissions and also now successfully sources 10% of its energy from renewable sources. In addition, the Group has made material progress towards gaining affiliation with My Green Lab and, in 2022, the Group invested in nature-based solutions such as tree-planting to minimise paper consumption. In 2023, the Group will focus on achieving reduction in plastic consumption and packaging waste and will assess the viability of substituting its fleet for electric vehicles. The Group's Scope 1, 2, and 3 GHG emissions are also disclosed in the Environmental, Social, and Governance report in the SECR section on pages 53 to 55. The global increase in energy prices has further pushed Scope 1 and 2 emission savings to the forefront of the Group's agenda and the Group is focused on further progressing Scope 1 and 2 emission savings in 2023. The Group has a clear pathway to net zero described in the targets and metrics section of this TCFD report on page 62. A partnership with an expert advisor, RPS Group, was created in 2022 in order to ensure alignment with the science-based consensus and practicality of these targets moving forward. The report on this assessment is due in 2023. Some targets may alter slightly but it is expected that they will be increasingly robust as the Group commits to the Science based Target Initiative.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

TCFD Scenario Analysis

Climate risks are, by their nature, dynamic, geographically asymmetrical, and likely to evolve in different ways depending on a range of conditions and variables. In accordance with TCFD recommendations, the Group has undertaken a detailed analysis to clarify what the potential impacts of future climate scenarios may be across short, medium, and long-term time horizons. Specialist expertise has been engaged to guide this effort, to govern the selection of appropriate metrics suited to the factors at hand, and finally to interpret findings in a manner which is circumspect and appropriately qualified.

The scenario analysis procedure has been driven using carefully selected datasets derived from the latest Intergovernmental Panel on Climate Change (IPCC) climate models.

A range of climate models and scenarios have been used to provide (a) the best possible data coverage and (b) a balanced assessment of optimistic, pessimistic and 'middle of the range' trajectories.

Climate Scenarios used:

	Set 1	Set 2
Optimistic	NGFS net zero 2050 median	SSP2 RCP 4.5 (optimistic)
Middle of the Road "Current Policies"	NGFS current policies median	SSP2 RCP 8.5 (business as usual)
Pessimistic	RCP8.5 median	SSP3 RCP 8.5 (pessimistic)

Time Horizons used:

Short term	Medium term	Long term
Up to 2030 (in 5 year increments)	2031–2050 (in 5 year increments)	2051–2100 (in 5 year increments)

The time horizons chosen have been selected to analyse the range of risks to be expected when linked to global performance against decarbonisation. Whilst modelling further into the future may reduce accuracy, the Group aims to be diligent and has chosen the subsequent climate scenarios for their breadth of future possibility. The Group is aware that for transitional risk inputs, such as legislation, the shorter term horizon yields more value, whilst physical risks are a longer term eventuality.

Climate change and strategy for physical risks

In 2020 and 2021, the Group's facilities services conducted a screening study of future climate scenarios to explore the Group's physical climate-related risks (floods, water scarcity, extreme heat, strong winds and wildfires). These scenarios were applied to material Oxford Biomedica sites and key suppliers, with predictions extended out to the medium/long term. In 2022, the Group extended both the aspects of physical risk and the climate assessments to all sites, including the targeted Boston site.

1-in-100-Year Expected Damage from Tropical Cyclones	Daily Minimum Air Temperature	Precipitation
Annual Expected Damage from Tropical Cyclones	Land fraction annually exposed to Heatwaves	Relative Humidity
Annual Expected Damage from River Floods	Land fraction annually exposed to River Floods	Specific Humidity
Annual Maximum River Flood Depth	Maximum of Daily River Discharge	Water stress, supply & demand
Daily Maximum Air Temperature	Mean Air Temperature	Groundwater table decline
Riverine flood risk	Coastal flood risk	Drought risk

In addition to the Group's own facilities, physical climate scenarios were evaluated in relation to a selection of five key suppliers in order to provide an indication of the potential for indirect contagion from factors upstream in the value chain. The risk levels in relation to suppliers were then adjusted according to a measure of the Group's relative dependency on those suppliers. The main aspects of potential risk were assessed as follows:

Risk Factor	Result of Analysis
Extreme Weather	Annual Expected Damages and 1-in-100-year Damage are expected to rise significantly in middle-of-the-road "current polices" and pessimistic climate scenario models for the Netherlands (where two of the Group's major suppliers are located) and the UK.
Flood Risk	Notable flood risk concerns arise in relation to the US site at 1 Patriots Park, Bedford, MA. The FEMA Flood risk analysis for that location indicates the risk of a major flood at least 26% in 30 years before accounting for climate change. Models project that this property has about a 51% chance of a significant pluvial or fluvial flood over 4 feet deep before 2050.
Heat Stress	This is significant in all geographies but especially in the US.
Water Stress	Levels are generally expected to decline slightly or remain relatively flat in most regions except for the Netherlands where two of the Group's major suppliers are located. Notably, water stress levels in Dublin at the Balheary site are extremely high. The impact of this on the Group's current operations within Dublin will be low because it is a solely office-based footprint.

In order to address resilience against these risks the Group will, through 2023/2024, perform extended deep dive climate assessments at all higher risk sites, with a particular focus on flood risk in Boston. In the same timeframe, the Group will approach assessed suppliers for mitigation against risk and extend climate assessments beyond the top five suppliers to increase knowledge of their resilience and that of the Group's goods network.

Climate change and strategy for transitional risks and opportunities

The Group's exposure to risks and opportunities relating to climate change is influenced by a variety of factors that extend beyond the physical impacts of climate change and include potential regulatory, technological and reputational factors, alongside the potential for changing competition dynamics in target markets. Transitional risks also involve pressure from investors and stakeholders to reduce the emissions footprint of business operations and those of the extended value chain.

The approach to assessment of transitional factors differs from that applied in the case of physical risk. Judgement plays a more significant role, not due to a lack of relevant metrics proxies, but rather because the 'superabundance' of potentially relevant data renders the use of 2 or 3 key metrics unacceptably reductive. Moreover, the assessment of transitional risk therefore leans to some extent on the balance of expert opinion, research and economic commentary to assign various transitional risks as low, medium or high respectively. The aspects chosen were as follows:

Shifting disease vectors	Climate change can lead to changes in global disease vectors, thereby altering the distribution and prevalence of certain diseases. This translates to both risks and opportunities: warmer temperatures may extend the range of disease-carrying insects, such as mosquitoes, leading to an increased risk of diseases like malaria and Zika virus. These changes in disease vectors can create risks and opportunities for pharmaceutical companies; creating new demand for certain vaccines or treatments in certain areas.
Market risks	Changes in partner preferences or investor demand for products that are more sustainable may affect the demand for and price of pharmaceuticals. Increasing partner interest in the company emissions profile also highlights attendant reputational risks.
Reputational risks	Reputational risks associated with the emissions profile of the pharmaceutical sector as a whole may alter the Taxonomy classifications applied to the Group's securities.
Legal Liability	Pharmaceutical companies may face liability for their greenhouse gas emissions or for the environmental impacts of their products.
Cost of raw materials & energy	Changes in the availability or cost of raw materials or other inputs used in the production of pharmaceuticals may affect the cost and competitiveness of these products.
Regulation	Regulation is a key transitional risk for the pharmaceutical sector, as changes in regulations or policies related to climate change may affect the way pharmaceutical companies operate and may also affect the demand for their products. — Regulatory changes related to the use of certain raw materials or chemicals in the production of pharmaceuticals may affect the availability or cost of these inputs, which could in turn affect the cost and competitiveness of the finished products. — There is increasing focus on the environmental impacts of pharmaceuticals, including the potential for drugs to enter the environment and harm wildlife or ecosystems. Governments may introduce regulations to address these impacts, which could affect the way pharmaceutical companies operate: — In the European Union, the European Medicines Agency has published guidance on the environmental risk assessment of medicinal products. This guidance provides recommendations for pharmaceutical companies on how to assess and mitigate the potential environmental impacts of their products. — In the United States, the Environmental Protection Agency has proposed a rule that would require pharmaceutical companies to report on the environmental impacts of their products, including the potential for drugs to enter the environment and harm wildlife or ecosystems. — In Canada, the federal government has launched a public consultation on the environmental impacts of pharmaceuticals. The consultation is seeking input from stakeholders on how to reduce the environmental footprint of pharmaceuticals, including through the development of more sustainable manufacturing processes and the use of environmentally-friendly raw materials. — In the United Kingdom, the Department for Environment, Food and Rural Affairs has launched a consultation on the environmental impacts of pharmaceuticals and personal care products. The consultation is seeking input on how to reduce the release of these products into the environment, including through the development of more sustainable production processes and the use of alternative raw materials.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Decarbonisation is the most prominent transitional risk factor centred on the growing pressure to decarbonise operations and supply chains in anticipation of (a) the possibility of government mandated carbon pricing (including levies placed on cross border sales into the EU market through upcoming CBAM legislation), and (b) shifting investor appetite for decarbonised portfolios due to Green Asset Ratio and Green Lending Ratio disclosure requirements affecting the financial services and asset management sectors.

There are both financial risks associated with decarbonisation (through exposure to carbon pricing and energy price inflation), and growing reputational risks that are coupled to the pharmaceutical sector as a whole. A 2019 report published by McMaster University highlighted that while emissions intensity (measured in tonnes CO_2e per US$M revenue) is highly varied (sometimes varying by a multiple of 5x), the pharmaceutical sector as a whole is more emission intensive than the automotive industry.

The sector-wide challenge of decarbonisation is compounded due to geographically extended supply chains that require global transportation. According to the 2020 Medicines Shortage Report from the European Parliament, 60–80% of active pharmaceutical ingredients are produced in either India or China. The Group started Scope 3 analysis of its extended value chain in 2022 with the aim of producing a final baseline and hot spots of emission reduction opportunities in 2023. The overall targets for decarbonisation can be seen in the following targets and metrics section.

The Group recognises the effectiveness of internal drivers for the reduction of certain consumption patterns. Local tree planting was commissioned in 2022 to remove carbon from the environment and reduce emissions created in paper processing. This activity has supplemented Group-wide paper reduction across business activities. The Group also joined the International Freezer Challenge in 2022 which is targeted at efficient cold storage management, the changes made would save the Group an estimated 60,000KWh annually. The Group has entered the challenge again in 2023 and has extended it to more laboratories. In addition, 2022 saw increased focus surrounding the circular economy as recycling was introduced to the labs and, as a result, received a boost of 6% weighting within waste operations.

Local tree planting was commissioned in 2022 to remove carbon from the environment and reduce emissions created in paper processing.

6%

2022 saw increased focus surrounding the circular economy as recycling was introduced to the labs and, as a result, received a boost of 6% weighting within waste operations.

Targets and metrics

Where a given metric has been applied, the Group has disclosed a comprehensive rationalisation explaining why the particular metric was selected:

Risk factor	Metric used as proxy	Explanation of why these particular metrics have been used
Extreme Weather (Physical – acute)	— 1-in-100-Year Expected Damage from Tropical Cyclones — Annual Expected Damage from Tropical Cyclones	In most cases the following have been used as proxy metrics for assessing the risk of extreme weather — 1-in-100-Year Expected Damage from Tropical Cyclones — Annual Expected Damage from Tropical Cyclones While there are other metrics that are relevant to extreme weather, these are deemed to be the most useful as they provide the best aggregation of overall/ combined risk levels from this particular climate factor.
Flood Risk (Physical – acute)	— Annual Expected Damage from River Floods — Distance from projected flood plains	In most cases the following have been used as proxy metrics for assessing regional flood risk — Annual Expect Damage from River Floods — Distance from projected flood plains While there are other metrics that are relevant to regional flood risk, these have been deemed to be the most useful as they provide the best aggregation of overall/combined risk levels from this particular climate factor. Where possible location specific data has been sourced for flood risk to provide a more granular assessment that reflects likely conditions on the ground at each site.
Heat Stress (Physical – chronic)	— Daily Maximum Air Temperature — Daily Minimum Air Temperature — Mean Air Temperature	In most cases the following have been used as proxy metrics for assessing heat stress — Daily Maximum Air Temperature — Daily Minimum Air Temperature — Mean Air Temperature While there are other metrics that are relevant to heat stress, these have been deemed to be the most useful as they provide the best aggregation of overall/ combined risk levels from this particular climate factor.
Humidity (Physical – chronic)	— Relative Humidity — Specific Humidity	The risk from humidity can be presented through more direct metrics without the need for proxies.
Water Resource (Physical – chronic)	— Water Stress — Water Supply — Water Demand	Where available, the following have been used as proxy metrics for the assessment of risks that relate to the availability of water — Water Stress — Water Supply — Water Demand While there are other metrics that are relevant to the availability of water as a resource, these have been deemed to be the most useful as they provide the best aggregation of overall/combined risk levels from this particular climate factor.
Transitional Risks (Transitional – chronic)	— Vaccine Demand — Labour Availability — Reputation of Pharma Sector as a whole — Standing Water (relevant to risk of mosquito disease vectors)	The assessment of transitional risk factors is inherently more speculative than is the case for physical risk. Judgement plays a more significant role not due to lack of relevant proxies, but rather because the superabundance of potentially relevant data makes it prohibitively difficult to isolate 2 or 3 key metrics as representative. Sector specific research and economic commentary is relied on to assign various transitional risks as low, medium or high respectively. The only exception to this is the use of specific metrics for standing water which provide a more direct reflection of the risk of rising disease vectors associated with mosquitos.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

A decarbonisation pathway has been mapped out by the Group that recognises the need for changes in working practices to maximise energy efficiency; investment in renewable energy; increase in life cycle thinking and a circular economy; and investment in appropriate offsetting for residual emissions.

The Group is committed to:

- Achieving net zero greenhouse gas (GHG) emissions across all operations by 2040; and
- Building resilience by managing the physical (sites, supply chain) and transitional (regulatory, market and product) risks and opportunities from climate change in the value chain through adaptation and business continuity planning.

Near-term targets (short to medium):

- Maintain paper neutrality by continuing to invest in local tree planting in 2023;
- Gain affiliation to My Green Lab to assist with the Group's long term sustainability plan in 2023;
- 5% reduction in packaging waste, and 20% increase in plastic recycling by 2027;
- Achieve 10% reduction in Scope 1 and Scope 2 GHG emissions by the beginning of 2027 from 2020 baseline;
- 10% of electric energy to be fully renewable (non-carbon based) by 2027; and
- Switch to 100% fully electric vehicles used by the Group on site by the end of 2027.

Long-term targets:

- 100% of electric energy to be renewable by 2032;
- 10% reduction in packaging waste by 2032; and
- Achieve 50% reduction in Scope 1 and Scope 2 GHG emissions by the beginning of 2032 from 2020 baseline;
- Achieve 100% reduction (net zero) in Scope 1 and Scope 2 GHG emissions by the beginning of 2040 from 2020 baseline.

Remuneration

In 2022, to incentivise delivery of the Group's ESG priorities, the delivery of the net zero commitment was included in executive incentive arrangements as part of the Corporate objectives, with an overall ESG weighting of 10%. In addition, included in the 2023 Corporate objectives is an environmental objective.

The Group is committed to achieving net zero greenhouse gas (GHG) emissions across all operations by 2040.

100%

Long-term targets include achieving 100% reduction (net zero) in Scope 1 and Scope 2 GHG emissions by the beginning of 2040 from 2020 baseline.

Governance Integrity and Ethics

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

Anti-bribery

Oxford Biomedica's policy on preventing and prohibiting bribery is in full accordance with the UK Bribery Act 2010 as well as other relevant overseas legislation and all employees receive training in this matter. Oxford Biomedica does not tolerate any form of bribery by, or of, its employees, agents or consultants or any person or body acting on its behalf. Senior management is committed to implementing effective measures to prevent, monitor and eliminate bribery.

During 2021, an anti-bribery and anti-corruption review was undertaken by an independent external consultant. The consultant reviewed the current policies and procedures and met with the Board and 17 members of the senior management team within Oxford Biomedica to understand how such policies and procedures were implemented. The consultant found that there was a strong culture of "doing the right thing" within Oxford Biomedica. Following the review, revisions were made to existing policies and procedures to enhance oversight and risk management and additional training was arranged for employees during the course of 2022, which took place through an online learning portal.

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

Whistleblowing

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

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

Clinical trials

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

Quality Assurance (QA) audits are undertaken to give independent assurance that the practices and procedures undertaken for Oxford Biomedica's clinical trials are in accordance with the relevant legislation and guidelines thereby providing assurance that the data and reported results are credible and accurate, and that the rights, integrity, and confidentiality of trial patients are protected. The QA function at Oxford Biomedica puts in place an annual GCP risk-based audit strategy which is reviewed on a quarterly basis.

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

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

Human rights and anti-slavery

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

Animal testing

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

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

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

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

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

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

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

PRINCIPAL RISKS, UNCERTAINTIES AND RISK MANAGEMENT

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

The Group operates in the cell and gene therapy biotechnology sector which, by its nature, is relatively high risk compared with other industry sectors. Following the 2022 Board strategic review, the strategy of the Group is focused on being a quality and innovation-led CDMO. The Group is now exploring external funding opportunities to realise the potential of the Group's gene therapeutics pipeline and, as such, the risks associated with product development have been de-emphasised in this risk report. There are significant financial and development and manufacturing risks in cell and gene therapy sector, and the regulatory authorities have shown caution in their regulation of such products.

Risk assessment and evaluation is an integral and well-established part of the Group's management processes. The Group's risk management framework, described below, incorporates the implementation of a mitigation strategy, each tailored to the specific risk in question.

Risk management framework

The Group's risk management framework is as follows:

- Board of Directors – the Board has overall responsibility for risk management, determining the Group's risk tolerance, and for ensuring the maintenance of a sound system of internal control. The Board are provided with a risk report from the Risk Management Committee as part of its Board materials at each of its formal meetings, of which there at least six annually. However, twice a year a full presentation to the Board on risk is provided by the Risk Management Committee. The risk management processes are the responsibility of the SET with emerging risks identified by horizon scanning and discussed at the Risk Management Committee as described below in "Emerging Risks". The Audit Committee monitors the processes and their implementation as well as reviewing the Group's internal financial controls and the internal control systems. The Audit Committee also monitors the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them.
- Senior Executive Team (SET) – During 2022, the SET generally met every week, with once monthly-extended SET sessions to discuss current business issues and consider relevant risks. At least twice a year, the SET meets with representatives from the Risk Management Committee to consider the operational risk management processes and risks identified.
- Key management committees – the Group currently has three key management sub-committees which meet monthly and through which much of the day-to-day business is managed. These are the extended Operational Leadership Team (which incorporates the Quality and Manufacturing Operations Committee), the Product Development Committee and the Technical Development Committee. SET members attend these meetings and risk management is a key feature of each sub-committee.
- Risk Management Committee (RMC) – the Group has a RMC comprising senior managers from each area of the business and was chaired by the Chief of Staff in 2022 but is now chaired by the Director of Financial Controls. This group meets quarterly with a remit to identify and assess risks in the business and to consider mitigation and risk management steps that can be taken. The risk register is regularly reviewed by the SET and key risks are highlighted to the Board at each formal meeting.
- Standard Operating Procedures (SOP) – all areas of the business have well established SOPs which are required be followed to minimise the risks inherent in the Group's business operations. Where these are required for GMP, GCP and GLP any deviations from the SOPs must be identified and investigated. Compliance with such SOPs are routinely subject to audit by the relevant regulators and partners. Other SOPs, such as financial processes, are also subject to audits.

Emerging risks

Emerging risks are 'new' risks that may challenge the Group in the future. These risks have the potential to occur at some point in the future but are unlikely to impact the business during the next year. The outcome of such risks is often more uncertain. These emerging risks may begin to evolve rapidly or simply not materialise at all. The Group monitors its business activities both in the external and internal environment for new, emerging and changing risks to ensure these are managed appropriately. Emerging risks are identified both internally and externally via horizon scanning and are discussed at the RMC. Emerging risks continue to be monitored as part of our ongoing risk management processes outlined above.

Strategy key

- Accelerate Innovation
- Be a Great Place to Work
- Deliver Growth and Leadership
- Achieve Group Financial Targets

Trend key

- Increasing risk
- Unchanged
- Decreasing risk
- New

Principal Risks

Risk Category and Principal risks	Context and potential impact	Mitigation actions	Trend versus prior year
Commercialisation risks			
Failure or delays in the execution of the business plan of Oxford Biomedica Solutions	A failure to execute on the business plan for Oxford Biomedica Solutions or achieve the level of sales anticipated could materially impact the business and the success of the Group.	— The Group has taken steps to mitigate this risk through implementation of a detailed post-transaction alignment plan to support integration and providing ongoing support to deliver on the business plan for Oxford Biomedica Solutions. The CEO of Oxford Biomedica Solutions has been appointed to the SET and provides regular updates to the SET and the Board.	New
Move into AAV sector	Strategic decision to move into AAV sector carries significant risk to the Group associated with moving into a new viral vector without prior specialist experience.	— This has been mitigated by the establishment of Oxford Biomedica Solutions in the US with Homology Medicines who have extensive pre-existing experience and an established track record in the AAV sector.	New
Collaborator and partner	The Group has entered into several collaborations and partnerships involving the development of product candidates by clients in which the Group has a financial interest through IP licenses. Failure of the Group's clients to continue to develop the relevant product candidates for any reason could result in the Group losing potential revenues.	— The Group looks to mitigate this risk through maintaining a close relationship with its clients via steering group meetings that look at candidate selection and progression.	New
Rapid technical change	The cell and gene sector is characterised by rapidly changing technologies and significant competition. Advances in other technologies in the sector could undermine the Group's commercial prospects.	— The Group looks to mitigate this risk through a horizon scanning project to identify the competition and technology advances in the sector. The Group looks to develop either in-house or via in-licensing new technologies for the Group's platform.	Unchanged
Product development spin out	In line with the Group's strategy, the Group is looking to spin out certain of its in-house product development programmes into an externally funded vehicle. The Group may be unsuccessful in its efforts which could affect the Group's finances and reputation.	— The Group has enhanced its business and commercial function within the Group and is putting significant resources behind the effort to find good strategic investors for the proposed spin out.	New
Vector strategy	The Group is dependent on lentiviral vector partnerships for revenues.	— The Group has mitigated the risk by expanding into other viral vector areas including adenovirus and AAV. — Mitigation was exemplified via the Group's establishment in early 2022 of Oxford Biomedica Solutions, its US-based subsidiary for AAV manufacturing and innovation.	Decreasing risk The risk has been reduced by becoming vector agnostic working in AAV and adenoviral vectors in addition to lentiviral vectors

PRINCIPAL RISKS, UNCERTAINTIES AND RISK MANAGEMENT (CONTINUED)

Risk Category and Principal risks	Context and potential impact	Mitigation actions	Trend versus prior year
Supply chain and business execution risks			
Third party suppliers and supply chain	The Group relies on third parties, sometimes sole suppliers, for the supply of raw materials and certain out-sourced services. If such suppliers are unable to successfully meet their supply chain commitments to the Group, it could harm the Group's business.	— The Group looks to mitigate the supply chain risks in the UK by sourcing second suppliers and evaluating the correct inventory levels of critical material supplies through strategic inventory reviews. — The Group has asked key suppliers to hold stocks in UK warehouses to cover any immediate supply issues. This increased stock level is being evaluated and the new Wallingford warehouse hub for ambient raw materials will enable the Group to store extra raw materials. — The Group plans to mirror this approach of mitigating supply chain risk in the US by ensuring that Oxford Biomedica Solutions continues to stockpile several months' worth of critical material supplies and identify second sources of supplies.	The risk has been reduced by using a stockholding strategy and controlling the fill/finish process in house. The Group's Wallingford warehouse will reduce supplier uncertainty. As part of the strategic review, Oxford Biomedica are performing a deep dive on supplier activity to ensure it orders and procures extra materials to mitigate known supplier changes with premises, systems, materials. To mitigate "unknown" supplier issues, the strategic inventory review will identify materials that have been problematic in the past.
	Out-sourcing of fill/finish.	— In 2022, the Group successfully brought fill/finish processes in-house. The MHRA gave approval in September 2022 for the fill/finish suite, which will give the Group more control over the fill/finish process for clients. By bringing fill/finish in-house, the risk, cost and environmental impact were all reduced by removing the need to ship vector substance and then vector product from Oxford Biomedica to a third party filling contractor and a third party storage provider. Storage of all vector product manufactured in house will remain under Oxford Biomedica control and is monitored until shipped to the partner.	
Bioprocessing failure	The Group receives significant revenues from bioprocessing lentiviral vectors, AAV vectors and adenovirus-based vaccines for third parties. Bioprocessing of viral vectors is complex and batches may fail to meet the required specification due to contamination or inadequate yield. Failure to deliver batches to the required specifications may lead to loss of revenues.	— The Group mitigates the risk of failing to meet required specifications by investing in high quality facilities, equipment and employees and in quality management systems.	
Failure in information technology or cyber security	Cyber-attacks seeking to compromise the confidentiality, integrity and availability of IT systems and the data held on them are a continuing risk to the Group. Compromised confidentiality, integrity and availability of the Group's assets resulting from a cyber-attack would impact the Group's ability to deliver to clients and ultimately its financial performance and damage the Group's reputation.	— The Group mitigates the risk of cyber-attacks by ensuring that it has robust security monitoring and end-point protection in place to provide early detection of hostile activity. — Following the establishment of Oxford Biomedica Solutions, the Group has worked to ensure its US-based IT systems have the same level of end-point protection and support staff competency in place. — The Group has worked to mitigate the impact of a cyber-attack by developing robust disaster and data recovery plans.	Growing multi-faceted cyber threat
Failure to attract, develop, engage and retain a diverse, talented and capable workforce	The Group depends on recruiting and retaining highly skilled employees to deliver its objectives and meet its partner needs. The market for such employees is increasingly competitive and failure to recruit or to retain employees with required skills and experience could adversely affect the Group's performance.	— The Group has put in place a competitive rewards and incentivisation package and seeks to regularly engage with employees in order to create an attractive working environment. — The Group also conducts benchmarking reviews to ensure that the remuneration package offered to employees is comparable with competing employers in the relevant jurisdiction.	Strong competition for talent. Complex workforce dynamics due to legacy COVID-19 pandemic-related disruption and uncertainty in the biotech financial market

Risk Category and Principal risks	Context and potential impact	Mitigation actions	Trend versus prior year
Legal, regulatory and compliance risks			
Adverse outcome of litigation and/or governmental investigations and regulatory inspections	The Group's business operations are subject to a wide range of laws, rules and regulations. Due to the establishment of Oxford Biomedica Solutions in the US in March 2022, the Group now has greater exposure to US regulatory bodies. Any failure to comply with these laws, rules and regulations may result in the Group being investigated by relevant government agencies and authorities and/or in legal proceedings being filed against the Group. The Group's bioprocessing and analytical facilities are subject to regular inspections and approval by regulators and clients. Failure to comply with the standards required could result in production operations being suspended until the issues are rectified with the potential loss of revenue.	— The Group has an established compliance framework and has developed a strong ethical and compliance-focused culture amongst its employees. — The Group uses professional advisors to provide appropriate guidance and advice tailored to both the UK and the US market and applicable laws and regulations, to minimise any resulting risk that may arise. — The Group looks to mitigate the risk of failure arising from regulatory inspections through investment in high quality facilities, equipment and employees and, in particular, in quality management processes.	↑ Greater exposure to US interests
IP and patent protection	The Group may be unable to obtain, defend and enforce IP that protects its business activities and may experience competition from third parties. Third party patents may emerge containing claims that impact the Group's freedom to operate.	— The Board prioritises strategic management of the Group's IP portfolio and monitors actions to boost such portfolio. — The Group has a dedicated team which actively manages IP rights and any IP litigation. — The Group has adopted a strategy of performing freedom to operate searches early to identify future possible issues.	↻
Economic and financial risks			
Climate change	The Group has assessed the impact of climate change and concluded that there is likely to be some minor future financial risk, which need to be managed but none that would materially impact the Group's forecast or budget. The Group expects that the impacts are likely to be weather related disruption at internal manufacturing sites and to the Group's suppliers, with the prospect of increased costs of resources and fuels. The Group has identified flood risk at the Boston site and a key supplier in the Netherlands as areas that require further flood risk assessment. For more information, please see the TCFD report on pages 58 to 59.	— The Group targets sustainability aspects through use of the Sustainable Accounting Standards Board materiality finder, for the biotechnology and pharmaceutical industry, and additional internally determined critical environmental aspects. — The Group plans to continue to develop its business continuity plans with alternative sites and a second sourcing strategy to manage the potential impact of these risks, should they materialise. — Risks relating to internal operations and supply chain disruption from physical climate related damage is assessed in the TCFD report – this includes the need for further flood risk assessments at the Boston site and at a key supplier in the Netherlands. Specific threat assessments, for example flood risk, are being carried out as a result. Whilst the pool of suppliers for the pharmaceutical industry is relatively small, where high dependency and risk is displayed, the Group will work with those suppliers to mitigate disruption risk. — The Group is currently aligning the net zero carbon reduction pathway to the science based consensus. Critical aspects targeted and monitored under the Environmental Management System include utility consumption, purchased goods selection, circular economy promotion and reduction of waste. — The Group also has a dedicated ESG Committee which meets on a quarterly basis. Further details can be found on page 56.	↻

PRINCIPAL RISKS, UNCERTAINTIES AND RISK MANAGEMENT (CONTINUED)

Risk Category and Principal risks	Context and potential impact	Mitigation actions	Trend versus prior year
Economic and financial risks continued			
Foreign currency exposure and loan facility	Sterling has devalued versus the dollar over a 12 month period leading to increased levels of expenditure to service dollar denominated supplier spend, interest and loan financing costs. In October 2022, the Group refinanced the US$85 million secured 12-month loan facility from funds managed by Oaktree announced previously in March 2022. Under the terms of the refinancing, the Group partially repaid the outstanding amounts under the previous short-term loan facility and negotiated a new senior secured four-year term loan facility provided by Oaktree in a principal amount of US$50 million. The Group also secured the option, subject to customary conditions and available for a three-year period, to drawdown a further US$25 million from Oaktree to fund certain permitted acquisitions. Failure to comply with the terms of the loan agreement with Oaktree could potentially place the Group in default, which could adversely affect the Group's business operations, financial position and prospects.	— Following the establishment of Oxford Biomedica Solutions, the Group expects that the proportion of income received in US dollars and expenditure incurred in US dollars will increase significantly. This risk will be partly offset by dollar balances held by the Group. — The Group's cash balances were predominantly held in pounds Sterling, but the Group does keep dollar balances to cover net dollar expenditure over a forward-looking 12 month period. The Group's Treasury Policy permits cash balances to be held in other currencies to hedge foreseen foreign currency expenses. The Group keeps this unhedged position under constant review. — With regard to the Oaktree loan agreement, compliance with this agreement is monitored by the legal department regularly.	Devaluation of sterling versus dollar
Product liability and insurance risk	In carrying out its activities the Group potentially faces contractual and statutory claims or other types of claims from clients, suppliers and/or investors. The Group is exposed to potential product liability risks that are inherent in the research, pre-clinical and clinical evaluation, bioprocessing, marketing and use of pharmaceutical products.	— The Group monitors these potential claims on an ongoing basis and undertakes mitigating actions, which include taking expert advice on the validity of claims and using insurance coverage against claims to cover any loss as required. — The Group is currently able to obtain insurance cover. There can be no assurance that any future necessary insurance cover will be available to the Group at an acceptable cost, if at all, or that, in the event of any claim, the level of insurance carried by the Group now or in the future will be adequate, or that a product liability or other claim would not have a material and adverse effect on the Group's future profitability and financial condition.	
War in Ukraine and COVID-19	Inflationary cost pressures have accelerated in the wake of the COVID-19 pandemic and the war in Ukraine and are expected to impact the Group's operational expenditures, giving rise to an increased risk that the Group may not be able to pass on resulting price rises to clients. Further, there is a risk that such cost pressures will negatively impact the Group's clients and could result in a reduction in revenues from clients, including revenues from clients under long term contracts. In addition, the risk to the security of the Group's supply of energy has increased considering the impact of the war in Ukraine and the resulting Russian sanctions.	— The Group has sought to minimise the risk arising from energy costs and the security of long-term energy supply with long term fixed contracts. — The Group actively monitors services provided for clients to ensure, where possible, inflationary cost increases are mitigated.	

The Strategic Report on pages 2 to 68 was approved by the Board on 25 April 2023 and signed on its behalf by:

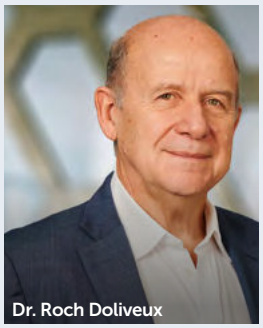
Dr. Roch Doliveux
Chair

CORPORATE GOVERNANCE

Contents

BOARD OF DIRECTORS

At the end of 2022 the Board comprised the following Directors:


Dr. Roch Doliveux


Stuart Henderson


Dr. Heather Preston


Stuart Paynter


Dr. Michael Hayden

Dr. Roch Doliveux

Chair
(Interim Chief Executive Officer January 2022 – March 2023)

Dr. Roch Doliveux was appointed to the Board as Non-Executive Chair in June 2020. Dr. Doliveux also became Interim Chief Executive Officer from January 2022 until March 2023, following the Company's announcement of John Dawson's intention to retire as Chief Executive Officer and the acquisition of the AAV business in the US.

Dr. Doliveux is currently Chair of the Board of Directors at Pierre Fabre S.A. and Vice Chair of Pierre Fabre Participations. He was previously the Chief Executive Officer of UCB S.A. for ten years during which time he transformed the company from a diversified chemical group into a global biopharmaceutical leader. He was a member of the Board of UCB from 2002–2015 and from 2017–2021. In addition, Dr. Doliveux was a member of the Board of Stryker from 2010–2020 and Chair of the Compensation Committee from 2016–2020. He also chaired the Board of Vlerick Business School from 2013–2017, the Board of IMI, the largest healthcare public-private partnership in the world from 2012–2015 and GLG Institute from 2016–2022.

Dr. Doliveux is a Veterinary Surgeon by training and has an MBA from INSEAD.

Appointment:
- Appointed as Non-Executive Director and Chair in June 2020.
- Appointed as Interim Chief Executive Officer in January 2022 until March 2023.

Committee membership:
- Nomination Committee (Chair).
- Remuneration Committee (Dr. Doliveux did not serve as a member of the Remuneration Committee whilst he served as Interim Chief Executive Officer).

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

Stuart Henderson

Vice Chair

Stuart Henderson was appointed to the Board as a Non-Executive Director and Chair of the Audit Committee in June 2016. He became Deputy Chair and Senior Independent Director in June 2020. In March 2023, Mr Henderson became Vice Chair when the role of Deputy Chair and Senior Independent Director was divided into two roles. Mr Henderson is also the designated Director by the Board to oversee engagement between the Board and the workforce. Previously, Mr Henderson was a partner at Deloitte, where he was Head of European Healthcare and Life Sciences. Prior to this he was a Partner at Arthur Andersen.

Mr Henderson has extensive audit and transaction experience and has worked with life sciences businesses for over 35 years. Mr Henderson is a former Director of the Babraham Institute, Biocity Group Limited, Norwich Research Partners LLP and OneNucleus (the Life Sciences trade body for Cambridge and London), and a former Non-Executive Director of Cell Therapy Catapult Limited.

Appointment:
- Appointed a Director in June 2016.

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

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

Dr. Heather Preston

Independent Non-Executive Director

Dr. Heather Preston was appointed to the Board as a Non-Executive Director in March 2018 and was appointed Chair of the Remuneration Committee in June 2020.

Dr. Preston is a Senior Advisor to TPG Biotech. She has over 30 years of experience in healthcare, as a scientist, physician and management consultant and she has been an investor in life sciences and biotechnology for the last 20 years. Dr. Preston holds a degree in Medicine from the University of Oxford.

Appointment:
- Appointed a Director in March 2018.

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

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

Stuart Paynter

Chief Financial Officer

Stuart Paynter joined the Board as Chief Financial Officer in August 2017. Mr Paynter has 22 years' experience in the pharmaceutical and healthcare sectors. He qualified as a chartered accountant with Haines Watts before moving to EDS.

Mr Paynter subsequently joined Steris, and worked in a variety of roles within the healthcare and life sciences divisions prior to becoming the European Finance Director. Mr Paynter then moved to Shire Pharmaceuticals where he became the Senior Director of Finance Business Partnering for all business outside of the US, transitioning to a corporate finance role before becoming the Global Head of Internal Audit. Prior to joining Oxford Biomedica Mr Paynter was Head of Finance Business Partnering at De La Rue plc. He is a member of the Institute of Chartered Accountants in England and Wales.

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

Committee membership:
- None.

Dr. Michael Hayden

Non-Executive Director

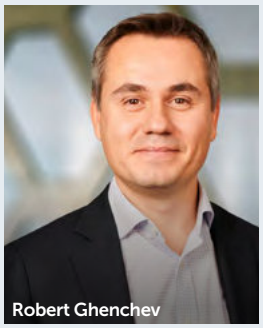
Dr. Hayden was appointed to the Board as a Non-Executive Director in July 2021.

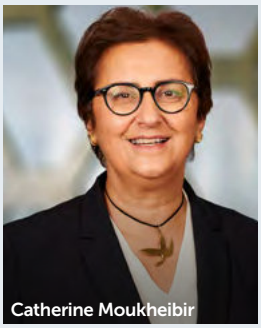
He was previously the President of Global R&D and Chief Scientific Officer at Teva Pharmaceuticals Industries Ltd. and has co-founded five biotechnology companies: Prilenia Therapeutics B.V., NeuroVir Therapeutics Inc., Xenon Pharmaceuticals Inc., Aspreva Pharmaceuticals Corp and 89bio, Inc. He currently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

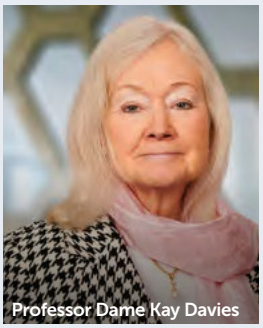
Appointment:
- Appointed a Director in July 2021.

Committee membership:
- Science and Technology Advisory Committee.*

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


Robert Ghenchev


Catherine Moukheibir


Professor Dame Kay Davies


Namrata Patel


Dr. Siyamak (Sam) Rasty

Robert Ghenchev

Non-Executive Director

Robert Ghenchev was appointed to the Board as a Non-Executive Director in June 2019.

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

Appointment:
— Appointed a Director in June 2019.

Committee membership:
— None.

Relevant skills:
— Corporate finance.
— Investor relations.

Catherine Moukheibir

Independent Non-Executive Director

Catherine Moukheibir was appointed to the Board as a Non-Executive Director in December 2021.

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

Appointment:
— Appointed a Director in December 2021.

Committee membership:
— Audit Committee.

Relevant skills:
— Corporate finance.
— Corporate strategy.

Professor Dame Kay Davies

Senior Independent Director

Professor Dame Kay Davies was appointed to the Board as a Non-Executive Director in March 2021. In March 2023, Professor Davies became Senior Independent Director when the role of Deputy Chair and Senior Independent Director was divided into two roles.

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

Appointment:
— Appointed a Director in March 2021.

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

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

Namrata Patel

Independent Non-Executive Director

Namrata Patel was appointed to Oxford Biomedica's Board as an Independent Non-Executive Director in April 2022.

Ms Patel has extensive international experience in manufacturing and end to end Supply Chain management, as well as experience in the commercialised regulated industry. She has held positions of increasing seniority in major blue chip companies including Coca Cola, W H Smith Office Supplies, Gillette, and currently leads the Global Beauty Sector Supply Chain in Procter & Gamble, playing a key role in delivering their 2040 Sustainability Ambition Goals. She holds a Masters in Logistics and Management from the Cranfield School of Management, and a BA Hons in Public Administration from the University of South Wales, Mid Glamorgan.

Appointment:
— Appointed a Director in April 2022.

Committee membership:
— None.

Relevant skills:
— Corporate finance.
— Investor relations.

Dr. Siyamak (Sam) Rasty

Independent Non-Executive Director

Dr. Siyamak (Sam) Rasty was appointed to the Board as a Non-Executive Director in December 2020.

Dr. Rasty was most recently President, Chief Executive Officer and Board Director at PlateletBio, a US-based pioneering cell therapy company. Previously, he served as Chief Operating Officer at Homology Medicines, Inc., a genetic medicines company that he helped launch in 2016 and transform into an established, fully integrated public gene therapy and gene editing company. Prior to joining Homology Medicines, he held senior positions at Shire Pharmaceuticals, Endo Pharmaceuticals and at GlaxoSmithKline.

Dr. Rasty holds a Ph.D. in Biochemistry from Louisiana State University, where he focused on transcriptional regulation of lentiviruses, completed a postdoctoral fellowship at the University of Pittsburgh School of Medicine, and received an MBA from Villanova University.

Post period-end, Dr. Rasty informed the Board that he will not be standing for re-election at the Company's AGM in June 2023.

Appointment:
— Appointed a Director in December 2020.

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

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

Post period-end, the Board was delighted to welcome Dr. Mathias to the Board as Chief Executive Officer in March 2023.

Dr. Frank Mathias

Chief Executive Officer

Dr. Frank Mathias joined Oxford Biomedica's Board in March 2023. Dr. Mathias was previously the CEO of Rentschler Biopharma SE, which he successfully developed into a leading global, full-service CDMO. Prior to this, Dr. Mathias was CEO of Medigene AG, a publicly listed immuno-oncology company focusing on the development of T-cell-based cancer therapies. Over the course of his 30-year career, Dr. Mathias has also served in senior roles at leading global pharmaceutical companies including Amgen, Servier and Hoechst AG, and in 2019 was awarded the title of "EY Entrepreneur of the Year" in Germany. Dr. Mathias is a pharmacist by training and completed his Doctorate in Pharmacy at Paris VI University.

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

CORPORATE GOVERNANCE REPORT

Dear Shareholder

I am pleased to present Oxford Biomedica's Corporate Governance Report for 2022.

Corporate Governance continues to be an important area of focus for the Board. The Board believes that good Corporate Governance is essential for the long-term success of the business and this is ultimately the responsibility of the Board and its Committees.

In January 2022, the Company announced that John Dawson intended to retire from his role as Chief Executive Officer and he stepped down as a Director in May 2022. At the request of the Board, I assumed the role of Interim Chief Executive Officer of the Company in January 2022 and an external search consultancy was appointed to commence the formal process to appoint a successor. In November 2022, the Company was delighted to announce that Dr. Frank Mathias would become Chief Executive Officer from March 2023 to lead the Group through its next phase of growth. Dr. Mathias brings world-class innovation and CDMO experience to Oxford Biomedica, and joins us from Rentschler Biopharma SE, where he served as their CEO since 2016. The appointment of Dr. Mathias has been a significant step in embedding our strategic focus as a quality and innovation-led CDMO.

At the end of 2022, the Board comprised 40% women, in compliance with the requirements of the Listing Rules. Furthermore, the Board is pleased to confirm that it has met the recommendations of the Parker Review on Ethnic Diversity and also meets the requirements of the Listing Rules with regard to ethnic diversity in boardrooms (see page 86 for further information).

The Board was pleased to engage more fully with the Company's stakeholders in 2022 than in the immediately preceding years due to the COVID-19 pandemic. We held our AGM as a combined physical and electronic meeting, encouraging shareholders to vote by proxy in advance and inviting questions to be submitted to the Board in advance by post or email. These questions and our responses were made available on our website. The Board is looking forward to continuing to return to a more normal level of engagement with shareholders, employees and other stakeholders in 2023.

Oxford Biomedica achieved significant progress in 2022, with revenues from the core (excluding COVID-19 vaccine manufacturing) business achieving double digit revenue growth compared to 2021. Lentiviral vector manufacturing volumes have continued their post pandemic upward trajectory, and performance at Oxford Biomedica Solutions has been strong, with four new AAV partner agreements signed by the year end, in addition to Homology Medicines, exceeding the originally stated target of two. The Board paid particular attention to ensuring that the Group's strategy continues to be appropriate by holding a one-day strategy review meeting in September 2022. The strategy review ensured that management focused on delivering the Group's key priorities operating as a quality and innovation-led CDMO, whilst managing the key risks facing the Group and considering how good corporate governance can contribute towards delivering the Group's strategy.

In November 2022, the Company Secretary conducted an internal evaluation of the Board's performance covering the period from January 2022 to the fourth quarter of 2022. The review process comprised the completion of an anonymised questionnaire covering the various aspects of Board activities and Committees. The resulting report was discussed at the Board meetings in January and March 2023 and the Board plans to implement appropriate changes based on the outcome of the report.

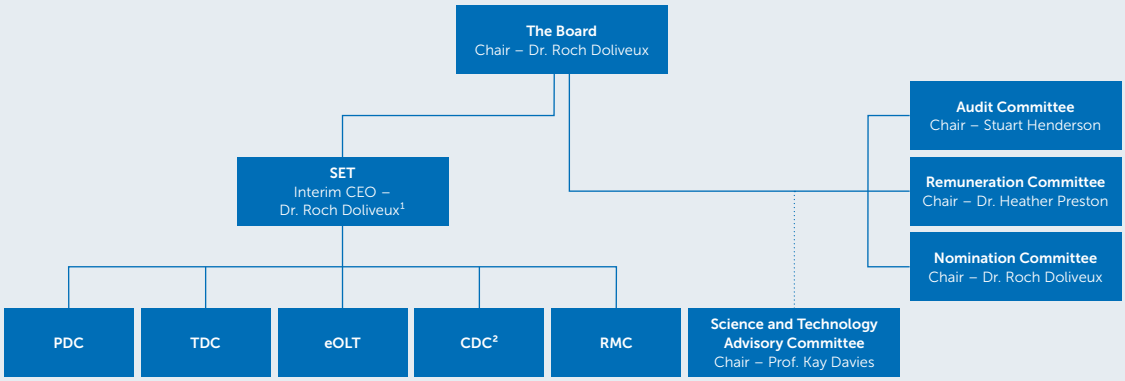
The following pages set out in more detail the activities and major matters considered by the Board in 2022.

Dr. Roch Doliveux
Chair [1]

[1] Dr. Roch Doliveux served as Interim Chief Executive Officer alongside his duties as Chair from January 2022 until March 2023, when Dr. Frank Mathias assumed the role of Chief Executive Officer

Corporate Governance Framework

The Board and the Senior Executive Team and their respective sub-committees during the period under review, are set out below:



SET – Senior Executive Team
PDC – Product Development Committee
TDC – Technical Development Committee
eOLT – Extended Operations Leadership Team (incorporates the Quality, Manufacturing and Operations Committee)
CDC – Commercial Development Committee[2]
RMC – Risk Management Committee

[1] Dr. Roch Doliveux served as Interim Chief Executive Officer alongside his duties as Chair from January 2022 until March 2023, when Dr. Frank Mathias assumed the role of Chief Executive Officer
[2] The CDC was formally disbanded in the fourth quarter of 2022 and has been succeeded by the newly constituted Portfolio of Sales Committee

At the request of the Board, Dr. Roch Doliveux acted as Interim CEO whilst remaining in his position as Chair after John Dawson announced his intention to retire in January 2022. Dr. Doliveux remained in post until Dr. Frank Mathias assumed the role of CEO in March 2023. Dr. Doliveux was not a member of the Remuneration Committee whilst he served as Interim CEO but was invited to join meetings as an observer.

The Board

The Board is collectively responsible for promoting the success of the Group by directing and supervising the Group's activities to create shareholder value. In doing so, it ensures that there are robust corporate governance and risk management processes in place. The Board comprises both Non-Executive and Executive Directors and provides the forum for external and independent review and challenge to the Executives. Following Board changes during 2022, the Board comprised nine Non-Executive Directors and one Executive Director at year-end. Robert Ghenchev and Dr. Michael Hayden were considered not to be independent Non-Executive Directors.

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

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

The Chair sets the agenda for the Board meeting in consultation with the Chief Executive Officer and the Company Secretary. Board papers, covering the agenda and taking into account items relating to the Board's responsibilities under s172 of the Companies Act 2006, are circulated several days ahead of each meeting. Regular Board papers cover reports from the Chief Financial Officer on Finance and Investor Relations; the Chief Operations Officer on Safety, Health and Environment and Operations; the Chief Technical Officer on Quality, Process Research and Development, Client Programmes and Alliance Management and Analytical Services; the Chief Scientific Officer on Research; the Chief Medical Officer on the external funding opportunities for the Group's therapeutics portfolio and regulatory matters; the Chief Business and Commercial Development officer on Business and Corporate Development; the Chief Commercial Officer on Commercial CDMO activities; the Chief Information Officer on Cyber security, Digital Strategy and Business Change Projects; the Chief People Officer on Human Resources; the Oxford Biomedica Solutions CEO on the Oxford Biomedica Solutions business; and a Risk Management Report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Factoring stakeholder engagement into Board decisions

By thoroughly understanding the Group's key stakeholder groups, the Group can factor their needs and concerns into Boardroom discussions (further information on the Group's stakeholders is on pages 14 to 19). The Board's procedures have been updated to require a stakeholder impact analysis to be completed for all material decisions requiring its approval that could impact on one or more of its stakeholder groups. The stakeholder impact analysis assists the Directors in performing their duties under s172 of the Companies Act 2006 and provides the Board with assurance that the potential impacts on its stakeholders are being carefully considered by management when developing plans for Board approval.

The stakeholder impact analysis identifies:

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

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

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

By way of example, the fill/finish case study (pages 18 to 19) illustrates how the Board considered the potential impact of the decision to introduce fill/finish at the Oxbox manufacturing site on each stakeholder group as well as stakeholder needs and concerns, in accordance with s172 of the Companies Act 2006.

Until John Dawson stepped down as CEO in January 2022, there was a clear division of responsibilities between the Chair and Chief Executive Officer. Following John Dawson's decision to step down, Dr. Roch Doliveux acted as Interim Chief Executive Officer whilst the Company undertook a search for a new Chief Executive Officer. Following Dr. Frank Matthias' appointment as CEO in March 2023 there was once again a clear division of responsibilities between the Chair and Chief Executive Officer.

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

Reports from the Audit and Nomination Committees are included in this section and the Directors' Remuneration Report is on pages 89 to 114 incorporating the Remuneration Committee report.

At the end of 2022, the Board comprised the following Directors, whose biographies are set out on pages 70 to 71.

— Dr. Roch Doliveux who was appointed Non-Executive Chair of the Board and Chair of Nomination Committee in June 2020. Dr. Doliveux met the independence criteria recommended by the Corporate Governance Code at the time of his appointment. Dr. Doliveux acted as Interim CEO from January 2022 until Dr. Frank Matthias joined as CEO in March 2023.

— Stuart Paynter who was appointed as Chief Financial Officer of the Group in August 2017.

— Stuart Henderson who was appointed as a Non-Executive Director in June 2016. Mr Henderson is Chair of the Audit Committee and the designated Board representative for the Workforce Engagement Panel. Mr Henderson was appointed Senior Independent Director and Deputy Chair following the 2021 AGM until the separation of the roles in March 2023 following which Mr Henderson continues to act as Vice Chair. Mr Henderson is considered to be independent.

— Dr. Heather Preston who was appointed as a Non-Executive Director in March 2018. Dr. Preston is Chair of Remuneration Committee and is considered to be independent.

— Robert Ghenchev who was appointed as a Non-Executive Director in June 2019. Mr Ghenchev is Managing Partner and Head of Growth Equity at Novo Holdings, which is a 10.4% investor in the Group, and as such he is not considered independent under the Corporate Governance Code.

— Dr. Sam Rasty who was appointed as a Non-Executive Director in December 2020. Dr. Sam Rasty is considered to be independent. Dr. Rasty has informed the Board that he will not be seeking re-election at the Company's forthcoming 2023 AGM.

— Professor Dame Kay Davies who was appointed as a Non-Executive Director in March 2021. Professor Davies is considered independent. Professor Davies also acts as Chair of the Science and Technology Advisory Committee, an advisory committee to the Board and was appointed Senior Independent Director to the Board in March 2023.

— Dr. Michael Hayden who was appointed as a Non-Executive Director in July 2021. Dr. Hayden is not currently considered to be independent, having previously provided consultancy services to the Board. However, in accordance with the Corporate Governance Code, the Board hope to deem Dr. Hayden independent in July 2024.

— Catherine Moukheibir who was appointed as a Non-Executive Director in December 2021. Ms Moukheibir is considered to be independent.

— Namrata Patel who was appointed as a Non-Executive Director in April 2022. Ms Patel is considered to be independent.

During the year, John Dawson stepped down as CEO in January 2022 and retired from the Board in May 2022. Since the year-end, Dr. Frank Mathias joined the Group and the Board in March 2023 as Chief Executive Officer.

Each Director is provided with an appropriate induction on appointment.

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

Board meetings

The Board meets regularly, with meeting dates agreed for each year in advance. During 2022, there were six regular Board meetings (on two occasions the meeting took place over two days). The attendance of individual Directors at Board and Committee meetings was as follows:

	Regular Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
John Dawson[1]	3	3						
Professor Dame Kay Davies	6	6			18	18	14	14
Dr. Roch Doliveux[2]	6	6			18*	18*	14	14
Robert Ghenchev	6	6						1*
Dr. Michael Hayden	6	6[4]						1*
Stuart Henderson	6	6	3	3	18	18	14	14
Catherine Moukheibir	6	6	3	3				1*
Namrata Patel[3]	4	4						1*
Stuart Paynter	6	6		3*				
Dr. Heather Preston	6	6	3	3	18	18	14	14
Dr. Sam Rasty	6	6						1*

[1] John Dawson retired from the Board in May 2022.
[2] Dr. Roch Doliveux acting as Interim CEO was not considered independent.
[3] Namrata Patel was appointed in April 2022.
[4] Michael Hayden sent apologies for the second day of the September board meeting, which took place over two days.
* Attended as an observer

In addition to the above regular meetings, the Board (or an appointed sub-committee of the Board) met on fifteen other occasions to consider specific *ad hoc* matters including, *inter alia*, the approval of the 2021 financial statements, the interim 2022 financial results, succession planning and the acquisition of an 80% ownership interest in Oxford Biomedica Solutions.

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

Board activity during 2022

Board matters during 2022 included:

- Routinely recurring items such as: the approval of the 2022 financial budget; the 2022 corporate objectives; performance of 2021 corporate objectives; the preliminary results and Annual report and accounts; the interim results announcement; and review of the basis for the Group's related going concern disclosures;
- A review of the Group's strategy, conducted in September;
- Reviewing the integration of the Oxford Biomedica Solutions business;
- Reviewing business development opportunities including partnering and collaboration transactions;
- Reviewing the Group's strategy relating to external funding opportunities for its therapeutics portfolio;
- The appointment of Namrata Patel as a Non-Executive Director;
- The appointment of Dr. Frank Mathias as CEO;
- Ongoing reviews of the Group's risk management processes and key risks;
- Reports on Health, Safety and Environment;
- The Group's activities surrounding workforce engagement;
- Completion of an internal evaluation on Board effectiveness;
- Reviewing the implications of ESG, climate change and the ongoing COVID-19 pandemic;
- On-going review of cyber risks;
- On-going review of the Groups intellectual property position; and
- Review of employee retention statistics.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Re-election of Directors

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

In line with the Corporate Governance Code, Dr. Roch Doliveux, Stuart Paynter, Stuart Henderson, Dr. Heather Preston, Robert Ghenchev, Professor Dame Kay Davies, Dr. Michael Hayden, Catherine Moukheibir and Namrata Patel will retire and be subject to re-election at the AGM in 2023. Dr. Frank Mathias shall stand for appointment by the shareholders for the first time. Dr. Sam Rasty has informed the Board that he will not seek re-election at the AGM in 2023.

Communication with shareholders

The Board recognises the importance of effective communication with shareholders and potential investors. The primary points of contact during 2022 were the Interim Chief Executive Officer and Chief Financial Officer but the Chair, Senior Independent Director and Chair of the Remuneration Committee are also available for meetings with investors, if required. Since Dr. Frank Mathias joined the Board as Chief Executive Officer in March 2023, he has also acted as a primary point of contact. Novo Holdings (10.4% shareholder), continues to be represented on the Board by Robert Ghenchev, which ensures a clear channel of communication with Novo Holdings during the year.

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

Meetings with existing shareholders	Dr. Roch Doliveux and Stuart Paynter met with major shareholders during 2022. Stuart Henderson as Chair of the Audit Committee and Dr. Heather Preston as Chair of the Remuneration Committee also met with major shareholders.
2022 Annual General Meeting	The 2022 AGM was held on 27 May 2022 as a combined physical and electronic meeting. Save for such persons nominated by the Chair of the meeting in order to establish a quorum, Directors and Shareholders were encouraged not to attend the AGM in person due to continued advice and restrictions on the numbers of attendees in light of the COVID-19 pandemic. Directors and Shareholders were invited to attend the AGM virtually, which lasted around 30 minutes. The AGM included a Q&A session after the meeting closed with the answers posted on the Group's website (questions to the Group were submitted in advance of the meeting).
Meetings with potential investors	During 2022, Stuart Paynter regularly made presentations and met potential investors on a one-to-one basis or virtually at investor conferences in Europe and the US. In addition, Dr. Roch Doliveux (Interim CEO and Chair) also met with a number of investors throughout the year. The Group conducted investor roadshows periodically, which provided further opportunities to meet potential investors. Since his appointment as CEO in March 2023, Dr. Frank Mathias has assumed primary responsibility for meetings with potential investors, alongside Stuart Paynter.
Results announcements and presentations	The Group announced its 2021 full year performance and financial results in April 2022, and its 2022 half year interim results in September 2022, through RNS announcements accompanied by analyst conference calls which are accessible to all shareholders and recordings of which were made available on the Group's website.
2021 Annual report	The Group published its 2021 Annual report and accounts in April 2022.
Website	The Group's website http://www.oxb.com contains details of the Group's activities as well as copies of regulatory announcements and press releases, copies of the Group's financial statements, and terms of reference for the Board Committees. Investors and others can subscribe to an e-mail alert service, which provides notifications of announcements.
Investor relations	The Group endeavours to respond to all enquiries from shareholders and potential investors received through its enquiry inbox ir@oxb.com.
Social media	The Group uses LinkedIn and Twitter to alert followers to Company news flow.

The Senior Executive Team (SET) and its committees

Operational management is conducted by the Executive Directors who, together with Dr. James Miskin, Dr. Kyriacos Mitrophanous, Nick Page, Dr. Jason Slingsby (stepped down April 2023), Helen Stephenson-Ellis (stepped down April 2022), Natalie Walter, Matthew Treagus; Dave Backer (stepped down in September 2022); Tim Kelly (joined March 2022), Lisa James (joined April 2022), Dr. Ravi Rao (joined April 2022) and Dr. Sébastien Ribault (joined October 2022) formed the Senior Executive Team (SET) during 2022. During 2022, the SET met every week, had a once-a-week update meeting and had an extended SET meeting every month, with the agenda covering the full range of activities of the Group, including financial performance, organisational and employment matters, risk management and Safety, Health and Environment.

There are three SET sub-committees covering the major business operational areas. During 2022, these sub-committees met monthly, except for the Product Development Committee and were attended by SET members and other relevant senior managers from the business. These sub-committees are:

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

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

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

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

There are three other important committees:

— Commercial Development Committee (CDC) – which covers the external opportunities to out-license and in-license technology or product candidates and to generate partnership opportunities for manufacturing and product development. Following the strategic decision to focus on being a quality and innovation-led CDMO, the CDC was succeeded by a newly constituted Portfolio of Sales Committee in the fourth quarter of 2022;

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

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

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

Risk management

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

The Board's assessment of the prospects of the Group, its expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, and the viability statement, are set out on page 118.

AUDIT COMMITTEE REPORT

During 2022, the Audit Committee comprised Stuart Henderson (Chair), Dr. Heather Preston and Catherine Moukheibir. Provision 24 of the Corporate Governance Code recommends the Audit Committee to comprise at least three Independent Non-Executive Directors and the Company complied with this during 2022. Mr Henderson, Dr. Preston and Ms Moukheibir all have relevant experience, which qualified them for membership of the Audit Committee and, in Stuart Henderson's case, to be Chair of the Audit Committee. Their experience is set out in their brief biographies on pages 70 and 71.

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

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

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

— The internal and external audit process and auditors; and

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

Key activities:

Statutory reporting

In relation to the financial statements, the Audit Committee ensures that the Group provides accurate and timely financial results that reflect the relevant accounting standards and judgements appropriately. This includes assisting the Board with oversight of the quality and integrity of the Group's financial reporting and accounting policies and practices and the Group's status as a going concern and longer-term prospects and viability, including the appropriateness of a three-year period assessment reflecting the dynamic and changing environment in which the Group operates (see pages 117 and 119). The Audit Committee reviewed and recommended the approval of the 2021 preliminary results and 2021 Annual report and accounts, the 2022 interim financial statements, the Group's 2022 preliminary results and this Annual report and accounts.

As part of its review of the financial statements, the Audit Committee considered, and challenged as appropriate, the accounting policies and significant judgements and estimates underpinning the financial statements. Details regarding the significant financial reporting matters and how they were addressed by the Audit Committee are set out later in this report.

Risk management

On behalf of the Board, the Audit Committee oversees the risk management strategy and appetite, the appropriateness and effectiveness of internal control processes, and Corporate Governance Code compliance.

At least annually, the Chair of the Risk Management Committee (RMC) presents the Audit Committee with an update on the significant current and emerging risks including, *inter alia*, the ongoing war in Ukraine, and the reputational and financial risks related to the launch, alignment and financial and operational success of Oxford Biomedica Solutions, and the associated steps that the Group takes to mitigate such risks via updates from the RMC. Further details of these risks can be found on pages 64 and 68 of the Annual report and accounts.

During 2022, the RMC extended the Corporate Risk Register to include potential scenarios where fraud could arise across the Group. The Audit Committee reviewed and had the opportunity to provide feedback on the identified high and medium risk scenarios.

Internal control

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. At least annually, the Group Financial Controller, or Director of Financial Controls, presents the Audit Committee with an update on control activity performed during the year, including financial, operational and compliance controls. The status of the finance function transformation was reviewed at the April 2022 and November 2022 Audit Committee meetings. Based on its review, the Audit Committee has concluded that the system of internal control provides a reasonable basis for signing off the Annual report and accounts.

The main features of the internal control process which apply to the Group's financial reporting processes include:

- A detailed review process of the Annual report and accounts, including review by the SET and the Board;
- Preparation of accounting papers for significant accounting and judgemental issues and review by the Group Financial Controller, Chief Financial Officer and the Audit Committee;
- Performance of an annual assessment of the risk of financial fraud and misstatement within the financial statements and accounting records, and assessment of the appropriateness of controls in place to mitigate the risks identified to an acceptable level;
- Preparation of detailed going concern and viability assessment papers and cash flow forecasts by the Head of Financial Planning and Analysis, with subsequent detailed review and approval by the Chief Financial Officer and the Board;
- Organisation of the finance function such that monthly management results and externally reported financial statements are subject to thorough review by the Group Financial Controller, Head of Financial Planning and Analysis and the Chief Financial Officer;
- Performance of control procedures over revenues, journals and key statement of financial position accounts which have been assessed to have the greatest risk of misstatement; and
- Clear separation of duties and detailed authorisation limits within the financial processes such as approval of invoices, purchase orders, payroll and disbursements.

The Group is in the process of implementing a finance function transformation strategy to enhance the internal control environment, ahead of expected corporate governance reforms published in the UK Government's Department for Business, Energy & Industrial Strategy (BEIS) White Paper "Restoring trust in audit and corporate governance". During 2022, the UK Government confirmed a draft Audit Reform Bill on its 2022/23 legislative agenda.

The implementation of the transformation strategy has made good progress during 2022 and has achieved the following:

- Completed a partnership with a professional services firm to review and update the internal control policies, procedures, and process flowcharts over financial reporting;
- Launch of a risk and controls library, managing the key risks and mitigating controls across the end-to-end financial reporting process;
- Performance of monthly monitoring and testing of the Group's financial control framework, with escalation in place on key operating financial controls;
- Undertaken extensive housekeeping improvements to the financial reporting process, including bringing all balance sheet reconciliations up-to-date; clearing down long-aged balances within the GRNI (goods received but not invoiced) and expense ledgers; improving the efficiency of managing prepayments, invoice processing, fixed assets and expense claims;
- Continued to develop accounting processes to ensure the timely and accurate integration of the financial reporting of Oxford Biomedica Solutions into the Group;
- Recognised the importance and risks associated with manual spreadsheets, by ensuring key spreadsheets supporting financial reporting comply with spreadsheet control principles;
- Created a fraud risk register, to complement the corporate risk register, capturing material fraud risks to the group, and an assessment of the mitigating controls; and
- Reported regularly to the Audit Committee on progress of the transformation strategy.

Over the next 12 months, the finance transformation project will continue to deliver strengthened controls and efficiencies across the financial reporting processes.

Compliance

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

External audit

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

Annual evaluation for an Internal audit function

The Group does not currently operate an Internal Audit function, although on an annual basis the Audit Committee considers the need for such a function. Upon the completion of the finance function transformation referred to above, the Audit Committee will consider the commission of an annual third-party internal audit review of the effectiveness of key controls on a cyclical basis.

In the absence of an Internal Audit function, the Audit Committee receives an update from either the Group Financial Controller or the Director of Financial Controls regarding control activity performed during the year, as explained in the internal control section on page 78.

Other governance matters

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

AUDIT COMMITTEE REPORT (CONTINUED)

Meetings held:

The Audit Committee met three times in 2022. The key items for discussion and review were as follows:

— 19 April 2022 – to review the 2021 audit findings and consider the auditors' report. The Audit Committee reviewed all the material accounting and estimation judgments likely to have a material impact on the financial statements. The auditors reported on their significant risk areas of audit focus including bioprocessing contract revenue recognition, going concern, and the audit approach to the launch of Oxford Biomedica Solutions. The Audit Committee approved the disclosure of the prior period restatement for inclusion in the accounts. The Audit Committee noted progress on the finance function transformation project. A risk report was presented and the Audit Committee noted new risks, as identified above.

— 8 September 2022 – to review the 2022 interim results as well as discussed the audit strategy and plan for 2022. The auditors reported on the status of their review of areas of audit focus, including changes to materiality levels, contract revenue recognition, fraudulent revenue recognition and management override of controls. In relation to their review of the launch of Oxford Biomedica Solutions, the auditors reported on the judgements made and benchmarking over the valuation of intangible assets and goodwill, and their assessment of deferred tax liability. The auditors agreed that the adoption of the going concern basis was appropriate.

— 17 November 2022 – to review risk management, insurance strategy, tax strategy, treasury policy and the financial control environment and related controls. Key risks, including risk register updates, were also highlighted to the Audit Committee. The 2022/2023 insurance strategy was discussed and agreed, including discussions around directors and officers, errors and omissions insurance and cyber insurance. The Audit Committee also agreed the tax strategy. The Audit Committee approved the current treasury policy and discussed the progress on the Group's strategy of enhancing its financial control environment and related controls.

As noted in the Corporate Governance report, the Chair of the Audit Committee often meets shareholders during the AGM, and is always available to discuss Audit Committee matters with shareholders throughout the year. It is intended that significant shareholders will be informed of the Group's decision to change auditor and the Chair of the Audit Committee will engage with those shareholders at the appropriate time.

Key judgements and estimates considered within the financial statements:

The Audit Committee considered the following key judgements and estimates during the year. As part of these considerations, the Committee received updates from management and from the external auditors.

Issue	How the issue was addressed by the committee
Contract revenues: identification of performance obligations, allocation of revenue and timing of revenue recognition	The Group identified three key areas of judgement within the collaboration agreements entered into during the period as follows: (i) in relation to the number of distinct performance obligations contained within each collaboration agreement; (ii) the fair value allocation of revenue to each performance obligation; and (iii) the timing of revenue recognition based on the achievement of the relevant performance obligation. The sales royalties contained within the collaboration agreements qualify for the royalty exemption available under IFRS 15 and will only be recognised as the underlying sales are made even though the performance obligation, in terms of the technology license, has already been met. The judgements with regards to the number of distinct performance obligations and the fair value allocation of revenue to each performance obligation takes place on a contract-by-contract basis across numerous contracts entered into by the Group. As these judgements take place across numerous contracts, each with different characteristics, it is not practical to provide a quantitative analysis of the impact of applying different judgements.
Modification of Oaktree loan agreement	On 10 March 2022, the Group entered into and drew down an US$85 million loan facility agreement with Oaktree under a one year facility agreement maturing in 2023 with a nominal interest rate on the loan of 8.5%. On 7 October 2022, US$35 million was repaid and the term was extended to October 2026, with a variable interest rate of 10.25%. The Audit Committee determined that the modification of the loan facility is not a substantial modification and therefore will be recognised as a non-substantial modification to the existing loan, with the loan being restated to its present value and subsequently at amortised cost under the effective interest rate method. This was determined on the basis of a quantitative test performed as required by IFRS 9 resulting in a 3% change to the net present value of the remaining cash flows when compared to the original cash flows under the original terms. This was determined on the basis of the quantitative test performed as required by IFRS 9 resulting in a 3% change to the net present value of the remaining cash flows when compared to the original cash flows under the original terms. Management has also performed a qualitative assessment to identify substantial differences in terms that by nature were not captured by the quantitative assessment. In considering the qualitative factors, Management has considered the payment terms, options, change in other terms and collaterals. Based on the quantitative and qualitative assessment, Management has determined that the modification of the loan does not meet the substantial modification criteria. If the Group had concluded that the amendment constituted a significant modification, this accounting treatment would have resulted in the recognition of a loss of £1,391,000, recognition of legal fees of £439,000 and an increase in the loan balance of £409,000 on 7 October 2022.

Issue	How the issue was addressed by the committee
Percentage of completion of bioprocessing batch revenues	Bioprocessing of clinical/commercial product for clients is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the bioprocessing process. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct stage of completion including the expected costs of completion for that specific bioprocessing batch. The value of the revenue recognised with regards to the bioprocessing batches which remain in progress at period end is £32.0 million. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £3.9 million higher or lower.
Percentage of completion of fixed price process development revenues	As it satisfies its performance obligations, the Group recognises revenue and the related contract asset with regards to fixed price process development work packages. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct percentage of completion for that specific process development work package. The value of the revenue recognised and the related contract asset raised with regards to the work packages which remain in progress at period end is £8,179,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £818,000 higher or lower.
Provision for out of specification bioprocessing batches	Bioprocessing of clinical/commercial product for clients is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the process. As the Oxford Biomedica (UK) Ltd has now been bioprocessing product across a number of years, and also in a commercial capacity, the Oxford Biomedica (UK) Ltd has assessed the need to include an estimate of bioprocessed product for which revenue has previously been recognised and which may be reversed should the product go out of specification during the remaining period over which the product is bioprocessed. In calculating this estimate the Oxford Biomedica (UK) Ltd has looked at historical rates of out of specification batches across the last four years and has applied the percentage of out of specification batches to total batches produced across the assessed period to the revenue recognised on batches which have not yet completed the bioprocessing process at period end. This estimate, based on the historical average percentage, may be significantly higher or lower depending on the number of bioprocessing batches actually going out of specification in future. If the historical average percentage had been 10% higher or lower, the estimate would be £259,000 higher or lower. The estimate will increase or decrease based on the number of bioprocessing batches undertaken, the percentage of completion of those bioprocessing batches, and the number of batches which go out of specification over the assessment period. Consequently, bioprocessing revenue of £2,592,000 (2021: £769,000) has not been recognised during 2022 with the corresponding credit to contract liabilities (note 19). This revenue will be recognised as the batches complete bioprocessing. No provision for out of specification batches has been raised for Oxford Biomedica Solutions as management has concluded that, based on review of analytical testing results received after year end, no bioprocessing batch was deemed to be at risk of failure to meet specifications.
Amortisation of intangible assets (developed technology)	The estimated useful life of developed technology acquired by the Group is 15 years, as the Group expects the technology to generate cash flows for a total of 15 years. The estimate of 15 years is based on management's experience of the time period over which the technology acquired as part of the launch of Oxford Biomedica Solutions will become fully obsolete. Over time as the platform technology is improved, parts of the technology become obsolete as they are superseded by new technology until after 15 years the original technology is expected to have been fully replaced by newer/improved technology. If the estimated useful life of the assets had been 10 years, the estimated amortisation for the year ended 31 December 2022 would be £3,036,000 higher (2021: nil); whilst, if the estimated useful life of the assets had been 20 years, the estimated amortisation for the year ended 31 December 2022 would be £1,518,000 million lower (2021: nil).

AUDIT COMMITTEE REPORT (CONTINUED)

Issue	How the issue was addressed by the committee
Sale and leaseback: lease liability discount rate	During November 2022, the Group sold its Windrush Court facility to Kadans for a cash consideration of £60 million in a sale and leaseback transaction (see note 33). A key estimate identified within the sale and leaseback agreement was the incremental borrowing rate used to discount the lease liability cash flows back to their present value to determine the lease liability at year end. As the rate implicit in the lease is not readily determinable, the Group's incremental borrowing rate was based on the information available at the commencement date in determining the discount rate used to calculate the present value of lease payments. The rate has been determined using previously available information on borrowing rate as well as indicative borrowing rate that would be available to the Group based on the value, currency and borrowing term provided by financial institutions, adjusted for company and market specific factors. Estimation uncertainty is involved in selecting an appropriate rate, and the rate selected for each lease will have an impact on the value of the lease liability and corresponding right-of-use asset in the consolidated statement of financial positions. If the estimated lease liability discount rate had been one percentage higher or lower, the gain recognised on the sale of the Windrush Court facility would have been £1,775,000 higher or lower (2021: nil) with the other side of the entry decreasing or increasing the lease liability by £2,027,000 (2021: £nil) and decreasing or increasing right of use assets by a £253,000 (2021: £nil).
Valuation of put option liability	On 10 March 2022, the Group recognised a put option liability to acquire the remaining 20% of Oxford Biomedica Solutions that it doesn't already own, from Homology Medicines. The fair value of the option at the date of acquisition was assessed to be £39.0 million. As at 31 December 2022, the fair value of the put option liability was £38.2 million (2021: nil). The Group estimates the value of the put liability using a Monte Carlo simulation which calculates the expected future exercise value of the put option, taking into consideration Oxford Biomedica Solutions' forecasted revenues over the period up until the expected exercise date along with the expected volatility of those revenues over that same period. The expected future exercise value is then discounted to the present using a discount rate in order to capture the counter party risk of the expected payment. Key estimation uncertainty inputs which directly impact the valuation of the put liability are assessed to be: — Revenues of Oxford Biomedica Solutions – the revenues of Oxford Biomedica Solutions are based on the management approved forecast up until the end of the option period. Should the forecast change or the actual results vary, this may impact the value of the put option liability; — Expected volatility of revenues – should the expected volatility of Oxford Biomedica Solutions revenues vary, this may impact the value of the put option liability; and — Discount rate – the discount rate may be impacted by economic and market factors, as well as changes to the risk free rate of return which impacts debt borrowing rates. Should the discount rate calculated by management be adjusted, this may impact the value of the put option. Management has calculated the discount rate based on the risk free rate, the expected return from similar companies and the Group's cost of debt.

Other estimates

The accounting for the following matter involved a high-level of estimation during the year. However, as the acquisition accounting is considered final, this matter is not considered a major source of estimation uncertainty with a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Issue	How the issue was addressed by the committee
Valuation of acquired intangible assets	As part of the acquisition accounting for the acquisition of Oxford Biomedica Solutions in 2022, we have performed an assessment on the identification, fair value, and expected useful economic lives of acquired intangible assets such as developed technology assets at the date of acquisition. The fair value attributed to intangible assets arising on acquisition is recognised in accordance with IAS 38 Intangible assets and is based on a number of estimates. The acquired identifiable assets and liabilities have been recognised at their fair values at acquisition date and in accordance with the Group's accounting policies. The fair value of the developed technologies intangible asset is considered a key estimate subject to estimation uncertainty. Below are the details for the valuation methodologies used for the intangible assets. Acquired developed technology has been valued using the multi-period excess earnings method (MPEEM) method, valued at £102.8 million, The MPEEM method considers the present value of net cash flows expected to be generated by the client relationships, by excluding any cash flows related to contributory assets. Management considers the weighted average return on assets and discount rates as critical estimates as a reasonably possible change to these assumptions in aggregation, or in isolation, will have an impact on the consolidated financial statements. The weighted average return on assets and discount rate used by management in the valuation of the developed technology is 17.3% and 20% respectively. Below are the various sensitivities of weighted average return on assets and discount rates and their impact on the related intangible assets. **Sensitivities** **Discount rate** / Weighted average rate of return / Adjusted Developed technology value £'m / Impact £'m 17% / 15.0% / 121.8 / 19.0 18% / 15.8% / 113.5 / 10.7 19% / 16.5% / 106.0 / 3.2

Upon identification of these key judgements and estimates, management provided the Audit Committee with a detailed update on the nature, reasoning behind and risk of misstatement of these key accounting items, estimates and judgements, including any related accounting papers and other supporting documents. Any significant change to the method of calculation of these issues, or the judgement or estimates involved, is flagged to the Audit Committee, with regular updates being provided until such time as these are finalised prior to release of the year end or interim results. The committee challenged each of the judgements and estimates and the range of possible alternatives are as disclosed above. The committee determined that the judgements and estimates made in the financial statements accurately reflect the performance and position of the business in the year.

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

Having provided appropriate challenge to management and the external auditor, the Audit Committee has concluded that these key judgements and estimates have been appropriately accounted for.

AUDIT COMMITTEE REPORT (CONTINUED)

COVID-19:

The Group, and it's employees, have experienced how a successful flexible-working model has demonstrated improved cost savings, productivity and engagement. As most of the internal controls implemented by the business are system based, this has not had a detrimental impact on the control environment. The Group continues to develop the remote working facilities in place for its employees.

External audit:

The Group intends to welcome PricewaterhouseCoopers LLP (PwC) who, subject to shareholder approval at the Company's AGM, replace KPMG LLP who were appointed in 2018 as independent auditors. PwC's forthcoming appointment followed a competitive tender between two firms (PwC and Ernst & Young LLP) during 2022. KPMG LLP will continue in office until the conclusion of the Company's AGM.

The audit tender was led by the Chair of the Audit Committee with support from various members of the finance function. A robust process was carried out, following a common set of criteria for evaluating the proposals, including:

— Audit approach and quality;

— The lead partner and their audit team;

— Sector experience;

— Approach to resolving issues in matters of judgement; and

— Values alignment and cultural fit.

Shareholders are due to consider a resolution to appoint PwC at the Company's AGM in June 2023. Under the direction of the Audit Partner, and working closely with the Group, PwC have implemented a comprehensive audit transition plan. As a tender for audit services was completed in 2022, there are no forthcoming plans to conduct a fresh tender for audit services.

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

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

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

— Fulfilment of the agreed external audit plan;

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

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

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

— Other relevant UK professional and regulatory requirements.

Up to the release of the 2022 financial statements, KPMG contributed a further independent perspective on certain aspects of the Group's financial control systems arising from their normal audit procedures and reported these to the Audit Committee.

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

With the exception of fees paid in respect of the auditors' review of the Group's interim financial statements, there were no non-audit fees received by KPMG in 2022. The non-audit fees policy is compliant with ethical Standards for Auditors. In 2022, KPMG received total fees of £1.08 million (2021: £0.5 million) which is an increase of £0.58 million versus the previous period. Fees paid to KPMG are set out in note 7 to the financial statements.

Fair, balanced and understandable statement:

The Audit Committee considered this Annual report and accounts, taken as a whole, and concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate and recommended to the Board that the Annual report and accounts is fair, balanced and understandable while providing the necessary information to assess the Group's position and performance, business model and strategy.

Stuart Henderson
Audit Committee Chair

25 April 2023

NOMINATION COMMITTEE REPORT

The Nomination Committee, which is chaired by Dr. Roch Doliveux, in his capacity as the Company's Chair, leads the process for making appointments to the Board and succession planning, and comprises Stuart Henderson, Dr. Heather Preston and Professor Dame Kay Davies. All Nomination Committee members, apart from Dr. Doliveux during 2022 (due to Dr. Doliveux holding the roles of Chair and Interim CEO) were deemed Independent Non-Executive Directors. Since Dr. Frank Mathias assumed the role of CEO in March 2023, all Nomination Committee members are now deemed Independent Non-Executive Directors. The primary duties of the Nomination Committee are set out in its written terms of reference, a copy of which is available on the Group's website.

The Nomination Committee met 14 times in 2022 on an *ad hoc* basis in order to discuss the search for a new CEO, additional Non-Executive Directors and general succession planning. In January 2022, John Dawson notified the Group that he intended to retire as a Director at the next AGM having provided more than 13 years of dedicated service and leadership to the Group. Mr Dawson stepped down as CEO in January 2022 and did not stand for re-election as a Director at the AGM in May 2022. Following Mr Dawson's announcement of his retirement, the Board initiated a search with an external search consultancy, Egon Zehnder, for his successor and asked Dr. Doliveux to act as Interim CEO whilst remaining in his position as Chair. In November 2022, the Board was delighted to announce the appointment of Dr. Frank Mathias as CEO. Dr. Mathias joined the Group in March 2023. The Company and the Directors have no connections with Egon Zehnder.

In addition, in April 2022, the Company was pleased to announce that the Board had been further strengthened by the appointment of Namrata Patel as an Independent Non-Executive Director, Ms Patel's appointment brings a wealth of international experience in manufacturing and end-to-end supply chain with experience in a commercialised regulated industry as well as a wealth of sustainability experience to the Board. The appointment followed a search conducted by an external search consultancy, Spencer Stuart, specifically targeting the selection of female and ethnically diverse candidates. The Company and the Directors have no connections with Spencer Stuart.

Board succession planning

During 2022, the Board reviewed the succession plans for both its composition and that of its Committees and the continued development of the Board. As noted above, the Board conducted searches with external search consultants during 2022 for a CEO and an additional Independent Non-Executive Director, successfully announcing the appointment of Namrata Patel as Independent Non-Executive Director in April 2022 and Dr. Frank Mathias as CEO in November 2022.

Following the announcement of Dr. Frank Mathias as CEO, the Board noted that upon Dr. Mathias joining the Group in 2023, the Board would not be in compliance with the forthcoming requirement set out in Listing Rule 9.8.6(9)(a)(i) that the Board comprise 40% women. The requirement applies for reporting periods commencing 1 April 2022 and accordingly, at the end of 2022, the Board commenced a search for an additional Independent Non-Executive Director targeting the selection of female and ethnically diverse candidates to join the Board, with an external search consultancy, Koenig Associates. The Company and the Directors have no connections with Koenig Associates.

In addition, in January 2023, Dr. Sam Rasty informed the Board that he would not be standing for re-election at the AGM in June 2023.

As part of its succession planning, the Nomination Committee identified that in order to meet the forthcoming recommendations for reporting periods commencing 1 April 2022 set out in Listing Rule 9.8.6(9)(a)(ii) and also the recommendations of the FTSE Women Leaders Review, a woman should hold a senior position on the Board. Following the Company's announcement of the appointment of Dr. Mathias as CEO, in order to prepare for this new requirement, the Nomination Committee decided to split the role of Deputy Chair and Senior Independent Director into two roles and appointing Dame Professor Kay Davies as the Senior Independent Director and appointing Stuart Henderson as Vice Chair with effect from 22 March 2023. Professor Davies also acts as Chair of the Science and Technology Advisory Committee, an advisory committee to the Board. In accordance with the Corporate Governance Code a description of the responsibilities of the Chair, Vice Chair, CEO, Senior Independent Director, the Board and its Committees can be found on the Company's website.

As at 31 December 2022, the Company was, and continues to be, in compliance with the forthcoming recommendations set out in Listing Rule 9.8.6(9)(a)(iii) that at least one individual on the Board is from a minority ethnic background. In addition, the Company also met the recommendation with regard to 40% of the Board comprised of women.

NOMINATION COMMITTEE REPORT (CONTINUED)

Workforce Engagement Panel and Designated Non-Executive Director

In compliance with Corporate Governance Code, the Group has an established Workforce Engagement Panel (WEP) comprising employees from all levels and functions across the Group. The purpose of the WEP is to enable employees to discuss issues of importance to them and ensure that senior leaders and the Board hear the views of the workforce. Stuart Henderson was appointed as the designated Board representative, to oversee engagement between the Board and the workforce (further information on the WEP can be found on page 44). The WEP met nine times during 2022 and Mr Henderson attended two of those meetings during 2022. The Chair and Vice Chair of the WEP also presented to the Board during 2022 on two occasions. Topics covered by the WEP during 2022 included the results of the Company-wide employee engagement survey, "Your Voice"; employee recognition programme; social engagement and activities for employees; equality, diversity and inclusion initiatives; and the CEO recruitment process.

During the year, the WEP was pleased to welcome two additional representatives from Oxford Biomedica Solutions and the process for appointment of WEP representatives was revised to allow for panel representatives to be elected by employees.

Board evaluation

Following an externally-facilitated evaluation of the Board's performance in 2021, in December 2022, the Company Secretary conducted an internal evaluation of the Board's performance covering the period from January 2022 to the fourth quarter of 2022. The review process comprised the completion of an anonymous questionnaire covering the various aspects of the activities of the Board and its Committees. Post period-end, the resulting report was discussed at the first two Board meetings in 2023. Board members valued the feedback of their peers and the Board as drawn up an action plan to implement appropriate changes based on the discussions of the report, including suggestions provided by Board members regarding the onboarding and integration of the new CEO. The Board intends to continue to comply with the Corporate Governance Code guidance that the evaluation should be externally facilitated at least every three years and expects to commission the next externally facilitated review in 2024.

Diversity and Inclusion

The Group recognises the importance of diversity and is committed to encouraging equality and diversity among its workforce. The Group aims to create an inclusive working environment based on merit, fairness and respect to enable it to attract and retain the most talented people from all backgrounds and cultures. The Group is also working to achieve a diverse Board and, just as importantly, diverse management teams. Appointments to the Board are based on merit taking into account suitability for the role, composition and balance of the Board to ensure that the Group has the right mix of skills, experience, independence, knowledge and consideration of the Group's strategic objectives.

The Nomination Committee has a formal and rigorous appointment process involving most if not all Board members and makes recommendations based on the capabilities of individual candidates, having due regard for the benefits of diversity with no restrictions on age, gender, religion, ethnic background, whose competencies will enhance the Board.

The Group supports the principles of the FTSE Women Leaders Review on gender balance in FTSE leadership. In order to strengthen and diversify the Board, the Board initiated a search for an additional Independent Non-Executive Director targeting the selection of female and ethnically diverse candidates and was delighted to welcome Namrata Patel to the Board as an Independent Non-Executive Director in April 2022. Following Ms Patel's appointment, the Board comprised 36% women in April 2022 and 40% women from May 2022 (following John Dawson's retirement) until the end of the year. Following Dr. Frank Mathias' appointment to the Board in March 2023, this ratio changed and for a short period the Board will comprise 36% women until the conclusion of the Company's 2023 AGM at which point Dr Sam Rasty will not stand for re-election and the Board will again comprise 40% women. Consequently, as at 31 December 2022 the Board was in compliance with both the recommendations of the FTSE Women Leaders Review and also the forthcoming requirement set out in Listing Rule 9.8.6(9)(a)(i) that the Board comprise 40% women. The Remuneration Committee comprised 66% women, the Nomination Committee comprised 50% women and the Audit Committee comprised 66% women in 2022. In addition, both the Remuneration Committee and the Science and Technology Advisory Committee are chaired by women.

The Group believes that members of the Board and senior management should collectively possess a diverse range of skills, expertise and should come from a diverse range of ethnic and societal backgrounds. In terms of the next level of management, as at 31 December 2022, the SET, excluding the Executive Directors, totalled ten, of which there were two female members. In the gender pay gap report for 2022 (for the full report see the Group's website www.oxb.com), the Group had more females (54%) than males (46%) at the Head of Department level and senior management level, thereby meeting the FTSE Women Leaders Review's recommendation that 40% of senior leadership roles (defined as the SET and their direct reports) be held by women at the end of 2025. Part of the Group's strategy will be to maintain and improve on the targets, so that the objectives of the FTSE Women Leaders Review will continue to be met during 2023/2024.

The Board is aware of the recommendations of the Parker Review on Ethnic Diversity (Parker Review). The Parker Review set a target for FTSE 250 companies to have at least one Board member from a minority ethnic background by 2024. Whilst during the first 3 months of 2022 none of the serving Board members identified as belonging to an ethnic minority, the Nomination Committee had initiated a search during 2021 for an additional Independent Non-Executive Director. The search targeted female and ethnically diverse candidates, whilst taking into account suitability for the role to ensure that the Group has the right mix of skills, experience, independence and knowledge for the Group's strategic objectives. In April 2022, the Group welcomed Namrata Patel to the Board, further strengthening and diversifying the Board and aligning the Board's composition with both the recommendations of the Parker Review and also the forthcoming recommendation set out in Listing Rule 9.8.6(9)(a)(iii) that at least one individual of the board of directors is from a minority ethnic background.

As noted above, as at 31 December 2022, the Group met the forthcoming recommendations set out in Listing Rule 9.8.6(9) with regard to the representation of female and minority ethnic groups on its Board. Further to this, in line with the forthcoming requirements of Listing Rule 9.8.6(10) the Group has collated numerical data on the ethnic background and the gender identity or sex of the individuals on the Board and in its SET as at 31 December 2022, as set out in the following tables.

Sex of Board and SET members

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	6	60%	4	9	81.81%
Women	4	40%	0[1]	2	18.18%

[1] Post period-end the Nomination Committee appointed Dame Professor Kay Davies as the Senior Independent Director.

Ethnic background of Board and SET members

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	90%	4	10	91%
Asian/Asian British	1	10%	–	1	9%

The reference date used by the Group for the collection of the data set out above is the Company's year-end (31 December). Dr. Frank Mathias joined the Company on 27 March 2023. The Group collects information on board diversity using the same fields and classifications as set out in the Listing Rules. The data was collected in February 2023 and forms the basis of the disclosures made in this Annual report and accounts.

Compliance with the Code

The Group considers that it was largely in compliance with the terms of the Corporate Governance Code during 2022 but acknowledges that it did not comply in full throughout the year. The Group has set out in this Corporate Governance Report how it has applied the principles of the Corporate Governance Code and notes that it was in full compliance with the Corporate Governance Code, save as set out below (with reference to the Corporate Governance Code provisions):

Provision 3 – Committee Chair engagement with shareholders on significant matters related to their areas of responsibility	The Chair engaged with shareholders throughout the year which included at the year-end and half year results presentations and also engaged with significant shareholders as regards CEO succession. The Chair of the Audit Committee and the Chair of the Remuneration Committee reached out and met with a number of shareholders ahead of the AGM and intend to reach out to shareholders ahead of the upcoming AGM. Both the Chair of the Audit Committee and the Chair of the Remuneration Committee are always available to discuss matters with shareholders throughout the year. Shareholders will be informed of the Group's decision to change auditor and the Chair of the Audit Committee will be happy to discuss with major shareholders the process by which PwC were appointed.
Provision 9 – The roles of chair and chief executive should not be exercised by the same individual	Following John Dawson's announcement that he would step down as CEO at the end of January 2022 and retire from the Board at the 2022 AGM, the Board (following consultation with major shareholders) asked Dr. Roch Doliveux to act as Interim CEO whilst remaining as Chair until a new CEO was appointed. In accordance with the provisions of the Corporate Governance Code, the decision to appoint Dr. Doliveux as Interim Chair was only taken following consultation with the Company's major shareholders and explained to all shareholders at the time. The Board's decision to appoint Dr. Doliveux was based on the need for an Interim CEO with a proven track record of leading a global company whilst the search for a new permanent CEO commenced. As a result, no risks associated with non-compliance with the Corporate Governance Code were identified as the appointment was short term in nature. Dr. Doliveux stood down when Dr. Frank Mathias joined the Group on 27 March 2023.
Provision 38 – The pension contribution rates for Executive Directors should be aligned with those available for the workforce	During 2022, the Executive Directors received a 15% pension contribution (or cash allowance) unlike the wider workforce who received a 7.5% pension contribution. However, in line with Provision 38 of the Corporate Governance Code, since 31 December 2022, the Executive Directors have had their pension contributions reduced to 7.5% to align with the wider workforce.
Provision 41 – Engagement with the workforce to explain how Executive pay aligns with the wider Company pay policy	Post period-end, the Group engaged with the workforce at a meeting of the WEP in March 2023 to explain how Executive pay aligns with the wider Group pay policy. In particular, the WEP received a briefing on the role of the Remuneration Committee and the key highlights from the 2021–2024 Remuneration Policy, including the underlying context for increases in base pay and adjustments to the maximum bonus and long term incentive (share based) opportunity. In addition, WEP members received information relating to recent trends in executive pay and the WEP members were given the opportunity to provide feedback and discuss the topic with their respective wider teams.

NOMINATION COMMITTEE REPORT (CONTINUED)

Compliance with the Listing Rules

The Group considers that it was largely in compliance with the Listing Rules during 2022 but acknowledges that it did not comply in full throughout the year. The Group has set out in this Corporate Governance Report how it has complied with the Listing Rules, save as set out below.

9.8.6(9)(a), (b), (c) and (d)	During the first quarter of 2022, the Board comprised three women and seven men (30% women). Following Namrata Patel's appointment, the Board comprised 36% women in April and May 2022 and 40% women from May 2022 (following John Dawson's retirement) until the end of the year. Consequently, as at 31 December 2022 the Board was in compliance with both the recommendations of the FTSE Women Leaders Review and also the forthcoming requirement set out in Listing Rule 9.8.6(9)(a)(i) that the Board comprise 40% women. Whilst none of the senior Board positions was held by a woman during the year ended 31 December 2022, post-period end in order to comply with the forthcoming requirement set out in Listing Rule 9.8.6(9)(a)(ii) and following the Company's announcement of the appointment of Dr. Frank Mathias as CEO, the Nomination Committee decided to split the role of Deputy Chair and Senior Independent Director into two separate roles appointing Dame Professor Kay Davies as the Senior Independent Director and appointing Stuart Henderson as Vice Chair with effect from 22 March 2023. Whilst during the first 3 months of 2022 none of the serving Board members identified as belonging to a minority ethnic group, in April 2022, the Group welcomed Namrata Patel to the Board, further strengthening and diversifying the Board and aligning the Board's composition with the forthcoming requirement set out in Listing Rule 9.8.6(9)(a)(iii) that at least one individual the Board of Directors is from a minority ethnic background.

Share capital

The information about the share capital required by Article 10 of the Takeover Directive is set out in the Directors' Report on page 116.

DIRECTORS' REMUNERATION REPORT

Annual statement from the Remuneration Committee Chair

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2022.

This report, which is subject to an advisory shareholder vote at the 2023 AGM, explains the work of the Remuneration Committee, how we have implemented our Remuneration Policy (the Policy) in 2022 and how we intend to apply it in 2023.

For ease of reference, a summary of the key elements of the Policy is included on pages 107 to 110. The full Policy as approved at the AGM on 27 May 2021 is included in the Directors' Remuneration Report for the year ended 31 December 2020, which is available on the Company's website at www.oxb.com.

2022 remuneration in the context of our business performance and outcomes for our key stakeholders

In 2022, we made significant progress towards establishing our global leadership in viral sector development and supply. We broadened our viral sector CDMO offering and expanded our business into the US and into new viral vector types. Our AAV business has grown from strength to strength already, with five clients at the end of 2022. In addition, we are proud that our commitment to responsible business practices was recognised with inclusion in the FTSE4Good index in June 2022. Further details of our operational highlights in 2022 are set out on pages 6 to 7.

The Remuneration Committee considers that the outcomes for bonuses and LTIPs described in this Directors' Remuneration Report are a fair reflection of that performance during 2022 and the past three years, and are appropriate in the context of the stakeholder experience. As a result, the Remuneration Committee determined those outcomes to be appropriate.

The Remuneration Committee recognised the impact of the economic climate on employees within the Group and were fully supportive of management's decision to make a cost of living payment of £1,200 to all employees with a base salary of under £50,000, payable in two tranches in December 2022 and February 2023. In total, the payments were made to 482 employees, representing 63% of our employee population.

2022 Executive Director Remuneration and Variable Pay Outcomes

Fixed pay

John Dawson's salary and Stuart Paynter's salary were increased by 3% to £468,650 and by 10% to £341,000 respectively with effect from 1 January 2022. As set out in the Remuneration Report last year, the 10% increase to Mr Paynter's salary was aligned with the increases for the wider Senior Executive Team, and within the range of increases for the wider workforce as a whole (excluding promotions). The increase took into account the permanent increase in the scope and complexity of his role in light of the establishment of Oxford Biomedica Solutions. The 3% increase for Mr Dawson was agreed before his intention to retire was announced and was within the range of increases for the wider workforce as a whole (excluding promotions).

Dr. Roch Doliveux served as Interim CEO with effect from 28 January 2022 until 27 March 2023. As we reported last year, Dr. Doliveux did not participate in any variable remuneration or pension arrangement for 2022. Dr. Frank Mathias' appointment was announced in November 2022 with a start date of March 2023, resulting in Dr. Doliveux's tenure as Interim CEO being significantly longer than was originally envisaged. This significantly increased the amount of time which Dr. Doliveux was required to devote to the role during the year. Dr. Doliveux's additional time commitments during the year included time spent on the Oxford Biomedica Solutions transaction and other corporate development activities. The longer than anticipated period as Interim CEO also required Dr. Doliveux to commit more time to engagement with clients and employees, including Town Halls and other employee briefings. Dr. Doliveux was also heavily involved in leading the right-sizing of our business to ensure that we are efficiently and properly resourced for future growth. Given these additional time commitments associated with this longer period, the Remuneration Committee agreed that Dr. Doliveux should receive an additional fee of £225,000 in respect of 2022. However, in order to ensure alignment with shareholders, the after tax amount of this additional fee will be applied in the acquisition of shares at market value. No additional fee will be payable for 2023 and he will not participate in any variable remuneration or pension arrangement for any part of 2023. Dr. Doliveux's total remuneration for 2022 is included in the Executive Directors single total figure of remuneration table on page 95.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Remuneration arrangements connected with John Dawson's retirement

John Dawson stepped down as CEO on 28 January 2022 and retired from the Board on 27 May 2022. As we reported last year, Mr Dawson remained an employee as an adviser to the Group for the remainder of 2022 and left the Group on 17 January 2023. The remuneration in the Executive Directors single total figure of remuneration table on page 95 refers to Mr Dawson's remuneration earned to 27 May 2022.

The treatment of Mr Dawson's existing share awards was described in the 2021 Directors' Remuneration Report; further information is included later in this report as required by the regulations.

Annual bonus

The 2022 annual bonus was subject to financial and non-financial performance measures aligned with key strategic priorities. Mr Paynter's bonus was based 80% on Group objectives and 20% on personal objectives. Mr Dawson's bonus was based solely on Group objectives and was earned on a pro-rata basis for the period to his retirement from the Board on 27 May 2022.

Reflecting the strong performance over the year, Mr Dawson earned a bonus of 129% of salary and Mr Paynter earned a bonus of 126% of salary. 50% of the bonus earned will be deferred into shares. Further details are set out on page 99.

Long-term incentives vesting by reference to performance in 2022

In line with the requirements of the reporting regulations, the total single figure of remuneration for 2022 includes the vesting outturn for the following LTIP awards.

Grant	Performance Condition	Vesting outturn
18 April 2019	50%: revenue growth targets measured over the three years ending 31 December 2021.	Estimated vesting outturn of 100% included in the 2021 single total figure of remuneration. This vesting outturn was confirmed when the award vested in April 2022.
	50%: share price targets assessed over the three year period to 17 April 2022.	This element lapsed in April 2022 as the threshold level of share price performance was not achieved.
26 June 2020	50%: revenue growth targets measured over the three years ending 31 December 2022.	Estimated vesting outturn of 100% included in the 2022 single total figure of remuneration. This vesting outturn will be confirmed when the award vests in June 2023.
	50%: share price targets assessed over the three year period to 25 June 2023.	The vesting value of the share price performance element of the 2020 LTIP award will be included in the single total figure of remuneration for 2023.

Further details of the performance targets and outturns are set out on pages 100 to 101. In line with the Corporate Governance Code, the 2019 and 2020 LTIP awards are subject to a further two year holding period following the three year vesting period before they can be exercised.

We reported last year that it was our intention to scale back Mr Paynter's LTIP award for 2022 to 155% of salary from the usual 175% of salary taking into account best practice and investor guidance. We applied this scale back when the awards were granted in April 2022. As explained above, neither Dr. Doliveux nor Mr Dawson received an LTIP award in respect of 2022. For Mr Paynter's LTIP award granted in 2022, the performance measures were weighted 40% relative Total Shareholder Return (TSR); 40% revenue growth; and 20% strategic milestones. Further details are set out on pages 100 to 101.

Our approach to Directors' Remuneration in 2023

The Directors' Remuneration Policy approved at the 2021 AGM will continue to apply in 2023. We have summarised below the way in which it will be implemented.

New CEO

As reported on page 5, in September 2022 the Group announced the Board's updated strategy and direction as a quality and innovation-led CDMO business. We were subsequently delighted to announce on 22 November 2022 that Dr. Frank Mathias would join as our new CEO with effect from March 2023. Dr. Mathias brings world-class innovation and CDMO experience to Oxford Biomedica and his appointment has been a significant step in embedding our strategic focus. Dr. Mathias' remuneration arrangements, which are in line with the Directors' Remuneration Policy approved at the 2021 AGM and reflect his experience and track record of success running both an innovative biopharma company and a high-performing CDMO, will be key to the Group as we build on our leading position and cell and gene therapy continues on its rapid growth trajectory. Dr. Mathias' overall package also takes into account market reference points noting that our competitive market for talent is not limited to the UK. A summary of Dr. Mathias' overall remuneration package is set out below. No "buy-out" awards have been granted in respect of remuneration forfeited at his former employer as a result of joining Oxford Biomedica.

Salary	£610,000.
Pension	7.5% of salary – in line with the wider workforce and the Directors' Remuneration Policy approved at the 2021 AGM as it applies for all Executive Directors with effect from 1 January 2023.
Annual Bonus	150% of salary as with the former CEO. Ordinarily, 50% of any bonus to be deferred into shares vesting over a three year period.
LTIP	200% of salary as with the former CEO. Vesting subject to performance over three years with the awards then subject to a further two year holding period.
Benefits	Dr. Mathias will be eligible to receive benefits in line with Oxford Biomedica's usual practice. In order to secure the recruitment, it was also agreed that he will receive an additional annual allowance of £35,000; this additional allowance will not be taken into account for the purposes of pension, bonus or LTIP.

Executive Directors

Dr. Roch Doliveux ceased to be Interim CEO when Dr. Frank Mathias joined the Group in March 2023. Dr. Doliveux will not receive any pension or participate in any variable remuneration in respect of 2023. His fee has reverted to the previous level of £225,000 and no additional fee will be paid in respect of the additional time commitment associated with his role as Interim CEO in the first quarter of the year.

Base salary	Dr. Mathias' salary has been set at £610,000 as referred to above. With effect from 1 January 2023 Mr Paynter's salary has been increased to £351,230. This reflects an increase of 3%, within the range of increases awarded to the wider workforce and below the Group's overall 5% budget for salary increases.
Pension	As noted above, Dr. Mathias' pension provision from appointment is 7.5% of salary. In line with the Directors' Remuneration Policy approved in 2021, Mr Paynter's pension provision has been reduced from 15% to 7.5% of salary in line with the wider workforce with effect from 1 January 2023.
Annual bonus	For 2023, Dr. Mathias and Mr Paynter will be eligible to earn a bonus of up to 150% of salary. Dr. Mathias' bonus will be pro-rated for his period of service in 2023. 50% of any bonus earned will be delivered in the form of deferred shares. The performance measures and targets will be disclosed in the 2023 Directors' Remuneration Report to the extent they are not commercially sensitive.
LTIP	It is intended that the 2023 LTIP awards will be granted in the 42 days following the announcement of the Group's full year results. In accordance with the approach for other new joiners to the business, the number of shares subject to Dr. Mathias' award will based on the five day average share price prior to grant. The Remuneration Committee will finalise the quantum of Mr Paynter's grant when the award is granted having regard to share price performance at that time. The performance conditions are summarised below. A two year holding period will apply following the three-year performance period.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Performance conditions and targets for 2023 Performance Shares Award under the LTIP

For the grants to be made in 2023, it is intended that the performance measures will be weighted 40% Relative TSR; 40% revenue growth; and 20% strategic goals.

Measure	Weighting	Approach
Relative TSR	40%	Vesting based on the Company's TSR over a three-year performance period relative to the TSR performance of comparator companies. As with the awards granted in 2022, threshold vesting (25%) will require median performance, maximum vesting will require upper quartile performance, and TSR will be assessed over a three-year period from the date of grant with a three month averaging period. For the 2023 awards we have decided to use a different comparator group, reflecting our positioning as a quality and innovation-led CDMO. The comparator group for the 2023 awards will be the companies in the S&P 1500 Pharma Biotech and Life Sciences index and the STOXX Europe TM Pharma & Biotech index.
Revenue Growth	40%	Threshold vesting 25%: 15% CAGR per annum over a three-year performance period Maximum vesting: 30% CAGR per annum over a three-year performance period.
Strategic milestones	20%	The strategic measure and targets are commercially sensitive and will be disclosed when this is no longer the case, and no later than when the awards vest. The measure will be aligned with the Group's strategy with the level of vesting determined by reference to the achievements, with 25% vesting for delivery of a threshold milestone.
Underpin	Applies to the whole award	Consistent with previous awards, the whole award will be subject to an underpin such that it will only vest to the extent that the Remuneration Committee considers the overall performance of the business over the performance period justifies it.

As disclosed in previous Remuneration Reports, in future years, the share price/TSR measure may be substituted for a measure based on the profitability of the CDMO, once we have further refined our segmental reporting. It is our current intention that up to 30% of the overall long term incentive opportunity may be based on the delivery of specific strategic milestones in the future.

Non-Executive Directors

No increases are proposed to Non-Executive Director fees for 2023. However, as announced on 20 February 2023 and as further discussed in the Corporate Governance Code on page 85, with effect from 27 March 2023 a newly created role of Vice-Chair has been established, and for which, reflecting the time commitments, a fee of £10,000 will apply.

Fee element	2023 level
Base fee	£65,000
Additional fee for holding the office of Senior Independent Director	£10,000
Additional fee for holding the position of Vice-Chair	£10,000
Additional fee for holding the position of Chair of the Remuneration Committee	£10,000
Additional fee for holding the position of Chair of the Audit Committee	£10,000
Base fee uplift which may be paid to Non-Executive Directors based outside the UK to recognise the additional time commitment (including but not limited to the additional expected time commitment for travel to the UK as well as the additional time commitment where the Non-Executive Director is based in a different time zone).	£15,000

In line with the Policy approved by shareholders at the 2021 AGM, Non-Executive Directors recruited from or based in the United States each receive an additional fee of £50,000 per annum. This additional fee is payable subject to their agreement that the after tax amount of this additional fee will be applied in the acquisition of shares at market value which must be retained for at least 12 months from acquisition. This seeks to address the significant gap to market practice in the United States that we face when attracting and retaining Non-Executive Directors in competition with, or from, NASDAQ listed businesses where equity awards are an ongoing feature of the overall package. This also provides alignment with shareholders whilst ensuring that our Non-Executive Directors continue to be independent. This additional fee is currently paid to Dr. Heather Preston, Dr. Michael Hayden, Dr. Sam Rasty and Catherine Moukheibir.

Other matters

As noted above, the Remuneration Committee supported the cost of living payments proposed by management. These payments were targeted at the lower paid members of the Group's workforce. Further information on the payments made and the population that received the payments can be found in the s.172 statement on pages 14 to 15.

Stakeholder engagement

As detailed on page 44, the Group has an established Workforce Engagement Panel (WEP) comprising employees from all levels and functions across the Group, including employees of Oxford Biomedica Solutions. The WEP sessions have provided an upward channel for views, comments and debate, as well as an opportunity to provide feedback on our ED&I practices, reward principles and employee benefits package, future ways of working, employee training programmes, wellbeing practices and how Executive pay aligns with the wider Group pay policy.

The Company also engages directly with major shareholders and their representative bodies, where the Remuneration Committee considers there to be material changes to the Policy or our Executive remuneration framework. During 2023 and early 2024, the Remuneration Committee will consult with shareholders in relation to the new Directors' Remuneration Policy for which approval will be sought at the 2024 AGM in line with the usual three year timetable.

Conclusion

The decisions made as regards remuneration earned in respect of 2022 and the proposals for 2023 demonstrate our commitment to ensuring that Executives' reward is aligned with performance and the outcomes for all our stakeholders.

We look forward to receiving your support at our 2023 AGM, where I will be available to respond to any questions that shareholders may have on this report, or our intended approach to reward for 2023.

Dr. Heather Preston
Chair, Remuneration Committee

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Alignment of the Directors' Remuneration Policy with the 2018 Corporate Governance Code

In determining the Directors' Remuneration Policy, the Remuneration Committee took into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture, as set out in the Corporate Governance Code.

Principle	
Clarity: Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Remuneration Committee engages regularly with Executives, shareholders and their representative bodies in order to explain the approach to Executive pay.
Simplicity: Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The purpose, structure and strategic alignment of each element of pay has been clearly laid out in the Remuneration Policy.
Risk: Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Remuneration Committee to have appropriate regard to risk considerations. Annual bonus deferral and the application of the two-year holding period to awards under the LTIP provide longer term alignment with shareholders' interests. The Remuneration Committee also has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group.
Predictability: The range of possible values of rewards to individual directors and other limits or discretions should be identified and explained at the time of approving the policy.	Details of the range of possible values of rewards and other limits or discretions can be found in the full Directors' Remuneration Policy included in the 2020 Annual report and accounts.
Proportionality: The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	The Remuneration Committee believes total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience. The Remuneration Committee considers the approach to wider workforce pay and policies when determining Directors' remuneration to ensure that it is appropriate in this context.
Alignment to Culture: Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	The Group's values are: 'Have integrity', 'Be inspiring' and 'Deliver innovation'. These three values govern the way that the Group does business, how the Group works together and the interactions the Group has with all its stakeholders. The Group's values are an important factor in measuring performance, and the Group recognises and rewards adherence to the values. Executive Directors are rewarded on both what they deliver and how that is delivered, which reinforces the Group's purpose and values.

Annual report on remuneration

In this report:

- Nil or nominal cost shares awards under the Company's LTIP are referred to as "Performance Shares Awards"; and
- An "Overseas Executive Director" means any Executive Director appointed after 1 January 2021 in respect of which appointment, in the opinion of the Remuneration Committee, the Company is competing for talent with US competitors (including NASDAQ listed US biotechnology businesses) including but not limited to Executive Directors recruited from or based in the US and having regard to the fact that over 80% of cell and gene therapy is based in the United States, that United States' regulatory requirements are critical to the future success of the Group and that the United States' market has the largest commercial potential for the Group.

Remuneration Committee role and members

The responsibilities of the Remuneration Committee are set out in its terms of reference which are available on the Group's website and include:

- Recommending to the Board the policy and framework for the remuneration of the Executive Directors. The remuneration of the Non-Executive Directors is a matter for the Board;
- Approval of individual remuneration packages for the Chair, the Executive Directors and the Senior Executive Team (including the Company Secretary);
- Approval of annual performance incentive plans and bonuses payable;
- Approval of Performance Shares Awards for Executive Directors and the Senior Executive Team (including the Company Secretary); and
- Approval of awards granted to all employees under the Group's share plans.

The Remuneration Committee members during 2022 comprised Dr. Heather Preston (Chair), Stuart Henderson, and Professor Dame Kay Davies. Other Directors are invited to attend meetings on an agenda driven basis. Following the appointment of Dr. Frank Mathias as CEO with effect from 27 March 2023, Dr. Roch Doliveux has re-joined the Remuneration Committee.

Remuneration Committee activities during 2022

During 2022, the Remuneration Committee met 18 times. The main activities and decisions were as follows:

- Considering the level of bonus payable to Executive Directors in respect of 2021 in light of performance against the Group's 2021 objectives. The outcome of these discussions was reported in the 2021 Annual report and accounts.
- Approving the corporate objectives for 2022.
- Discussing and then approving the exit package and final terms for John Dawson, the Group's previous CEO.
- Approving the reward package for the Group's incoming CEO.
- Approving the reward package for the Group's Chief People Officer, Chief Medical Officer and Chief Commercial Officer.
- Considering and then approving the 2022 salary adjustments in line with the wider workforce increases and the 2021 bonuses for SET members, including Executive Directors.
- Considering and then granting options to employees under the Group's Long Term Incentive Plan (including both Performance Shares Awards and, for below Board members of staff, Restricted Stock Awards) and Deferred Bonus Plan.
- Approving the share-based remuneration structure for Oxford Biomedica Solutions.
- Approving an invitation to all employees to participate in the Group's 2022 share-save scheme.
- Confirming that the share price performance conditions for the 2019 grant of options had been met.

Single total figure of remuneration

(audited)

Executive Directors

The following table shows the single total figure of remuneration for 2022 for the Executive Directors and comparative figures for 2021. During 2022, Dr. Roch Doliveux was Non-Executive Chair for part of the year and Interim CEO for part of the year. His total remuneration for 2022 has been disclosed in the table below.

2022	Salary £'000	Benefits[2] £'000	Bonus £'000	LTIP[3] £'000	Pension[5] £'000	Total £'000	Total fixed Remuneration	Total variable remuneration
John Dawson[1]	189	5	243	101	28	566	222	344
Stuart Paynter	341	11	429	56	51	888	403	485
Dr. Roch Doliveux[6]	450	–	–	–	–	450	450	–
Total	**980**	**16**	**672**	**157**	**79**	**1,904**	**1,075**	**829**

2021	Salary £'000	Benefits[2] £'000	Bonus £'000	LTIP[4] £'000	Pension[5] £'000	Total £'000	Total fixed Remuneration	Total variable remuneration
John Dawson	455	11	573	721	68	1,828	534	1,294
Stuart Paynter	310	11	387	336	47	1,091	368	723
Dr. Roch Doliveux[7]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**765**	**22**	**960**	**1,057**	**115**	**2,919**	**902**	**2,017**

1 Mr Dawson retired from the Board with effect from 27 May 2022 but continued as an employee and adviser to the Group until 17 January 2023. The remuneration in the table above for 2022 reflects his remuneration earned to 27 May 2022, including his bonus for 2022 which was earned on a pro-rata basis for the period to this date; Mr Dawson did not earn a bonus in respect of the remainder of the financial year.

2 Benefits comprise medical insurance and the provision of a car allowance.

3 This comprises the portion of the Performance Shares Awards granted in 2020 which vest by reference to performance to 31 December 2022. The portion of the Performance Shares Awards granted under the LTIP in 2019 with a performance condition based on share price performance assessed to 17 April 2022 lapsed in April 2022 as the threshold level of share price performance was not achieved. Further information is included on page 100.
The performance criteria, performance against them and details of the calculations of the values included in the single total figure of remuneration table are set out on pages 100 to 101.

4 This comprises:
(a) the Performance Shares Awards granted under the LTIP in 2018 which vested on 11 August 2021; and
(b) the portion of the Performance Shares Awards granted in 2019 which vested by reference to performance to 31 December 2021.
The relevant performance criteria and the performance against them are set out on pages 116 and 117 of the 2021 Directors' Remuneration Report. In the 2021 Directors' Remuneration Report, the values were calculated by reference to: (i) the share price at vesting of 1358p in the case of the Performance Shares Awards granted under the LTIP in 2018; and (ii) the average share price over October, November and December 2021 of 1384.94p in the case of the Performance Shares Awards granted under the LTIP in 2019 and an estimated vesting outturn of 100%. The Remuneration Committee confirmed the vesting outturn of 100% on 28 March 2022 and in line with the applicable regulations, the values above have been updated for the Performance Shares Awards granted under the LTIP in 2019 to reflect the price of 559p at vesting on 23 April 2022.

5 Pension contributions are made into the Group's defined contribution scheme, or at the election of the Director, as a cash allowance in lieu of a company pension contribution – Mr Dawson and Mr Paynter elected to receive such a cash allowance.

6 Dr. Doliveux's fee for 2022 includes the additional £225,000 paid to him in recognition of the additional time commitments from 28 January 2022 to 31 December 2022 as described on page 89.

7 Dr. Doliveux did not perform an Executive role during 2021 therefore received no Executive remuneration during 2021.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

2022 Annual Bonus

Each of Mr John Dawson and Mr Stuart Paynter was eligible to earn a bonus of up to 150% of salary for 2022, subject to the satisfaction of performance objectives, with Mr Dawson's bonus earned on a pro-rata basis for the period up to 27 May 2022.

Dr. Roch Doliveux was not eligible to earn a bonus for 2022.

Mr Dawson's bonus was based solely on Group objectives. Mr Paynter's bonus was based on Group objectives as regards 80% of the opportunity and personal objectives as regards 20% of the opportunity.

In January 2023, the Remuneration Committee met to consider the achievement of the 2022 objectives and the extent to which bonuses were earned for 2022.

Group objectives element

Performance against the applicable Group objectives for 2022 was as follows:

Objective and headline	Weighting	Performance assessed	Assessment against objective	% of bonus awarded
Align the Group's two locations for delivery to client				
To deliver to Homology Medicines as agreed and make them a satisfied client.	20%	The Group delivered a seamless transition of services to Homology Medicines throughout the formation of Oxford Biomedica Solutions. Homology Medicines batches, technical deliverables and revenue were all achieved as per the plan.		16%
To focus on change and best practice in Oxford Biomedica Solutions for service of AAV development and GMP manufacture.		Oxford Biomedica Solutions has transitioned from an in-house technical operations team to a service-organisation, servicing multiple clients with its AAV technology, of which Homology Medicines is one.		
To integrate back-office staff and systems to reduce demands for overhead costs.		Expenditure has been limited in back-office colleagues and systems. Focus has been on business development and onboarding the new AAV clients which Oxford Biomedica Solutions has attracted in 2022.		
To preserve the culture and capabilities of Oxford Biomedica Solutions.		The Oxford Biomedica Solutions team have continued to operate in their own style whilst taking account of the Group's goals. The Boston site scored highly in The Group's annual "Your Voice" employee survey. Retention remains consistent with levels prior to transaction.		
For Oxford Biomedica Solutions to operate independently of Homology Medicines and exit transitional services in a timely manner.		Oxford Biomedica Solutions has established its own capabilities for all support functions where it was previously reliant on Homology Medicines providing those services under a transitional arrangement. Homology Medicines continue to host some core IT systems, which will transition at the opportune time in vendor contracts.		
Deliver on client commitments				
To service the Group's clients to achieve agreed milestones and decision gates as agreed.	10%	The Group met several contractual milestone deliverables with payments triggered against these as agreed with clients.		10%
To maintain the Net Promoter Score (NPS) score of >40.		Oxford Biomedica ran a client satisfaction survey during 2022 and achieved a strong net promoter score, greater than 40.		
To ensure the fill and finish A suite at Oxbox is in use by clients in 2022.		Fill/finish was completed, validated and approved for use by the UK MHRA. A number of client batches were delivered through the fill/finish suite in Q4 2022.		

Key

Objective and headline	Weighting	Performance assessed	Assessment against objective	% of bonus awarded
Achieve the 2022 budget				
To achieve revenue targets as set by the budget approved by the Board.	30%	The financial year 2022 Group revenue budget was not achieved, partially due to the reduction in AZ vaccine revenue.		20%
To achieve EBITDA targets as set by the budget approved by the Board.		The financial year 2022 Group EBITDA was exceeded, as the shortfall in revenues was more than offset by reductions in costs achieved by active cost management and the gain on the sale of Windrush Court.		
To achieve cash flow targets as set by the budget approved by the Board.		Cash flow and cash-on-hand performed significantly above target as a result of the sale and leaseback of Windrush Court . There was also some deferred investment activity and a continued cautious approach to cash management.		
To achieve a target goal of sales for new projects recognised in 2022.		The target for sales for new projects recognised in 2022 was not fully met, despite securing several new projects, partly due to their timing, but also ambitious targets being set.		
To sign two contracts for AAV development programmes and GMP manufacturing.		The Group secured 4 new AAV clients in 2022, in addition to Homology Medicines, so exceeded this target.		
To enter 2023 with 60% of forecast revenues booked.		The Group entered 2023 with booked revenues as a percentage of the revenue target which did not meet the 60% objective.		
To maintain on budget delivery of planned 2022-23 strategic projects such as Windrush Innovation Centre (WIC), the Oxbox fallow area and digitisation projects.		Strategic projects have made progress in a timely manner. The major laboratory and manufacturing facilities investments are at a detail design stage. Timelines and expenditures have been purposefully constrained.		
Innovate the Group's AAV and lentiviral platforms				
To achieve five new inventions.	10%	The Group has achieved more than five discrete inventions in 2022 and has made filings to protect these.		10%
To launch Process C to the market.		Process C is an active part of client work today both in development and in GMP production, and is enjoying significant interest from prospects and clients alike.		
To exemplify a Group invention in a GMP setting.		A Group invention has been exemplified in a GMP setting.		
To demonstrate Process D (stable cell lines) in the platform manufacturing process.		Process D has been demonstrated to be effective in the platform manufacturing process with two exemplar stable cell lines.		
To demonstrate proof of principle for *in vivo* CAR-T products.		Proof-of-principle work was completed with encouraging results.		
To launch the Collaborative Training Partnerships (CTP) programme in the fourth quarter of 2022.		The CTP programme has been launched successfully in collaboration with the University of Oxford and University College London in 2022. The initial cohort, comprising a total of 7 funded projects which were selected by the CTP board and enjoyed a very healthy number of high quality applicants for all 7 projects that were progressed to cohort initiation. Significant progress was also made for cohort 2, where a total of 9 projects have been selected.		
Chart the Group's path to products				
To establish a strategy with delivery milestones for the products at the Group.	10%	A clear strategy for the formation and funding of TherapyCo was set in 2022. A team under the leadership of the Chief Medical Officer has established focused therapeutic areas and identified an *in vivo* CAR-T candidate for that business.		10%
To complete the efficacy evaluation of OXB-302.		Evaluation of OXB-302 was completed and further development was halted.		
To initiate pre-clinical development for one indication.		Pre-clinical development is initiated and ongoing.		
Nominate/identify an in vivo CAR-T candidate.		An *in vivo* CAR-T candidate has been identified as part of the TherapyCo formation and funding strategy.		

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Objective and headline	Weighting	Performance assessed	Assessment against objective	% of bonus awarded
Strengthen the Group's leadership and change capability				
To increase employee retention and satisfaction as measured through employee survey.	10%	Due to the Group's right-sizing activity, this objective was no longer relevant as some attrition was helpful to achieve headcount reductions. The Group focussed on ensuring this activity was managed in a way that employees impacted were well supported. A "Your Voice" employee engagement survey was undertaken in December in both Oxford and Boston locations.	✓	10%
To demonstrate an engrained approach to Equality, Diversity and Inclusion ("ED&I") through confirmation and communication of the three-year plan.		The three-year ED&I plan was communicated and year one actions implemented successfully. These included setting up an EDI working group who met regularly during the year, identifying data collection methods to allow greater reporting and monitoring abilities and drafting a set of new inclusive people policies that embrace diversity and aim to create a sense of belonging in the workplace.	✓	
To strengthen governance of change initiatives and CAPEX investments. **To create space and capabilities for strategic thinking for the senior leadership team.**		A senior leader session was held to review company values and discuss behaviours needed to drive a culture of high performance. In addition, all senior leaders attended a two-day training session focussed on leading teams and change. Discussions also focussed on how leadership can take a more focussed view on governance of major initiatives with new processes established to prioritise activities and see them through to completion.	✓	
To deliver on the year two of the three-year learning and development plan.		2022 saw the launch of three management development plan cohorts, a manager toolkit training designed and implemented, digital learning content piloted in multiple areas of the business, micro learning sessions launched to support apprentices and a discovery day programme designed and delivered to support early careers engagement.	✓	
Achieve the Group's ESG priorities				
For environmental impact: to establish a roadmap to net zero CO_2 by 2040.	10%	The Group, with help from the ESG Committee, set out a clear roadmap to net zero CO_2 emissions by 2040 in the second half of 2022. A supplier code of conduct was also launched.	✓	10%
Reduce packaging waste and volume of hazardous waste.		In line with the Group's long-term target, work continues with regard to reducing packaging waste by 2032. As regards liquid hazardous waste, the Group reduced the volume of waste by 49%.	✓	
Meet Task Force on Climate-related financial Disclosures metric targets.		The Group reviewed it's disclosures with regard to TCFD and sought expert input to develop an updated statement incorporating, amongst other things, physical risks that could impact the Group's Boston site. In addition, the Group assessed the top five suppliers to the Group and their reliance against physical climate risks. Further information can be found in the Group's TCFD statement in the ESG Report on pages 56 to 62.	✓	
For employee engagement: build on Workforce Engagement Panel success to bring employee views into change initiatives and business decision making.		New employee representatives were elected for the Group Workforce Engagement Panel, and new initiatives included continuous improvement projects, the launch of an informal recognition and employee engagement programme and an improved company communications mindset. Two colleagues from the Group's Boston site were asked to represent Oxford Biomedica Solutions on the WEP. In the final quarter of 2022, the Group launched its "Your Voice" survey enabling colleagues to share their views.	✓	
For governance: holistic approach to risk management to improve key decisions.		The Group's business continuity, crisis management and crisis communications plans were updated to ensure that they reflect today's environment. In addition, the Group implemented a transformation project specifically for the finance function to enhance the internal control environment – further details can be found in the Audit Committee report on pages 78 to 84.	✓	
Ensure environmental, quality and cyber security is thought about in all business activity.		The Group's senior leaders take a proactive and progressive stance on environment, quality and cyber matters. New initiatives and systems consider these drivers and "design-in" thinking to the solutions.	✓	

In aggregate, the Group objectives were achieved as to 86%.

Personal objectives element – Stuart Paynter

The personal element of the bonus for Mr Paynter was assessed by reference to the achievement of clear personal objectives and targets, which supported the strategic objectives of the business. The objectives and targets are considered by the Group to be commercially sensitive, as they will give the Group's competitors insight into its strategic plans, and so are not disclosed in detail. However, the principal areas of his personal objectives related to strengthening controls within the business, focusing investor relations activities in the US, supporting the CEO transition and refinancing the 1 year term loan from Oaktree.

The Remuneration Committee undertook a robust assessment of the achievements of Mr Paynter with respect to his personal objectives, and based on achievements against those objectives determined that they were satisfied as to 15% such that a bonus of 22.5% of salary was earned by reference to these objectives.

Overall bonus outturn

Accordingly, bonuses earned by John Dawson and Stuart Paynter in respect of 2022 were:

— Mr Dawson: £243,480 (129% of salary); and

— Mr Paynter: £428,637 (126% of salary).

The Remuneration Committee reviewed performance against the annual bonus out-turn and concluded the overall bonus payments to be appropriate. The bonuses will be paid 50% in cash and 50% in deferred share awards.

The deferred share awards are not subject to further performance targets and will become exercisable in three equal instalments on the first three anniversaries of the award date.

Non-Executive Directors

The following table shows the single total figures of remuneration for 2022 for the Non-Executive Directors and comparative figures for 2021. During 2022, Dr. Roch Doliveux was Non-Executive Chair for part of the year and Interim CEO for part of the year. We have disclosed his remuneration in the table for Executive Directors on page 95. Because the Non-Executive Directors do not receive any remuneration other than fees, no separate totals are included in the table below. Robert Ghenchev elected to receive no fees for his services as Director.

Fees (audited)	**2022 £'000**	2021 £'000
Dr. Roch Doliveux[1]	**–**	225
Dr. Andrew Heath[2]	**–**	26
Stuart Henderson	**85**	85
Dr. Heather Preston	**140[4]**	140[4]
Dr. Sam Rasty	**130[4]**	130[4]
Professor Dame Kay Davies[3]	**65**	54
Dr. Michael Hayden[3]	**130[4]**	83[4]
Catherine Moukheibir[3]	**140[4]**	4
Namrata Patel[3]	**47**	n/a
Total	**737**	**747**

1 Dr. Roch Doliveux's remuneration for 2022 is included in the Executive Directors single total figure of remuneration table on page 95.
2 Dr. Andrew Heath stepped down from the Board on 27 May 2021. In the table above his fees for 2021 are his fees to the date on which he stepped down from the Board.
3 Professor Dame Davies was appointed to the Board with effect from 1 March 2021. Dr. Michael Hayden was appointed to the Board with effect from 15 July 2021. Ms Moukheibir was appointed to the Board with effect from 14 December 2021. Namrata Patel was appointed to the Board with effect from 13 April 2022.
4 This includes the additional fee of £50,000 payable to Non-Executive Directors recruited from or based in the United States. The after tax amount of this additional fee was used to acquire shares at market value.

Aggregate Directors' emoluments	**2022 £'000**	2021 £'000
Salaries	**980**	765
Benefits	**16**	22
Pension/cash alternative	**79**	115
LTIP	**157**	1,057
Bonuses	**672**	960
Non-Executive Directors fees	**737**	747
Total	**2,641**	**3,666**

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Performance Shares Awards granted under the LTIP and vesting in respect of performance in 2022

(audited)

2019 Awards

Performance Shares Awards were granted under the LTIP on 18 April 2019 to John Dawson and Stuart Paynter when the share price was 704.6p. The performance conditions were based on growth in revenue between 2018 and 2021 as regards 50% of the award and growth in share price over the three years starting with the date of grant as regards 50% of the award.

The revenue performance condition was assessed following the end of 2021 and in the 2021 Directors' Remuneration Report, the vesting was estimated to be 100%, but with final vesting to be confirmed in 2022 following the end of the share price performance period. The Remuneration Committee confirmed the vesting outturn of 100% on 28 March 2022.

Accordingly, the value included in the 2021 single total figure of remuneration in respect of this element of the 2019 awards has been updated to reflect the price at vesting.

The share price performance condition was as follows:

Compound annual growth rate of the company's share price over the three-year period starting with the date of grant[1]	**Percentage of the award subject to the share price measure that will vest**
Less than 10%	0%
10% (i.e. 33% over 3 years)	25%
Between 10% and 17.5%	Calculated on a straight line basis between 25% and 100%
17.5% or more (i.e. 63% over 3 years)	100%

[1] The starting price is 704.6p being the average share price over the five business days preceding the date of grant.

Over the three-year performance period, the compound annual growth rate of the Company's share price was –9%. Because the threshold level of share price performance was not achieved, this element of the 2019 awards lapsed. Accordingly, no value is included in the 2022 single total figure of remuneration in respect of this element of the 2019 awards.

2020 Awards

Performance Shares Awards were granted under the LTIP on 26 June 2020 to John Dawson and Stuart Paynter when the share price was 760p. The performance conditions were based on growth in revenue between 2019 and 2022 as regards 50% of the award and growth in share price over the three years starting with the date of grant as regards 50% of the award.

The share price performance condition will be assessed in June 2023 and the vesting outturn in respect of that element will be confirmed in the 2023 Directors' Remuneration Report.

The revenue growth performance condition was as follows:

Compound annual growth rate of the company's revenue between 2019 and 2022	**Percentage of the award subject to the share price measure that will vest**
Less than 15%	0%
15% (i.e. 52.1% over 3 years)	25%
Between 15% and 24%	Calculated on a straight-line basis between 25% and 100%
24% or more (i.e. 90.7% over 3 years)	100%

Over the three-year performance period, the compound annual growth rate of the Group's revenue was 29.9% resulting in an estimated vesting outturn of 100%.

For the purposes of the single total figure of remuneration table the value of these awards is calculated as follows.

Executive Director	Shares subject to award	Shares subject to the revenue performance condition[1]	Estimated vesting outturn of the elements of the awards subject to the revenue performance condition	Estimated number of shares that will vest by reference to the revenue performance condition[1,2]	Value of the shares included in the single total figure of remuneration[3]
John Dawson	70,805	35,402	100%	28,519	101,477
Stuart Paynter	31,500	15,750	100%	15,750	56,043

[1] As noted above, the share price performance condition will be assessed in June 2023 so that only the element of the award subject to the revenue performance condition is included in this table.

[2] In the case of Mr Dawson, this is the estimated number of shares that will vest which are attributable to his service in the performance period as a Director up until 27 May 2022.

[3] The awards will not vest until the share price performance condition has been assessed. In line with the applicable regulations, the share price for these purposes is taken to be the average share price over October, November and December 2022, being 356p. As that average share price is less than the share price at the date of grant of the awards (760p), the value is not split between that attributable to the share price at grant and that attributable to growth in share price.

The awards are also subject to a performance underpin, such that they would vest only to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it. The Remuneration Committee will review performance against this underpin following the end of the share price performance period.

Performance Shares Awards granted under the LTIP during 2022

(audited)

On 29 April 2022, Stuart Paynter was awarded a Performance Shares Award under the LTIP as follows:

	Basis of award (% of salary)	Number of shares under award	Face value of grant
Stuart Paynter	155%	96,100	£528,550

As noted in the statement from the Remuneration Committee Chair, Stuart Paynter's LTIP award for 2022 was scaled back to 155% of salary. The number of shares under award was calculated by reference to the average share price of 550p in the five business days prior to the date of the award. Neither John Dawson nor Dr. Roch Doliveux received an LTIP award in respect of 2022.

Mr Paynter's award is a nil cost option and is subject to a three-year vesting period. It is subject to the achievement of the performance conditions based on relative Total Shareholder Return, growth in revenue and strategic milestones set out below.

TSR and Revenue performance conditions

Vesting amount	TSR[1] – relative TSR performance (40% of the award)	Revenue[2] – compound annual growth rate (40% of the award)
0%	Below median	Less than 15%
25%	Median	15%
100%	Upper quartile	30%

[1] Company's TSR over a three-year performance period relative to the TSR performance of companies in the NASDAQ Biotechnology Index. TSR will be assessed over a three-year period from the date of grant of the awards, with a three-month averaging period applied.
[2] Assessed over the three financial-year performance period 2022–2024.

Strategic milestones performance conditions (20% of the award)

The measures and targets relating to these performance conditions are commercially sensitive and will be disclosed when this is no longer the case, and no later than when the awards vest. The measures are aligned with the Group's strategy with the level of vesting determined by reference to the achievements, with 25% vesting for delivery of a threshold milestone.

A performance underpin also applies, such that the award will only vest to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it.

Although the award will vest following the assessment of the performance period (subject to satisfaction of the performance conditions), it cannot be exercised until the end of a further holding period of two years.

Statement of Directors' shareholding and share interests

(audited)

The Remuneration Committee has adopted a shareholding guideline for the Executive Directors, which specifies a shareholding equivalent to 200% of base salary. Because Dr. Roch Doliveux was appointed as CEO on an interim basis, he is not subject to this guideline. As John Dawson retired from the Board in May 2022 his satisfaction of the guideline at 31 December is not stated; in line with the Directors' Remuneration Policy certain of his incentive awards remain subject to post-cessation shareholding rules.

The value of the shares as at 31 December 2022 has been determined based on a share price of 442.50p (being the prevailing closing share price on 30 December 2022). Under this criteria Mr Paynter is working towards meeting this guideline.

The interests in shares of the Directors who served during the year as at 31 December 2022 were as set out below. Consistent with the approach to the single total figure of remuneration, we have included Dr. Doliveux in the Non-Executive Directors section.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

	Shares held outright		Vested but unexercised options		Deferred bonus plan not yet exercisable		Unvested Performance Shares Awards subject to performance conditions	
Executive Directors	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
John Dawson[1]	**203,551**	90,343	**544,404**	553,820	**73,467**	46,349	**151,265**	224,001
Stuart Paynter	**14,657**	10,742	**172,057**	101,462	**46,349**	26,582	**175,566**	111,824
Non-Executive Directors								
Dr. Roch Doliveux	**335,675**	125,000						
Stuart Henderson	**9,862**	8,862						
Dr. Heather Preston	**11,614**	2,235						
Robert Ghenchev[2]	**–**	–						
Dr. Sam Rasty	**11,614**	2,235						
Professor Dame Kay Davies	**–**	–						
Dr. Michael Hayden	**11,289**	1,910						
Catherine Moukheibir	**11,846**	–						
Namrata Patel	**7,500**	n/a						

[1] Mr Dawson retired from the Board on 27 May 2022.
[2] Mr Ghenchev is Head of Growth Equity at Novo Holdings which has a holding of 8,253,000 shares.

Reflecting best practice, the Remuneration Committee has adopted, with effect from 1 January 2019, a post-cessation shareholding guideline, as set out in the Directors' Remuneration Policy.

During 2022 the following options have vested and lapsed:

LTIP	Unvested at 1 January 2022	Vesting during 2022	Lapsed during 2022	Awarded during 2022	Unvested at 31 December 2022[1]
John Dawson	224,001	36,368	36,368	–	151,265
Stuart Paynter	111,824	16,179	16,179	96,100	175,566

Deferred bonus	Not exercisable at 1 January 2022	Becomes exercisable during 2022	Awarded during 2022	Not exercisable at 31 December 2022[1]
John Dawson	46,350	25,001	52,118	73,467
Stuart Paynter	26,132	14,954	35,171	46,349

[1] In the case of Mr Dawson the figures are stated as at 27 May 2022, the date on which he retired from the Board.

During 2022, John Dawson exercised options over 132,000 shares. Stuart Paynter did not exercise any options in 2022. John Dawson and Stuart Paynter did not exercise any options in 2021.

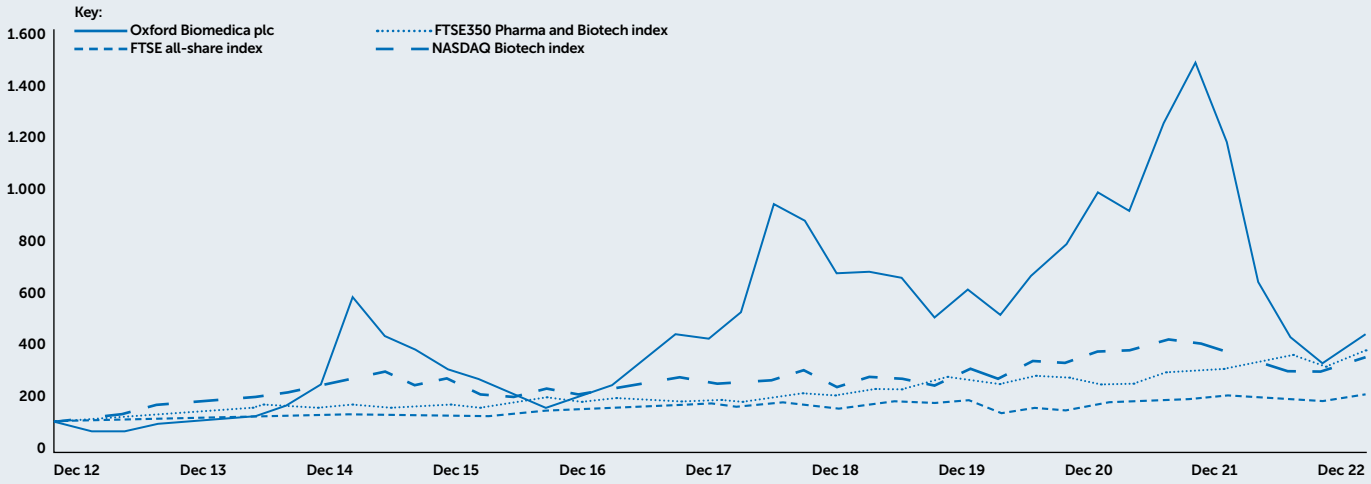
Payment to past Directors and payments for loss of office

(audited)

As reported in the 2021 Directors' Remuneration, John Dawson retired from the Board on 27 May 2022 and from the Group on 17 January 2023. His remuneration to 27 May 2022 was £566,000 and is included in the single total figure of remuneration table on page 95, including his bonus earned to that date (which is his full bonus for the year) and the pro-rata portion of his LTIPs vesting by reference to performance in the year. From 28 May 2022 until 17 January 2023, Mr Dawson continued to receive his salary, pension and benefits. Information in relation to the treatment of Mr Dawson's incentive awards in connection with his retirement was included on page 106 of the 2021 Directors' Remuneration Report. No other payments to past directors or payments for loss of office were made in the year.

Performance graph and comparison with CEO's remuneration

The chart below illustrates the Company's TSR performance since January 2013 relative to the FTSE all-share index, the FTSE350 Pharma and Biotech index and the NASDAQ Biotech index. The FTSE all-share index has been selected because it represents a broad-based measure of investment return from equities. The FTSE350 Pharma and Biotech index, comprising Pharma and biotech companies listed in the UK and are constituents of the FTSE350 index, and the NASDAQ Biotech index in the United States (NASDAQ Biotech) market, provide further benchmarks that are more specific comparators.



CEO's remuneration in last ten years

Year		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
											John Dawson[2]	Roch Doliveux[2]
CEO's total single figure of remuneration	£'000	468	680	732	653	811	1,311	1,220	1,258	1,828	104	417
LTIP vesting	% of maximum	0%	0%	100%	50%	25%	80%	100%	62%	42%[1]	50%	N/A
Annual bonus	% of maximum	30%	75%	42%	50%	85%	92%	70%	85%	84%	86%	N/A

[1] The vesting percentage has been calculated by calculating the weighted average vesting percentage of the 2018 LTIP award and the revenue element of the 2019 LTIP award.

[2] In 2022, Dr. Doliveux was interim CEO from 28 January 2022. Therefore, the CEO's total single figure of remuneration is shown separately for Mr Dawson's remuneration from 1 January 2022 to 27 January 2022 (calculated on a pro-rata basis) and Dr. Doliveux's remuneration from 28 January 2022 until 31 December 2022 (calculated on a pro-rata basis). Dr. Doliveux did not participate in an LTIP that vested by reference to performance in 2022 or the 2022 annual bonus or any pension arrangement. For Mr Dawson: (1) the LTIP vesting has been calculated by the weighted average vesting percentage of the share price element of the 2019 LTIP award and the revenue element of the 2020 LTIP award in which Mr Dawson participated; and (2) the annual bonus is calculated by reference to Mr Dawson's bonus.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Percentage change in remuneration of Directors and employees

The table below shows the percentage change in salary/fees, benefits and bonus between 2019, 2020, 2021 and 2022 for the Directors. Ms Namrata Patel was appointed during 2022 and, accordingly, has been excluded from the table below. Robert Ghenchev did not receive any remuneration for his role, and accordingly has been excluded from the table below. The average percentage change in the same elements of remuneration over the same period are in respect of a comparator group of employees. The regulations require that the comparator group is all employees of the Company; however, as the Company (Oxford Biomedica Plc) has no employees and for consistency with prior years the Remuneration Committee has chosen as the comparator group all those employees other than the Directors who were employed by Oxford Biomedica UK Ltd throughout the whole of the relevant years.

	Salary/Fees			Benefits			Bonus		
Year	2021/22 % change	2020/21 % change	2019/20 % change	2021/22 % change	2020/21 % change	2019/20 % change	2021/22 % change	2020/21 % change	2019/20 % change
John Dawson[1]	–58	6	5	–60	0	0	–58	25	27
Stuart Paynter	10	30	5	0	0	0	11	47	28
Dr. Roch Doliveux[2]	100	89	N/A	N/A	–	N/A	N/A	–	N/A
Stuart Henderson	0	27	3	N/A	–	–	N/A	–	–
Dr. Heather Preston	0	109	3	N/A	–	–	N/A	–	–
Dr. Sam Rasty[3]	0	1,757	N/A	N/A	–	N/A	N/A	–	N/A
Professor Dame Kay Davies[4]	20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Michael Hayden[4]	57	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Catherine Moukheibir[4]	3,400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Namrata Patel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comparator employee group	11	8	9	(10)	9	11	11	22	98

1 John Dawson retired from the Board on 27 May 2022 and his remuneration for this disclosure is that earned to that date. The reduction in his remuneration between 2021 and 2022 reflects that 2022 was a part year only.
2 Dr. Doliveux was appointed as a Director in June 2020. The increase in his fees between 2020 and 2021 reflects that 2020 was a part year only. The increase in Dr. Doliveux's fees between 2021 and 2022 reflect the payment of an additional fee in respect of 2022 having regard to his additional time commitments in 2022, as described on page 89.
3 Dr. Rasty was appointed as Director in December 2020. The increase in his fees between 2020 and 2021 reflects that 2020 was a part year only.
4 Professor Dame Davies, Dr. Hayden and Ms Moukheibir were appointed to the Board in 2021. The increase in their fees between 2021 and 2022 reflects that 2021 was a part year only.

CEO's pay ratio

The table below sets out the CEO's pay ratio at the 25th, median and 75th percentile employee within the organisation. The Group used Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as this calculation methodology for the ratios was considered to be the most accurate method. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent remuneration for all UK employees as at the end of 2018, 2019, 2020, 2021 and 2022 respectively. In 2022, Dr. Roch Doliveux was interim CEO from 28 January 2022. Given the significant proportion of the year for which he was interim CEO, the CEO's remuneration for 2022 is his remuneration, albeit for the full year and not only for the period from 28 January.

Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Company's all-employee share plan. From 2020 all eligible employees (previously only certain employees) may participate in discretionary bonus schemes. The Group aims to provide a competitive remuneration package which is appropriate to promote the long-term success of the Group and to apply this policy fairly and consistently to attract and motivate employees. The Group considers the median pay ratio to be consistent with the Group's wider policies on employee pay, reward and progression. As noted above, given the significant proportion of the year for which Dr. Doliveux was interim CEO, the 2022 ratios are calculated by reference to his remuneration (for the full year); the reduction in the ratios compared to 2021 reflects that Dr. Doliveux does not participate in any variable pay arrangement.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2018	Option A	1:48	1:37	1:27
2019	Option A	1:42	1:32	1:24
2020	Option A	1:40	1:30	1:23
2021	Option A	1:59	1:44	1:32
2022	Option A	1:13	1:10	1:7

Pay details for the individuals are set out below:

2018	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£380	£25	£32	£44
Total remuneration (£'000)	**£1,311**	**£27**	**£35**	**£48**

2019	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£410	£26	£35	£45
Total remuneration (£'000)	**£1,220**	**£29**	**£38**	**£50**

2020	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£431	£28	£37	£47
Total remuneration (£'000)	**£1,258**	**£31**	**£42**	**£55**

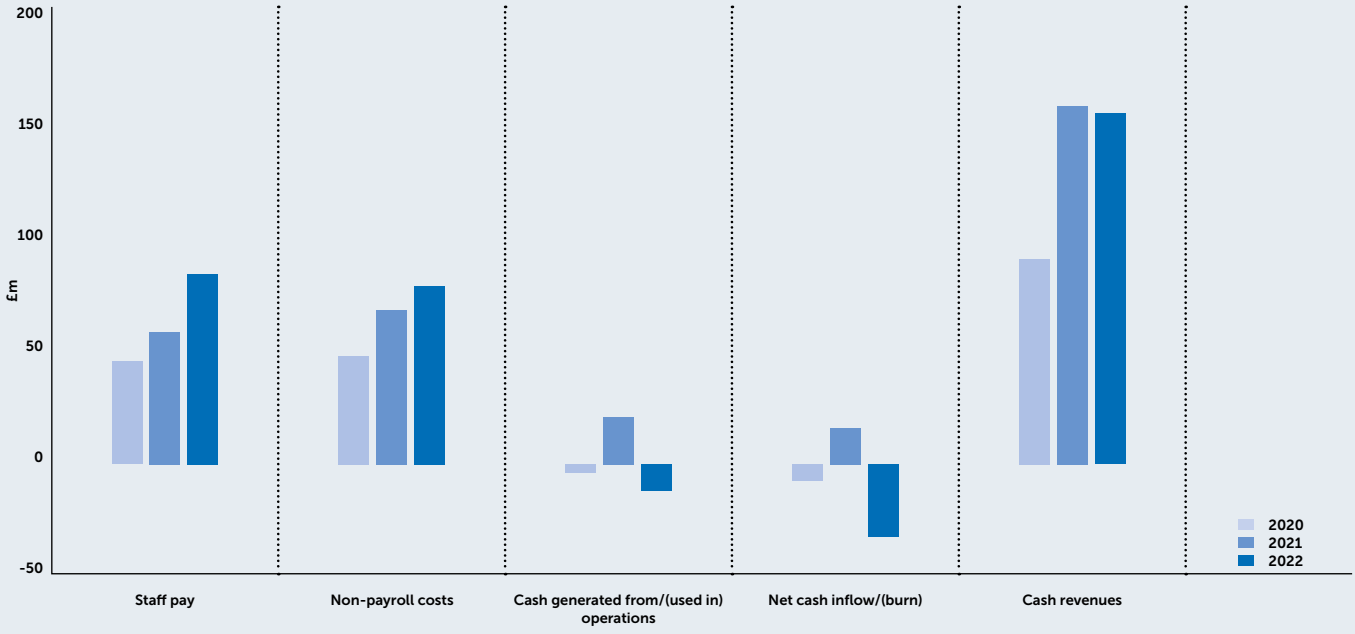
2021	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£455	£27	£36	£50
Total remuneration (£'000)	**£1,828**	**£31**	**£42**	**£57**

2022	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£450	£31	£40	£54
Total remuneration (£'000)	**£450**	**£36**	**£46**	**£62**

Relative importance of spend on pay

The chart below illustrates the spend on employee remuneration compared with the Group's key cash measures. Since the Group does not make dividend or other distributions, these have not been included in the table.

The Group's key cash measures were chosen by the Directors because they illustrate very clearly the importance of employee remuneration as a fundamental element of operational spend and activities, as well as the continued investment of the business in its people. The key cash measure amounts were identified as being:



DIRECTORS' REMUNERATION REPORT (CONTINUED)

Approach to Directors' Remuneration in 2023

The Company's approach to Directors' Remuneration in 2023 is set out in the statement from the Remuneration Committee Chair on pages 89 to 93.

Statement of voting at AGM

At the 2022 AGM, the 2021 Directors' Remuneration Report was approved by shareholders as follows:

Resolution	Votes for (including discretionary)	% for	Votes against	% against	Total votes cast (excluding votes withheld)	Votes withheld (abstentions)
Approval of the Directors' Remuneration Report	57,808,878	80.73	13,801,220	19.27%	71,610,098	834,739

At the 2021 AGM, the 2020 Directors' Remuneration Policy was approved by shareholders as follows:

Resolution	Votes for (including discretionary)	% for	Votes against	% against	Total votes cast (excluding votes withheld)	Votes withheld (abstentions)
Approval of the Directors' Remuneration Policy	46,437,980	80.95%	10,926,461	19.05%	57,364,441	1,039,205

Advisers to the Remuneration Committee

Deloitte LLP acted as adviser to the Remuneration Committee during 2022. Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code of Conduct in relation to Executive remuneration consulting in the UK. Deloitte's fees for advice to the Remuneration Committee during 2022 were £31,000 plus VAT. The advice received from Deloitte LLP was both objective and independent. Deloitte also advised the Group on below Board remuneration, on the operation of its share plans, on the design of a sales incentive plan, on corporate tax and related matters, on the tax treatment of internationally mobile employees, and on the tax treatment of non-UK resident Directors during 2022.

The Remuneration Committee reviewed the potential conflicts of interest and the safeguards against them and is satisfied that Deloitte does not have any such interests or connections with the Group that may impair independence.

Dr. Heather Preston
Chair, Remuneration Committee

25 April 2023

Directors' Remuneration Policy

We have included below the parts of the Directors' Remuneration Policy that we think shareholders will find most useful, but with the table of service contracts updated to reflect the current circumstances and certain date specific references updated. The full Policy as approved at the AGM on 27 May 2021 is included in the Company's Directors' Remuneration Report for the year ended 31 December 2020, which is available on the Company's website at www.oxb.com.

Policy table

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Executive Directors			
Base salary			
To provide a base salary which is sufficient to attract and retain Executive Directors of a suitable calibre.	Base salaries are initially set by reference to market information at the time of appointment and taking into account the experience and previous package of the new Executive Director. Base salaries are normally reviewed annually taking into account a number of factors which may include (but are not limited to): underlying Group performance; role, experience and individual performance; competitive salary levels and market forces; and pay and conditions elsewhere in the Group. Any changes are normally effective from 1 January.	While there is no maximum salary, increases will normally be in line with the level of salary increase awarded (in percentage of salary terms) to other employees in the Group. Salary increases above this level may be awarded in appropriate circumstances, such as, but not limited to: – where an Executive Director has been promoted or has had a change in scope or responsibility; – to reflect an individual's development or performance in role (e.g. to align a newly appointed Executive Director's salary with the market over time); – where there has been a change in market practice; or – where there has been a change in size and/or complexity of the business. Such increases may be implemented over such time period as the Remuneration Committee deems appropriate.	While no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase.
Benefits			
To provide benefits on a market competitive basis.	Benefits are provided in line with market practice and may include medical insurance (including for the Executive Director's spouse or partner and dependants), life assurance, permanent health insurance, provision of a company car or a car allowance, assistance with the preparation of tax returns, tax equalisation arrangements, other benefits consistent with those typically offered in their country of residence and other appropriate benefits determined by the Remuneration Committee. Additional benefits may be provided based on individual circumstances, including the location of the Executive Director. These may include, for example, travel expenses.	There is no predetermined maximum but the totals are reviewed annually by the Remuneration Committee.	Not applicable.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Retirement benefits			
To provide funding for retirement.	The Group operates a defined contribution scheme for all employees, including Executive Directors. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement instead of some or all of the contributions to a pension plan. Non-UK national Executive Directors may be permitted to participate in home country pension arrangements where appropriate.	Any Executive Director appointed before 1 January 2021. A maximum employer contribution or cash supplement (or combination thereof): – of 15% of base salary up to 31 December 2022; and – with effect from 1 January 2023, not exceeding the contribution available to the wider workforce (currently 7.5%). Any Executive Director appointed after 1 January 2021. A maximum employer contribution or cash supplement (or combination thereof) not exceeding the contribution available to the wider workforce (currently 7.5%).	Not applicable.
Sharesave scheme			
To create alignment with the Group and promote a sense of ownership.	Executive Directors are entitled to participate in a tax qualifying all employee Sharesave scheme under which they may make monthly savings contributions over a period of three or five years linked to the grant of an option over the Company's shares with an option price which can be at a discount of up to 20% to the market value of shares at grant (or such other discount as may be permitted by the applicable legislation from time to time). Executive Directors will be able to participate on the same basis as other qualifying employees in any other all-employee share scheme adopted by the Group.	For the Sharesave scheme, participation limits and the level of discount permitted in setting the exercise price are those set by the UK tax authorities from time to time. For any other all-employee share plan, the maximum will be determined in accordance with the plan rules and will be the same as for other qualifying employees.	Not subject to performance measures in line with usual practice.

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Annual bonus			
To incentivise and reward delivery of the Group's objectives. Delivery of part of the bonus in deferred shares aligns the incentive package with shareholders' interests.	Bonus targets and measures are typically reviewed annually and any pay-out is determined by the Remuneration Committee after the year end. The Remuneration Committee has discretion to amend the pay-out should: (1) any potential pay-out not reflect the Remuneration Committee's assessment of overall performance; (2) any potential pay-out be inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the performance period; or (3) there be any other reason why an amendment is appropriate. Ordinarily, 50% of the bonus is delivered as cash and 50% is delivered in deferred shares. The Remuneration Committee may permit or require the deferral of a greater proportion of any bonus earned. Deferred shares ordinarily become exercisable in three equal instalments on the first, second and third anniversaries of the award. The deferred shares are not subject to further performance targets. Additional shares may be awarded in respect of deferred shares to reflect the value of dividends over the deferral period. These dividend equivalents may assume the reinvestment of dividends into shares on a cumulative basis. Recovery provisions apply as summarised on the next page.	Any Overseas Executive Director The maximum bonus opportunity is 200% of base salary. Any Executive Director appointed before 1 January 2021 and any Executive Director appointed after that date who is not an Overseas Executive Director The maximum bonus opportunity is 150% of base salary.	The performance metrics may be based on financial or strategic objectives (which may include ESG metrics and individual objectives). Metrics and targets are set by the Remuneration Committee taking into account the strategic needs of the business. Financial objectives are typically assessed over a financial year, but may be assessed over part of the year. Given the nature of the business, these objectives and metrics may change significantly each year. There is no minimum bonus earned if threshold performance is not met. For financial metrics, up to 50% of the maximum which may be earned for a metric is earned for on-target performance, rising to 100% for meeting or exceeding the maximum level of performance. For strategic objectives, the bonus will be earned between 0% and 100% based on the Remuneration Committee's assessment of the extent to which the objective has been achieved.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Long Term Incentives			
To augment shareholder alignment by providing Executive Directors with longer term interests in shares whilst requiring challenging performance before the awards vest.	At the discretion of the Remuneration Committee, annual grants of nil or nominal cost shares awards ("Performance Shares Awards") which vest subject to the achievement of performance targets, typically assessed over a three-year performance period. Holding period Vested shares will be subject to a holding period of two years after vesting before they are "released". The holding period will be structured either on the basis that: (1) the Executive Director is not entitled to acquire shares until the end of it; or (2) the Executive Director is entitled to acquire shares following vesting but that (other than as regards sales to cover tax liabilities and any exercise price) the Executive Director is not able to dispose of those shares until the end of it. Dividend equivalents Additional shares may be awarded in respect of any Performance Shares Award to reflect the value of dividends over the period between the grant and the date on which the Executive Director is first able to acquire the vested shares. These dividend equivalents may assume the reinvestment of dividends into shares on a cumulative basis. Recovery provisions apply as summarised below.	Any Overseas Executive Director. The maximum Performance Shares Award in respect of a financial year is 500% of base salary. Any Executive Director appointed before 1 January 2021 and any Executive Director appointed after that date who is not an Overseas Executive Director. The maximum Performance Shares Award is: – 175% of base salary in respect of a financial year for an Executive Director other than the CEO; and – 200% of base salary in respect of a financial year for the CEO.	Performance conditions will be based on financial measures or the achievement of strategic objectives (which may include ESG metrics). Financial measures may include (but are not limited to) share price and revenue measures. The Remuneration Committee has discretion to amend the formulaic vesting out-turn should: (1) any formulaic output not reflect the Remuneration Committee's assessment of overall performance; (2) any formulaic output be inappropriate in the context of circumstances that were unexpected or unforeseen at the date of grant; or (3) there be any other reason why an amendment is appropriate. For the achievement of threshold performance in respect of a financial measure, up to 25% of the award will vest rising to 100% of the award vesting for achieving or exceeding maximum performance; for below threshold performance, none of the award will vest. For strategic measures, vesting will be determined between 0% and 100% depending upon the Remuneration Committee's assessment of the extent to which the measure has been achieved.

Notes to the policy table

Recovery provisions

The annual bonus and long-term incentive awards are subject to malus and clawback provisions as follows:

Annual bonus:

For up to two years following the payment of an annual bonus award the Remuneration Committee may require the repayment of some or all of the cash award in the relevant circumstances (clawback). Deferred bonus awards which have not yet become exercisable may be cancelled or reduced in the relevant circumstances (malus). For up to one year following the first instalment of deferred shares becoming exercisable, the Remuneration Committee may require the repayment of some or all of the deferred shares in the relevant circumstances (clawback).

Long term incentive awards:

The Remuneration Committee has the right to reduce, cancel or impose further conditions on unvested awards in the relevant circumstances (malus). For up to two years following the vesting of a long term incentive award the Remuneration Committee may require the repayment of some or all of the award in the relevant circumstances (clawback).

Circumstances in which malus and/or clawback may be applied malus or clawback may be applied in the event of:

- A material misstatement of the Group's financial results;
- An error in the information or assumptions on which the award was granted or vests including an error in assessing any applicable performance conditions;
- A material failure of risk management by the Group;
- Serious reputational damage to the Group;
- Material misconduct on the part of the participant; or
- Material corporate failure.

Share ownership guidelines

To align Executives with shareholders and provide an ongoing incentive for continued performance, the Remuneration Committee has adopted formal share ownership guidelines, which apply both during and after employment.

Shareholding guidelines during employment

Executive Directors are required to build and maintain a minimum level of shareholding equal to their normal annual LTIP opportunity. Executive Directors will be required to retain half of any post-tax (and if relevant, post exercise price) awards which vest under the long-term incentive plans, and half of any post-tax deferred shares becoming exercisable under the annual bonus, until the share ownership guideline has been satisfied. Shares which are fully owned with no outstanding vesting criteria count towards the shareholding guideline together with deferred annual bonus shares and shares subject to Performance Shares Awards which have vested but which are in a holding period (in each case, on a net of tax basis).

Shareholding requirement after employment

Shares are subject to this requirement only if they are acquired from long term incentive or deferred bonus awards granted after 1 January 2019. Following employment, an Executive Director must retain such of the relevant shares as have a value at cessation equal to their in-service shareholding requirement, with the required holding tapering to zero over a two-year period. If the Executive Director holds less than the required number of relevant shares at any time, they will be required to retain all of those shares.

Performance targets and metrics

Performance targets for the annual bonus are set by the Remuneration Committee after taking into account the strategic needs of the business. A key component of the Group's strategy is to develop cell and gene therapy products from pre- clinical proof of concept through to the end of Phase I or Phase II clinical studies before partnering or out-licencing. Annual bonus targets for a particular year are therefore likely to include specific product development targets depending on the stage of development of each opportunity. The annual bonus objectives are also likely to include targets related to generating recurring revenues such as from manufacturing or development services to third parties.

The performance metrics for long term incentives are determined to ensure that the most appropriate targets are set for the Group's situation at the time. The approach to performance measures for the awards to be granted in 2023 is set out on page 92. It is the Group's current intention that up to 30% of the overall long term incentive opportunity may be based on the delivery of specific strategic milestones in the future. It is intended that there will continue to be a performance underpin, such that the awards will only vest to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it.

The Remuneration Committee retains the ability to adjust or set different performance measures if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business, or a change in prevailing market conditions) which cause the Remuneration Committee to determine that the measures are no longer appropriate, and that amendment is required so that they achieve their original purpose.

Operation of share plans

Awards and options may be adjusted in the event of a variation of share capital or other relevant event in accordance with the rules of the applicable share plan. The Group's share plans may be operated in accordance with their terms, including that awards may be granted as cash based awards over a notional number of shares, and that share awards may be settled in whole or in part in cash at the election of the Remuneration Committee; the Remuneration Committee would only use these cash provisions for operational flexibility, for example if a regulatory restriction in any territory prevented the Company from offering shares to an Executive Director. Where a long-term incentive award is granted as a "Market Value Option" as referred to in the "Approach to recruitment remuneration" section below, it may be settled on the basis that the participant receives for nil-cost a number of shares with a market value equal to the "gain" at exercise in the vested shares.

Differences in remuneration policy for all employees

The structure of the reward package for the wider employee population is based on the principle that it should be sufficient to attract and retain the best talent and be competitive within the biotech sector, remunerating employees for their contribution linked to the Group's holistic performance.

All employees receive a base salary and are entitled to participate in benefits, including the Group's defined contribution pension scheme to which the Group contributes.

In 2020, the Group introduced a Group-wide cash bonus scheme which will give employees at all levels the opportunity to share in the success of the Group by receiving a cash bonus linked to their grade level and their own personal performance. The maximum bonus receivable varies between the participating employees. 50% of the bonuses of the Executive Directors' and Senior Executive Team are delivered in deferred shares, whereas all other staff receive 100% of their bonuses in cash.

Where possible, the Group also encourages employee share ownership through a number of share plans that allow employees to benefit from the Group's success. Generally speaking, a much higher proportion of total remuneration for the Executive Directors is linked to business performance, compared to the rest of the employee population, so that remuneration will increase or decrease in line with business performance and to align the interests of Executive Directors and shareholders.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Consideration of employment conditions elsewhere in the Group

Each year the Remuneration Committee is briefed on the structure and quantum of the all-employee remuneration framework as well as throughout the year being informed about the context, challenges and opportunities relating to the remuneration of the wider workforce to enable the Remuneration Committee to consider the broader employee context when making Executive remuneration decisions.

The Chief Executive Officer determines the overall salary increases and bonuses for all employees, other than the Executive Directors, the Senior Executive Team and Company Secretary which are subject to the approval of the Remuneration Committee. The Group is committed to offering highly competitive reward packages for all employees. Every year, the Group benchmarks salaries and benefits against the local biotech and pharmaceutical market which informs the decision making process. The Chief Executive Officer discusses the overall increase in payroll cost and the total amount to be paid in bonuses with the Chair of the Remuneration Committee before implementing the salary increases and bonuses.

The Remuneration Committee spent considerable time in the second half of 2020 formulating this Remuneration Policy (set out on pages 107 to 110) which included canvassing the views of shareholders. Post consultation the Remuneration Committee engaged with the workforce on the Policy and Executive pay via the WEP in compliance with Provision 41 of the Corporate Governance Code.

Component and purpose	Operation	Maximum potential
Non-Executive Directors		
Non-Executive Directors' fees and benefits		
To compensate Non-Executive Directors for their services to the Group.	The Chair's fees are set by the Remuneration Committee. The fees of other Non-Executive Directors are determined by the Board. The Chair and Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, assistance with the preparation of tax returns, or other benefits that may be appropriate. Travel and accommodation expenses in connection with attendance by the Chair and Non-Executive Directors at Board meetings (and any tax thereon) are paid by the Company. The Chair and Non-Executive Directors do not participate in any of the Group's incentive plans and do not receive pension contributions.	There is no overall maximum, but fees are set taking into account the responsibilities of the role and expected time commitment. Base fee and additional fees Non-Executive Directors receive a base fee, with additional fees for chairing Board Committees and holding the office of Senior Independent Director. Supplementary fees may be paid for other responsibilities or time commitments. Additional fees for Non-Executive Directors based outside the UK An additional fee may be paid to any Non-Executive Director outside the UK to recognise the additional time commitment associated with their role. An additional fee of up to £50,000 per annum may be paid to any Non-Executive Director recruited from or based in the United States to reflect market levels of remuneration in the United States for Non-Executive Directors, subject to their agreement that the after tax amount of this additional fee will be applied in the acquisition of shares at market value which must be retained for at least 12 months from acquisition.

Service contracts and policy on payment for loss of office

Executive Directors' service contracts are subject to 12 months' notice from both the Group and from the Director. Executive Directors may be required to work during the notice period or be paid in lieu of notice if not required to work for the full notice period.

The details of service contracts and letters of appointment of those who served as Directors during the year are:

Service contracts		Contract date	Unexpired term at 31 December 2022	Notice period
John Dawson[1]	10 October 2008	N/A	N/A	12 month
Frank Mathias[2]	27 March 2023	N/A	N/A	12 month
Stuart Paynter	29 August 2017	N/A	12 months	12 months

Letters of appointment	Date of appointment	Unexpired term at 31 December 2022	Notice period
Dr. Roch Doliveux	24 June 2020	5 months	3 months
Stuart Henderson	1 June 2016	29 months	3 months
Dr. Heather Preston	15 March 2018	3 months	3 months
Robert Ghenchev	24 June 2019	N/A	3 months
Dr. Sam Rasty	1 December 2020	11 months	3 months
Professor Dame Kay Davis	1 March 2021	14 months	3 months
Dr. Michael Hayden	15 July 2021	19 months	3 months
Catherine Moukheibir	14 December 2021	23 months	3 months
Namrata Patel	13 April 2022	28 months	3 months

[1] John Dawson retired from the Board on 27 May 2022.
[2] Dr. Frank Mathias joined the Board on 27 March 2023.

All Directors are subject to re-election by shareholders on an annual basis.

The principles on which the determination of payments for loss of office will be approached are set out below:

Policy	
Payment in lieu of notice	Contractual termination payments may not exceed the Director's current salary and benefits (including pension contributions and any applicable salary supplement) for the notice period. Alternatively, the Company may continue to provide the relevant benefits.
Annual Bonus	This will be at the discretion of the Remuneration Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be pro-rated for time in service during the bonus period and will, subject to performance, be paid at the usual time (although the Remuneration Committee retains discretion to pay the bonus earlier in appropriate circumstances). The Remuneration Committee has discretion to pay the whole of any bonus earned for the year of departure and preceding year in cash.
Deferred Bonus Awards	The extent to which any unvested award will vest will be determined in accordance with the applicable share plan rules. Unvested awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, the sale of his employer or any other reason at the discretion of the Remuneration Committee, the Remuneration Committee shall determine whether the award will vest at cessation or at the normal date. In either case, this will be determined by the Remuneration Committee, taking into account, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the deferral period. Awards may then be exercised during such period as the Remuneration Committee determines. Awards which have already become exercisable at the date of cessation may be exercised for such period as the Remuneration Committee determines.
Long Term Incentives	The treatment of long term incentive awards will be determined in accordance with the applicable share plan rules. **Unvested awards** Unvested long term incentive awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, the sale of his employer or any other reason at the discretion of the Remuneration Committee, the Remuneration Committee shall determine whether the award will vest at cessation or continue until the end of the performance period. In either case, the extent of vesting will be determined by the Remuneration Committee taking into account the extent to which the performance condition is satisfied and, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the performance period. If the award continues, the holding period will ordinarily apply until its originally anticipated end date, although the Remuneration Committee has discretion to release the award at an earlier date. **Vested awards in a holding period** If an Executive Director ceases employment with the Group after an award has vested but before the end of its holding period, the award will continue to the end of the holding period (unless the cessation is for summary dismissal, in which case it will lapse). The award will be released to the extent it has vested by reference to the performance conditions. The Remuneration Committee retains discretion to release the award at cessation.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Policy	
Change of control	**Unvested awards** The extent to which unvested deferred bonus awards and long term incentive awards will vest will be determined in accordance with the rules of the relevant plan. – Deferred bonus awards will vest in full in the event of a takeover, merger or other relevant corporate event. – Long term incentive awards will vest early on a takeover, merger or other relevant corporate event. The Remuneration Committee will determine the level of vesting taking into account the extent to which the performance condition is satisfied and, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of the relevant event relative to the performance period. **Vested awards in a holding period** Vested long term incentive awards will be released on a takeover, merger or other relevant corporate event to the extent they have vested by reference to the performance conditions.
Other payments	Payments may be made either in the event of a loss of office or a change of control under the Sharesave scheme, which is governed by its rules and the legislation relating to such tax qualifying plans. There is no discretionary treatment for leavers or on a change of control under this scheme. In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees and any other all-employee share plan. In cases where an Executive Director was recruited from outside the UK and has been relocated to the UK as part of their appointment, the Company will pay reasonable repatriation costs for leavers at the Remuneration Committee's discretion. The Remuneration Committee retains discretion to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Where a 'buyout' or other award is made in connection with recruitment, the leaver provisions would be determined no later than the time of the award.

The Directors' Remuneration Report is approved by the Remuneration Committee and the Board and signed on their behalf.

Dr. Heather Preston
Chair, Remuneration Committee

25 April 2023

DIRECTORS' REPORT

for the year ended 31 December 2022

The Directors present their Annual report and audited consolidated financial statements (Annual report and accounts) for the year ended 31 December 2022 as set out on pages 134 to 137. This report should be read in conjunction with the Corporate Governance Report on pages 72 to 88. Discussions regarding financial information contained in this Annual report and accounts may contain forward-looking statements with respect to certain of the plans, current goals and expectations relating to the future financial condition, business performance and results of the Group and Company. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Group and Company. Readers are cautioned that, as a result, the actual future financial condition, business performance and results of the Group may differ materially from the plans, goals and expectations expressed or implied in such forward-looking statements.

Strategic Report

The Strategic Report, including the outlook for 2023 on page 37, is on pages 2 to 68. The Directors consider that the Annual report and accounts, taken as a whole, are fair, balanced and understandable. In reaching this conclusion, the Audit Committee initially discussed the requirements with the Group's auditors when discussing the strategy for the 2022 audit, and the full Board have had an opportunity to review and comment on the contents of the report. Since the Board met six times for routine meetings in 2022 the Directors consider that they are sufficiently well informed to be able to make this judgement.

Key financial performance indicators (KPIs)

Key financial performance indicators are outlined in the Chief Financial Officer's review on pages 28 to 38.

Corporate Governance

The Group's statement on corporate governance is included in the Corporate Governance Report on pages 72 to 88, which forms part of this Directors' Report.

Risk management

The Group's exposure to risks is set out on pages 64 to 68 (Principal risks, uncertainties and risk management) and on page 150 (note 3: financial risk management).

Dividends

The Directors do not recommend payment of a dividend (2021: £nil).

Directors

Details of the Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on pages 70 to 71 and page 74. The contracts of employment of the Executive Directors are each subject to a twelve month notice period. The Directors' remuneration and their interests in the share capital of the Company as at 31 December 2022 are disclosed in the Directors' Remuneration Report on pages 89 to 114.

Appointment and replacement of Directors

Directors may be appointed by an ordinary resolution at any general meeting of shareholders, or may be appointed by the existing Directors, provided that any Director so appointed shall retire at the next AGM and may offer themselves for re-election. In order to ensure that the Company complies with the Corporate Governance Code all Directors will retire at each AGM and may offer themselves for re-election. Any Director may appoint another Director or another person approved by the other Directors as an alternate Director.

Directors' third-party indemnity provision

The Group maintains a qualifying third-party indemnity insurance policy to provide cover for legal action against its Directors. This was in force throughout 2022 and up to the date of approval of the financial statements.

DIRECTORS' REPORT (CONTINUED)

Share capital

Structure of the Company's capital

At 31 December 2022, the Company had 96,264,245 ordinary shares in issue, all allotted and fully paid. There are no restrictions on the transfer of shares in the Company or on voting rights. All shares are admitted to trading on the premium segment of the main market of the London Stock Exchange.

Rights to issue and buy back shares

Each year at the AGM the Directors seek rights to allot shares. The authority, when granted, lasts for 15 months or until the conclusion of the next AGM if sooner. At the last AGM held at the Group's offices and by webcast on 27 May 2022, authority was given to allot up to 32,201,408 shares (that number being one third of total issued share capital of the Company at the time), subject to the normal pre-emption rights reserved to shareholders contained in the Companies Act 2006, and to allot up to a further 32,201,408 shares, solely in a rights issue. Authority was also given, subject to certain conditions, to waive pre-emption rights over up to 9,606,420 shares, being 10% of the shares then in issue. No rights have been granted to the Directors to buy back shares.

Substantial shareholdings

At 15 March 2023, the latest practicable date prior to approval of the Directors' Report, the Company had been notified of the following shareholdings amounting to 3% or more of the ordinary share capital of the Company.

Shareholder	Number of ordinary shares	Percentage of issued share capital
Novo Holdings	9,998,802	10.4%
Vulpes Investment Management	9,626,085	9.9%
Liontrust Asset Management	8,044,568	8.6%
M&G Investment	5,067,751	5.8%
Global Alpha Capital Management	3,880,863	4.0%
Nine Ten Capital	3,387,228	3.5%
Serum Life Sciences Ltd (UK)	3,382,950	3.5%
Vanguard group Inc.	3,156,491	3.3%
Hargreaves Lansdown Asset Management	3,031,200	3.2%
Vitruvian Partners	3,004,567	3.1%
Mr S.M.H. Shah	2,910,383	3.0%

No other person has reported an interest in the ordinary shares of the Company required to be notified to the Company. No person holds shares carrying special rights with regard to control of the Company.

Research and development

The Group's strategy is centered on being an innovative CDMO. Research and development activities are focussed on making improvements to viral vector systems, the way in which they are manufactured and the way in which they are analysed with the aim being to increase yield and quality through science and process engineering including developing new technologies and automation where possible.

Employees

In accordance with s172 of the Companies Act 2006, the Group communicates and consults regularly with employees throughout the year. The Group has established a Workforce Engagement Panel comprising employees representing all levels and functions across the Group. In addition, the Group has designated Board representative, Stuart Henderson, for gathering the views of the workforce and overseeing employee engagement between the Board and the workforce. Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Group's Sharesave Scheme. All employees who have completed probation are eligible to participate in discretionary bonus schemes. For further details on how the Group engaged with its employees, including keeping employees informed of matters of concern and awareness of the financial and economic factors affecting the performance of the Group, please see the Group's Stakeholders section of the Strategic Report for Employees on pages 14 to 15.

The Group's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The Group is committed to recognising and supporting the skills and experiences of individuals with disabilities (both visible and invisible) during the hiring process and continuing throughout employees' careers and development.

Further details on employees, health and safety, environmental matters and corporate social responsibility are in the ESG statement on pages 40 to 63.

Financial instruments and related matters

Included in note 3, on pages 150 to 151, are the Group's financial risk factors and policies and an indication of the Group's exposure to certain risks. Those elements of that note form part of this report and are incorporated by reference.

Employee share schemes

The Group has established an Employee Benefit Trust (EBT) to hold shares purchased in order to settle shares awarded to Executive Directors and other senior managers under the 2013 Deferred Bonus Plan. As at 31 December 2022, the EBT held 16,350 shares with a value of £72,000 on which all the related options have vested. The EBT also administers the 2015 Deferred Bonus Plan in as far as subscribing for and applying the share capital for nil cost options in the Company exercised by senior management. Settlement of the funds occurs through the Group. At the end of 2022 bonuses to senior management with a value of £1,029,000 vested and will be converted to nil cost options during 2023. Refer to note 27 of the consolidated financial statements for further information.

Agreements that take effect, alter, or terminate because of a takeover bid or on change of control

There are no such agreements that the Directors consider are material. There are no agreements providing for compensation for loss of office for Directors or employees in the event of a takeover bid.

Going concern

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

The Group made a loss for the year ended 31 December 2022 of £45.2 million and consumed net cash flows from operating activities for the year of £12.6 million. The Group also:

- raised £77.0 million (net of £3 million of share issue cost) in cash from an equity fundraise in January and March 2022;
- entered into a one year US$85 million (£63 million) loan facility with Oaktree as part of the acquisition of Oxford Biomedica Solutions in March 2022 which was then converted into a four-year term loan facility together with repayment of US$35 million of the initial principal amount in October 2022;
- during November 2022, sold its Windrush Court facility in a sale and leaseback transaction for £60 million to Kadans, whilst also agreeing an occupational lease of the property for 15 years; and
- ended the year with cash and cash equivalents of £141.3 million.

In considering the basis of preparation of the Annual report and accounts, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2023 annual budget and forecasts for 2024. The Directors have undertaken a rigorous assessment of this base case forecast and have also assessed the potential impact from the principal risks and uncertainties outlined in the strategic report of the Group's Annual report and accounts, taking into consideration the magnitude and likelihood of these risks and uncertainties occurring to prepare a downside scenario with associated mitigated actions.

The cash flow forecast prepared for the severe but plausible downside scenario with mitigating actions assumes the following:

- Commercial challenges leading to a substantial manufacturing and development revenue downside affecting both the LentiVector® platform and AAV businesses;
- Significant decreases in forecasted existing client milestone and royalty revenues;
- The product development spin out strategy taking longer, or ultimately being unsuccessful; and
- The potential impacts of the current ongoing war in Ukraine on the Group and its clients including expected revenues from existing clients under long term contracts.

Under both the base case and mitigated downside scenario, the Group and parent company has sufficient cash resources to continue in operation for a period of at least 12 months from the date of approval of these financial statements.

In the event of the downside scenarios crystallising, the Group would continue to meet its existing loan covenants until June 2024 without taking any mitigating actions, but the Board has mitigating actions in place that are entirely within its control that would enable the Group to reduce its spend within a reasonably short time-frame to increase its cash covenant headroom as required by the loan facility with Oaktree Capital Management. The Board has confidence in the Group's ability to continue as a going concern for the following reasons:

- The Group has cash balances of £141.3 million at the end of December 2022 and £139.1 million at the end of March 2023;
- Approximately two thirds of 2023 forecasted revenues are covered by binding purchase orders which give certainty to revenues over the next 12 months;
- The Group's history of being able to access capital markets including raising £77 million of equity during 2022;
- The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the US$85 million one-year facility and US$50 million replacement four-year facility obtained with Oaktree;
- The Group's ability to continue to be successful in winning new clients and building its brand as demonstrated by successfully entering into new and expanding existing client agreements with AstraZeneca, Juno Therapeutics (a wholly owned subsidiary of Bristol Myers Squibb Company), Homology Medicines and multiple other new partners over the last twelve months.

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

DIRECTORS' REPORT (CONTINUED)

Viability statement

In performing a viability statement assessment of the prospects of the Group in accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over the three years to December 2025. They believe three years to be appropriate due to the inherent significant uncertainties of forecasting within and beyond this time horizon given the nature of the business sector in which the Group operates. The assessment has been informed by refreshing, in 2022, the strategy adopted by the Board in 2016, and the evolution of the business plan over the last twelve months. The outcome of this work has been to develop an updated long-range plan that covers the viability assessment period which the Board has scrutinised in depth together with its financial advisors prior to the publication of this statement.

The Group's strategy is to exploit its platform technologies in lentiviral vector (LentiVector®) and AAV to support the development of other companies' cell and gene therapy products. The Group is generating growing cell and gene therapy revenues and other operating income from licensing its platform technology, generating upfront receipts and royalties, and fees for providing process development and bioprocessing services to other companies. Over the three years to December 2025 the Directors believe that revenues from licensing its technology to third parties and from providing process development and bioprocessing services to its partners will be sufficient to support a sustainable Group.

The following factors are considered both in the formulation of the Group's strategy, and in the assessment of the Group's prospects over the three-year period:

- The principal risks and uncertainties faced by the Group, including emerging risks as they are identified (such as climate change), and the Group's response to these;
- The prevailing economic climate and global economy, competitor activity, market dynamics and changing client behaviours;
- The potential short and longer-term economic impact of the war in Ukraine;
- How the Group can best position itself to take advantage of the current opportunities within the cell and gene therapy and adenovirus markets;
- Opportunities for further technology investment and innovation; and
- The resilience afforded by the Group's enviable technology platform and innovation capabilities;

Assessment of viability

The Group has experienced a challenging, but successful year in FY22. During this period, the robustness of the Group's operations and the long-term nature of its clients' investments has been proven, and through the inspiring innovation and integrity of employees during the last twelve months the Group has continued to add new LentiVector® platform clients, while expanding on its existing partnerships. The Group was also able to successfully raise £77 million in equity finance and to secure a US$85 million debt facility (which was part repaid and refinanced in October 2022), which allowed it to make its first major US acquisition by taking an 80% stake in Oxford Biomedica Solutions; to add market leading AAV platform technology, expertise and high quality facilities into its core client offering to increase its future sales growth potential – during the period Oxford Biomedica Solutions' client base was expanded by signing four new undisclosed client agreements, in addition to Homology Medicines. Further during the last 12 months, the Group entered into a sale and leaseback arrangement of its Windrush Court facility realising £60 million proceeds from the sale. The Group has now entered an extremely exciting stage in its development focusing its efforts on commercial development and manufacture of cell and gene therapy products.

The financial viability of the Group has been assessed, taking into account the Group's current financial position, and assuming the Group continues to execute on its growth strategy and is able to raise additional equity finance by early 2025 to fund its continuing growth and purchase the remaining 20% of Oxford Biomedica Solutions. While Management acknowledges the economic and financial risks associated with the additional equity finance raise, this is considered reasonable because the Group has a strong and supportive shareholder following and a successful track record of raising equity finance, and because there's a sufficiently long timeframe over which this needs to be achieved.. This assessment has been made using long range financial planning assumptions, augmented by the preparation of more detailed cash flow forecasts over the period that also consider the impact of severe but plausible downside scenarios, including scenarios arising from the Group's principal risks as outlined on pages 64 to 68. In modelling these downside scenarios, the Group has considered the principal risks that are most likely to have a direct and material impact on the viability of the Group. These risks are outlined below. It is important to note that while each risk could adversely affect the Group's financial performance, as the Group's client product portfolio expands its resilience to individual product setbacks and its reliance on securing individual new products reduces. Hence, the combination of downside risks that would need to crystallize to make the business unviable becomes increasingly remote. In addition, there are significant upside opportunities that aren't assumed in the Group's financial plans, so the scenarios modelled are considered appropriately balanced.

Scenario	Risk	Description
No revenues from new clients	Commercialisation risk	The Group is unable to attract new clients, or existing clients do not add additional products to their existing programmes.
A substantial downside affecting the core multi-vector platform business	Commercialisation risk	Clients discontinue their existing programmes or transfer them to other suppliers.
	Supply Chain and business execution risk	The Group is unable to produce batches for clients meeting the required specification.
Significant decreases in forecasted existing client milestones and royalties	Commercialisation risk	Clients terminate or delay their existing programmes due to the products under development not meeting safety and efficacy requirements.

In addition, Management needs to ensure that costs stay flexible and can be aligned with revenues which can sometimes be lumpy, or potentially significantly reduce or stop at relatively short notice (e.g. in the case of a vaccine for a pandemic). However, over the last twelve months the business has demonstrated that it has solid foundations, and the necessary controls in place to successfully manage its financial resources dynamically and effectively, and with the addition of Oxford Biomedica Solutions, now has a broadened offering to help mitigate that risk.

As mentioned above, the hypothetical downside scenarios with mitigating actions modelled over the viability period were purposefully severe whilst remaining realistically plausible, with the aim of creating outcomes that could threaten the viability of the Group. However, in the event of these scenarios arising, there are various options available to the Group to maintain its liquidity and continue its operations e.g. (i) accessing external funding; (ii) more radical short term cost reduction actions; and (iii) further reductions to capital expenditure. Over the three-year viability assessment period, assuming the Group continues to execute its growth strategy it has strong prospects for revenue growth and raising additional finance arising from its expanding client product portfolio and increasingly broad spectrum of capabilities and, as such, the Directors are confident in the ongoing viability of the business.

Conclusion

The Directors anticipate that the Group has strong prospects for attracting and fulfilling the demands from more client programmes, and in doing so being able to continue the recent growth in client activity for the foreseeable future. The Group's financial forecasts reflect these assumptions and therefore the Directors have concluded that there is a reasonable expectation, although not a certainty, that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to December 2025.

Amendment of the Company's articles of association

Amendment of the Company's articles may be made by special resolution at a general meeting of shareholders.

Compliance with Listing Rule 9.8.4R

The Directors have reviewed the requirements of LR 9.8.4R. The majority of these do not apply to the Group but the following are applicable.

Listing Rule	Information required	Response
LR 9.8.4 (5) and (6)	Arrangement under which a Director has waived current or future emoluments.	Robert Ghenchev elected to receive no fees for his services as a Director (page 99).
LR 9.8.4 (7) and (8)	Allotment of shares other than to existing shareholders in proportion to holdings.	Allotment of shares on exercise of options by employees under approved share schemes (note 27, pages 169 to 171). Allotment of shares in accordance with the equity fundraise completed in February and March 2022 (note 25, page 168).

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' responsibilities in respect of the Annual report and accounts

The Directors are responsible for preparing the Annual report and accounts and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under company law, the directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with UK-adopted international accounting standards;
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the Annual report and accounts

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Statement as to disclosure of information to auditors

In accordance with s418 of the Companies Act 2006, so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Independent auditors

KPMG will retire as the Group's independent auditors at the conclusion of the Company's AGM in 2023 and a resolution concerning the appointment of their replacement, PriceWaterhouseCoopers LLP, will be proposed at the Company's AGM in 2023.

Greenhouse gas emissions report

Details on greenhouse gas emissions are set out in the ESG Report in the Strategic Report on page 54.

Statement of employee engagement

Details of the actions that have been taken during the financial year in order to keep employees informed of matters of concern and awareness of the financial and economic factors affecting the performance of the Group is described in Group's Stakeholders section of the Strategic Report for Employees on pages 14 to 19.

Statement of engagement with suppliers, clients and others.

The statement of how the Directors have engaged with suppliers, clients and others is described in the Group's Stakeholders section of the Strategic Report on pages 14 to 17, with a working example in action on pages 18 to 19.

Annual General Meeting

The AGM will be held on Friday, 23 June 2023 at the Group's offices at Windrush Court, Transport Way, Oxford, OX4 6LT. The Group encourages shareholders to attend the AGM by webcast and vote by proxy.

By order of the Board

Stuart Paynter
Director

25 April 2023

INDEPENDENT AUDITORS' REPORT

To the members of Oxford Biomedica plc

1. Our opinion is unmodified

We have audited the financial statements of Oxford Biomedica plc ("the Company") for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, consolidated and company statements of cash flows, the consolidated and company statements of changes in equity attributable to owners of the parent, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 29 May 2018. The period of total uninterrupted engagement is for the five financial years ended 31 December 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview	
Materiality:	group financial statements as a whole £1,100k (2021: £1,140k) 0.80% (2021: 0.80%) of revenue
Coverage	100% (2021: 100%) of Group revenue
Key audit matters vs 2021	
Event driven	New: Valuation of Acquired Intangible Assets ▲
	New: Sale and leaseback arrangements ▲
Recurring risks	Contract revenue recognition ◀▶
	Recoverability of parent Company's investment in and intercompany loans due from subsidiaries ◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Contract revenue recognition (Customer license revenues and milestones £11.9 million; 2021: 14.4 million) Refer to page 78 (Audit Committee Report), pages 140 (accounting policy) and page 152, 160 – 161 (financial disclosures).	**Accounting treatment** The Group enters into a number of multiple element contracts with differing terms. There are inherent judgements required to be made by the Group in the following areas: – Identification of performance obligations of the contract, primarily the licence fees and milestones; – Assessing the allocation of the total transaction price to each performance obligation with reference to their standalone selling price; and – Whether revenue for each performance obligation satisfies the criteria for recognition over time or at a point in time. Depending on the outcome of the judgements made on each of the areas described above, there is a risk that revenue is recognised in the wrong period.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: – **Accounting analysis:** We evaluated the Group's revenue accounting policy against the relevant accounting standard. – **Testing application:** We assessed and challenged the directors' judgements made, in line with accounting policies and with reference to significant contracts, including: – Assessment of the goods or services promised in the contract and whether they are distinct and therefore separate performance obligations; – Challenge of the Group's judgements made through consideration of the contract terms and based on our knowledge of the entity and our experience of the industry in which it operates. – Assessment of the stand-alone selling prices of individual components, through benchmarking across the other customer contracts; and – Assessment of the contract terms against the requirements of the relevant accounting standard to determine whether the timing of revenue recognition should be recorded over time or at a point in time. **Our results:** We found the Group's treatment of license and milestone revenues derived from contracts entered into to be acceptable (2021: acceptable).
Valuation of Acquired Intangible Assets (Acquired Intangible assets £102.9 million) Refer to page 78 (Audit Committee Report) and page 150 (critical accounting judgements and estimates – estimation), pages 143 – 144 (accounting policy) and page 156 – 157 (financial disclosures)	**Subjective valuation** As a result of the acquisition of Oxford Biomedica Solutions LLC, in accordance with IFRS 3 Business Combinations, the Group has performed a fair value assessment of the identified acquired intangible assets. The valuation of the identified assets and liabilities requires the group to make an estimate of the fair value of the acquired intangibles which is reliant on selection of an appropriate valuation method and a number of key observable and unobservable input assumptions. There was a high degree of subjectivity in assessing a number of the assumptions applied by the Group in the multi-period excess earnings method used to calculate the acquisition-date fair value of the acquired intangible assets, in particular, weighted average return on assets and discount rate. The effect of these matters is that. as part of our risk assessment, we determined that the valuation of the acquired intangibles has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (Note 2) disclose the sensitivity estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below: **Sensitivity analysis:** We assessed the sensitivity of the fair value of the intangible assets acquired to changes in certain assumptions to identify if a reasonably possible change in assumptions could materially alter the valuation. **Methodology Choice:** We considered whether the forecasts used are the most appropriate basis upon which to fair value the acquired intangible assets and if there were any alternatives available. **Our valuation expertise:** We used our own valuation specialists to assess the completeness of the intangible assets identified and the valuation methodology applied and challenged key assumptions such as weighted average return on assets and discount rate based on our sector expertise. **Assessing valuer credentials:** We assessed the external valuer qualifications and expertise and read its terms of engagement with the Group to determine whether there were any matters that might have affected their independence and objectivity or may have imposed scope limitations upon their work. **Benchmarking assumptions:** We compared the Group's assumptions to internally and externally derived data in relation to the key inputs of forecast capital expenditure; market growth; revenue growth and discount rate. **Historical comparisons:** We assessed the accuracy of the forecasting processes in place for the acquired businesses through comparison of previous forecasts to actual results **Assessing transparency:** We assessed whether the Group's disclosures about the sensitivity of the outcome of the fair value assessment to changes in key assumptions reflected the risks inherent in the valuation of acquired intangible assets in note 2 of the financial statements. **Our results:** We found the Group's valuation of the intangible assets acquired to be acceptable.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

	The risk	Our response
Sale and Leaseback arrangements (Gain on sale and leaseback £27.1 million and lease liability £32.7 million) Refer to page 78 (Audit Committee Report) and page 148 (critical accounting judgements and estimates – estimation), pages 142 (accounting policy) and page 174–175 (financial disclosures)	**Subjective valuation** The Group entered into a sale and leaseback transaction of its manufacturing facility. The calculation requires the Group to determine an appropriate discount rate, which can have a significant impact on the calculation of the gain on the sale and the value of the lease liability recognised. As the interest rate implicit in the lease could not be readily determined, the Group have based the discount rate on the Group's incremental borrowing rate. The incremental borrowing rate is based on unobservable inputs including assumptions over the Group's credit risk and risks specific to the leased asset. Small changes in the assumptions could lead to a material change in the gain recognised on the sale and leaseback and the valuation of the lease liability. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the sale and lease back has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (Note 2) disclose the sensitivity estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below: **Sensitivity analysis:** We performed a sensitivity analysis over the assumptions and compared the sensitivity to the recorded value to identify the key assumptions affecting the valuation. **Our valuation expertise:** We used our own valuation specialists to assess the appropriateness of the incremental borrowing rate including asset specific adjustments applied and challenged the rate based on our sector expertise. **Tests of detail:** We corroborated the Group's credit risk assumption with reference to loan agreements in place and financing arrangements that the Group could attain based on their credit history. **Benchmarking assumptions:** We compared the risk-free rate within the Director's calculation of the incremental borrowing rate to market information including gilts and corporate bonds. **Assessing transparency:** We assessed the adequacy of the Group's disclosures about the sensitivity of the gain on sale and leaseback and the valuation of the lease liability to changes in key assumptions. **Our results:** We found the gain recognised on the sale and leaseback transaction and the valuation of the related lease liability to be acceptable.
Recoverability of parent Company's investment in and intercompany loans due from subsidiaries (£426.9 million; 2021: £273.3 million) Refer to page 144 (accounting policy) and pages 158–159, 178 (financial disclosures).	**Forecast-based assessment** The carrying amount of the parent Company's investment and intercompany loans due from the trading subsidiaries represents 85% (2021: 75%) of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to the inherent uncertainty involved in forecasting and discounting future cash flows, and the materiality of the balances in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the account balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures included: – **Comparing values:** Comparing the carrying values of the investments and intercompany loans due from subsidiaries with the net assets of the relevant subsidiary included within the group consolidation, to identify whether the net asset values of the subsidiaries, being an approximation of its minimum recoverable amount, were in excess of their carrying amount – **Test of detail:** For those balances not supported by the net assets of the relevant subsidiary we obtained the Company's value in use cash flow model. We compared the amount derived from this model to the above carrying amount and assessed the mathematical integrity of the model. – **Historical comparisons:** We assessed cash flow forecasts used in the value in use model against historical results achieved in the year and in previous years to assess historical reliability of the forecasts. – **Sensitivity analysis:** We performed sensitivity analysis to evaluate the impact of reasonably possible changes to key assumptions in the Group's cash flow forecasts. Our results: We found the Company's conclusion that there is no additional impairment of its investment in and intercompany loans due from subsidiaries to be acceptable (2021: acceptable).

The bioprocessing revenue contract modification accounting treatment risk has reduced in the year; this is due to there being no contract modifications taking place during the year. We continue to perform procedures over going concern, as noted in section 5 of this report. However, following the sale and leaseback transaction, which has provided additional cash flow to the entity, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified as a key audit matter in our report this year. Therefore, both matters are not separately identified in our report this year as key audit matters.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1,100k (2021: £1,140k), determined with reference to a benchmark of Group revenue of which it represents 0.80% (2021: 0.80%).

Materiality for the parent Company financial statements as a whole was set at £385k (2021: £395k), determined with reference to a benchmark of the parent Company total assets, of which it represents 0.11% (2021: 0.21%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2021: 65%) of materiality for the financial statements as a whole, which equates to £715k (2021: £741k) for the Group and £250k (2021: £256k) for the parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies identified during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £55k (2021: £57k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 5 (2021: 2) reporting components, we subjected 4 (2021: 2) to full scope audits for group purposes.

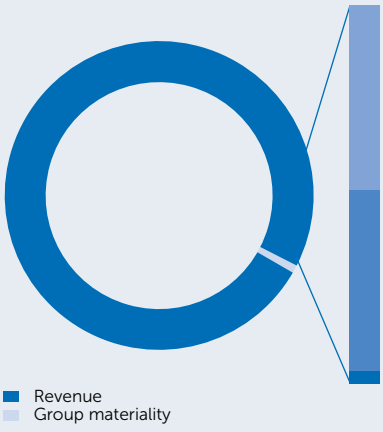
The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

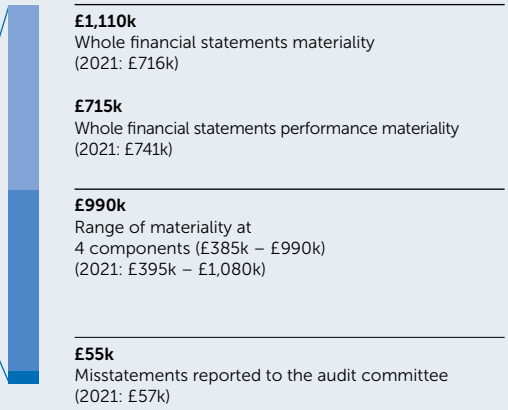
The work on all the components, including the audit of the parent Company, was performed by the Group team.

The Group team used component materialites, which ranged from £385k to £990k (2021: £395k to £1,080k), having regard to the mix of size and risk profile of the Group across the components.

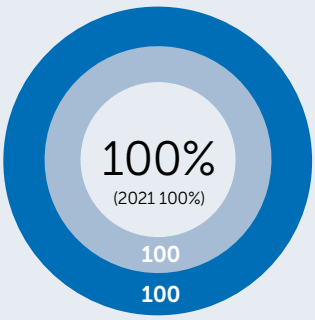
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.



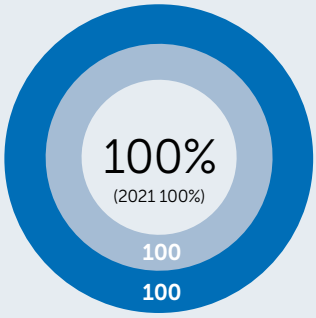
Group revenue
£139,989k (2021: £142,797k)



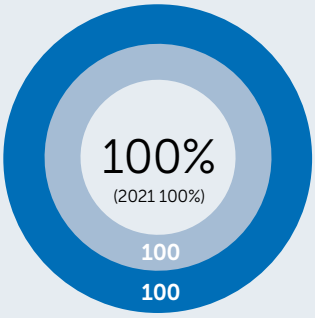
Group materiality
£1,110k (2021: £1,140k)



Group revenue



Group profit before tax



Group total assets

INDEPENDENT AUDITORS' REPORT (CONTINUED)

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. Further information is provided in the Group's Environment, Social and Governance report which has been incorporated into the 2022 Annual Report on pages 40–63.

We considered that climate change risks and opportunities have had a limited impact on the Group. There is enhanced narrative in the Annual Report on climate matters.

As part of our audit we performed a risk assessment of the impact of climate change risk made by the Group in respect of climate change on the financial statements and our audit approach. In doing this we performed the following:

— Understanding the Group's processes: we made enquiries to understand the Group's assessment of the potential impact of climate change risk on the Group's Annual Report and Accounts and the Group's preparedness for this. As a part of this we made enquiries to understand Group's risk assessment process as it relates to possible effects of climate change on the Annual Report and Accounts including the way in which the accounting policies of the Group are updated to reflect climate change risks.

— Annual report narrative: We made enquiries of Group to understand the process by which climate related narrative is developed including the primary sources of data used and the governance process in place over the narrative. As a part of our procedures, we read the climate related information in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

On the basis of the procedures performed above, we concluded that the risk of climate change was not significant. As a result, there was no material impact from this on our key audit matters.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent Company or to cease their operations, and as they have concluded that the Group's and the parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

— The impact of macro economic trends on customer activity.

— Impact of future actions, such as reduction in capital and project expenditure, obtaining of additional funding in the form of equity financing, loan financing or other government finance initiatives.

— Covenant compliance.

We considered whether these risks could plausibly affect the liquidity and covenant compliance in the going concern period by assessing the directors sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

— Critically assessing assumptions in base case and downside scenarios relevant to liquidity metrics, in particular in relation to customer pipeline, inflationary impacts and foreign exchange rate fluctuations by comparing to historical trends in severe economic situations and overlaying knowledge of the entity's trading performance to date and our knowledge of the entity and the sector in which it operates.

— We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.

— We inspected confirmations from the lender on the level of committed financing, the associated covenant requirements and restrictions on the use of funds.

— We inspected the loan agreements in order to confirm the nature of the associated covenant requirements.

— We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

— We assessed the completeness of the going concern disclosures.

Our conclusions based on this work:

— we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent Company's ability to continue as a going concern for the going concern period;

— we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and

— the related statement under the Listing Rules set out on page 88 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

— Enquiring of the directors, other management and the audit committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

— Reading Board, Audit Committee and Remuneration Committee minutes.

— Considering remuneration incentive schemes and performance targets for management and the directors.

— Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible incentives and pressures to increase the Group's share price or earnings trend, our overall knowledge of the control environment and the nature of revenues that involve subjective estimates and judgements, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. In particular the risk that the judgements taken in recognising contract revenue are inappropriate and that bioprocessing and process development revenues are recorded in the wrong period through the percentage of completion derived at the reporting date, and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

— Assessing the judgements made by the Group in recognition of contract revenues, as described in more detail in section 2 of our audit report.

— Assessing the accuracy and appropriateness of underlying data and assumptions used to determine the percentage of completion of bioprocessing batches and process development work packages in progress at the year end reporting date.

— Assessing whether credit notes issued after the year end report date were indicative of inappropriate revenues having been recognised in the year.

— Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with key words included in the description, those posted to seldom used accounts, those posted to accounts which contain accounting estimates and are made close to the period end, and those posted to unusual account combinations, including those with entries to revenue and cash with an unexpected double entry.

— Evaluated the business purpose of significant unusual transactions.

— Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, including legal counsel (as required by auditing standards), and discussed with the directors and other management, the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: healthcare regulations, such as good manufacturing practice (GMP), good clinical practice (GCP) and good laboratory practice (GLP) standards for laboratories and manufacturing facilities (through audits by the MHRA), health and safety, anti-bribery and employment law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management, including legal counsel, and the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non- compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non- compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the Viability Statement on page 118–119 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the principal risks, uncertainties and risk management disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on pages 118–119 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and parent Company's longer-term viability.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 120, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place
33 Forbury Road Reading
RG1 3AD
25 April 2023

BUILDING ON A LEADING POSITION

THE GROUP AIMS TO ULTIMATELY HAVE A MARKET LEADING POSITION IN THE VIRAL VECTOR OUTSOURCED SUPPLY MARKET ACROSS ALL KEY VECTOR TYPES, WITH LONG TERM REVENUE GROWTH RATES EXCEEDING THE BROADER MARKET

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	**139,989**	142,797
Cost of sales		**(70,808)**	(60,157)
Gross profit		**69,181**	82,640
Research and development costs		**(60,937)**	(40,189)
Bioprocessing costs		**(33,886)**	(7,233)
Administrative expenses		**(28,223)**	(15.152)
Other operating income	4	**2,307**	867
Gain on sale and leaseback		**21,389**	–
Change in fair value of asset held at fair value through profit and loss	13	**(51)**	(165)
Operating (loss)/ profit	4	**(30,220)**	20,768
Finance income	6	**973**	–
Finance costs	6	**(16,729)**	(888)
(Loss)/profit before tax		**(45,976)**	19,880
Taxation	8	**817**	(869)
(Loss)/profit for the period		**(45,159)**	19,011
Other comprehensive income/(expense)			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**10,575**	–
Other comprehensive income		**10,575**	–
Total comprehensive (expense)/ income		**(34,584)**	19,011
(Loss)/profit attributable to:			
Owners of the company	9, 29	**(39,157)**	19,011
Non-controlling interest	36	**(6,002)**	–
		(45,159)	19,011
Total comprehensive (expense)/ income attributable to:			
Owners of the company		**(31,332)**	19,011
Non-controlling interest	36	**(3,252)**	–
		(34,584)	19,011
Basic (loss)/ profit per share	9	**(41.29p)**	22.77p
Diluted (loss)/profit per share	9	**(41.29p)**	22.20p

There was no other comprehensive income or loss.

The profit for the year is attributable to the owners of the parent.

STATEMENT OF FINANCIAL POSITIONS

for the year ended 31 December 2022

	Note	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Assets					
Non-current assets					
Intangible assets	11	**105,886**	52	**–**	–
Property, plant and equipment	12	**133,780**	69,728	**39,394**	–
Investments and loans in subsidiary	14	**–**	–	**341,237**	181,163
Trade and other receivables	16	**5,010**	3,605	**–**	–
		244,676	73,385	**380,631**	181,163
Current assets					
Inventories	15	**12,625**	9,521	**–**	–
Assets at fair value through profit and loss	13	**23**	74	**–**	–
Trade and other receivables	16	**61,571**	44,747	**–**	–
Current tax assets	8	**–**	558	**–**	–
Cash and cash equivalents	17	**141,285**	108,944	**19,197**	61,630
		215,504	163,844	**19,197**	61,630
Current liabilities					
Trade and other payables	18	**36,579**	19,058	**143**	152
Contract liabilities	19	**18,370**	12,502	**–**	–
Deferred income	19	**894**	894	**–**	–
Lease liabilities	33	**3,295**	853	**683**	–
Deferred Tax	24	**525**	–	**–**	–
		59,663	33,307	**826**	152
Net current assets		**155,841**	130,537	**18,371**	61,478
Non-current liabilities					
Provisions	20	**8,424**	6,244	**2,758**	–
Contract Liabilities	19	**76**	92	**–**	–
Deferred income	19	**1,069**	1,760	**–**	–
Loans	21	**39,780**	–	**39,780**	–
Lease liabilities	33	**71,206**	8,488	**34,939**	–
Put Option liability	22	**38,182**	–	**–**	–
Deferred tax liabilities	24	**5,588**	–	**–**	–
		164,325	16,584	**77,477**	–
Net assets		**236,192**	187,338	**321,525**	242,641
Equity attributable to owners of the parent					
Ordinary shares	25	**48,132**	43,088	**48,132**	43,088
Share premium account	26	**379,953**	307,765	**379,953**	307,765
Other reserves	30	**(24,887)**	2,291	**26,843**	20,372
Accumulated losses	29	**(198,545)**	(165,806)	**(133,403)**	(128,584)
Equity attributable to owners of the Company		**204,653**	187,338	**321,525**	242,641
Non-controlling interest		**31,539**	–	**–**	–
Total Equity		**236,192**	187,338	**321,525**	242,641

The Company's registered number is 03252665.

The Company made a loss for the year of £4,804,000 (2021: £2,366,000).

The financial statements on pages 138 to 178 were approved by the Board of Directors on 25 April 2023 and were signed on its behalf by:

Roch Doliveux
Chair

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

	Note	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash flows from operating activities					
Cash generated (used in)/from operations	31	**(13,173)**	24,461	**10,146**	(2,349)
Tax credit received		**558**	994	**–**	–
Net cash generated (used in)/from operating activities		**(12,615)**	25,455	**10,146**	(2,349)
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		**(99,206)**	–	**–**	–
Purchases of property, plant and equipment	12	**(16,296)**	(9,461)	**–**	–
Proceeds on disposal of PPE	12	**60,000**	–	**–**	–
Loan to subsidiary		**–**	–	**(153,603)**	(11,251)
Other initial direct costs in relation to leases		**(1,420)**	–	**(1,420)**	–
Interest received		**460**	–	**–**	–
Net cash used in investing activities		**(56,462)**	(9,461)	**(155,023)**	(11,251)
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	25, 26	**80,154**	51,600	**80,154**	51,600
Costs of share issues	26	**(2,952)**	–	**(2,952)**	–
Payment of lease liabilities capital		**(1,120)**	(4,520)	**–**	–
Payment of lease liabilities interest		**(3,124)**	(873)	**(422)**	–
Loans received		**64,866**	–	**64,866**	–
Loans repaid		**(31,424)**	–	**(31,424)**	–
Interest paid		**(4,554)**	–	**(4,554)**	–
Loan arrangement fees		**(3,224)**	–	**(3,224)**	–
Net cash generated from financing activities		**98,622**	46,207	**102,444**	51,600
Net increase in cash and cash equivalents		**29,545**	62,201	**(42,433)**	38,000
Cash and cash equivalents at 1 January		**108,944**	46,743	**61,630**	23,630
Effects of movements in exchange rates on cash held		**2,796**	–	**–**	–
Cash and cash equivalents at 31 December	17	**141,285**	108,944	**19,197**	61,630

STATEMENTS OF CHANGES IN EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

for the year ended 31 December 2022

Group	Note	Ordinary shares £'000	Share premium account £'000	Reserves: Merger £'000	Reserves: Other Equity £'000	Reserves: Trans-lation £'000	Accu-mulated losses £'000	Total £'000	Non-con-trolling interest £'000	Total equity £'000
At 1 January 2021		41,161	258,017	2,291	–	–	(188,723)	112,746	–	112,746
Loss for period							19,011	19,011	–	19,011
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**19,011**	**19,011**	**–**	**19,011**
Transactions with owners:										
Share options										
Proceeds from shares issued		236	1,439	–	–	–	(75)	1,600	–	1,600
Value of employee services		–	–	–	–	–	3,523	3,523	–	3,523
Deferred tax on share options		–	–	–	–	–	458	458	–	458
Issue of shares excluding options		1,691	48,309	–	–	–	–	50,000	–	50,000
At 31 December 2021		**43,088**	**307,765**	**2,291**	**–**	**–**	**(165,806)**	**187,338**	**–**	**187,338**
At 1 January 2022		43,088	307,765	2,291	–	–	(165,806)	187,338	–	187,338
Loss for the period		–	–	–	–	–	(39,157)	(39,157)	(6,002)	(45,159)
Foreign currency translation differences		–	–	–	–	7,825	–	7,825	2,750	10,575
Other comprehensive income		**–**	**–**	**–**	**–**	**7,825**	**–**	**7,825**	**2,750**	**10,575**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**7,825**	**(39,157)**	**(31,332)**	**(3,252)**	**(34,584)**
Transactions with owners:										
Share options										
Proceeds from shares issued	25,26,29	106	78	–	–	–	(29)	155	–	155
Value of employee services	5	–	–	–	–	–	5,922	5,922	549	6,471
Tax on share options	–	–	–	–	–	–	125	125	–	125
Issue of shares excluding options	25,26	4,938	75,062	–	–	–	–	80,000	–	80,000
Cost of share issues	26	–	(2,952)	–	–	–	–	(2,952)	–	(2,952)
Total contributions		**5,044**	**72,188**	**–**	**–**	**–**	**6,018**	**83,250**	**549**	**83,799**
Changes in ownership interests:										
Acquisition of subsidiary with NCI		–	–	–	–	–	–	–	34,642	34,642
Acquisition of NCI without a change in control		–	–	–	–	–	400	400	(400)	–
Put Option recognition		–	–	–	(38,996)	–	–	(38,996)	–	(38,996)
Put Option revaluation		–	–	–	3,993	–	–	3,993	–	3,993
At 31 December 2022		**48,132**	**379,953**	**2,291**	**(35,003)**	**7,825**	**(198,545)**	**204,653**	**31,539**	**236,192**

Company	Note	Ordinary shares £'000	Share premium account £'000	Reserves: Merger £'000	Reserves: Other Equity £'000	Accu-mulated losses £'000	Total £'000
At 1 January 2021		41,161	258,017	1,580	15,269	(126,143)	189,884
Period ended 31 December 2021:							
Loss for the year		–	–	–	–	(2,366)	(2,366)
Total comprehensive income for the period		–	–	–	–	(2,366)	(2,366)
Transactions with owners:							
Share options							
Proceeds from shares issued		236	1,439	–	–	(75)	1,600
Value of employee services	29	–	–	–	3,523	–	3,523
Issue of shares excluding options		1,691	48,309	–	–	–	50,000
At 31 December 2021		**43,088**	**307,765**	**1,580**	**18,792**	**(128,584)**	**242,641**
Period ended 31 December 2022:							
Loss for the period		–	–	–	–	(4,804)	(4,804)
Total comprehensive income for the period							
Transactions with owners:							
Share options							
Proceeds from shares issued		106	78	–	–	(15)	169
Value of employee services	29	–	–	–	6,471	–	6,471
Issue of shares excluding options	25,26	4,938	75,062	–	–	–	80,000
Cost of share issues	26	–	(2,952)	–	–	–	(2,952)
At 31 December 2022		**48,132**	**379,953**	**1,580**	**25,263**	**(133,403)**	**321,525**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1, Accounting policies

Oxford Biomedica plc (Oxford Biomedica or the Company) is a public company limited by shares, incorporated and domiciled in England, and listed on the London Stock Exchange. The consolidated financial statements for the year ended 31 December 2022 comprise the results of the Company and its subsidiary undertakings (together referred to as the Group).

The Company's principal subsidiary is Oxford Biomedica (UK) Limited.

The Group is a cell and gene therapy research, development and bioprocessing business providing services to third parties as well as performing internal research and development for its own purposes. The Group currently has no marketed pharmaceutical products.

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

The Group and parent Company financial statements were prepared in accordance UK-adopted international accounting standards. As more fully explained in the Directors' Report on pages 115 to 121 and below, the going concern basis has been adopted in preparing the financial statements.

A summary of the more important Group accounting policies is set out below.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

— Assets held at fair value through profit & loss

— Put option liability

Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Going concern

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

The Group made a loss for the year ended 31 December 2022 of £45.2 million and consumed net cash flows from operating activities for the year of £12.6 million. The Group also:

— raised £77.0 million (net of £3 million of share issue cost) in cash from an equity fundraise in January and March 2022;

— entered into a one year US$85 million (£63 million) loan facility with Oaktree as part of the acquisition of Oxford Biomedica Solutions in March 2022 which was then converted into a four-year term loan facility together with repayment of US$35 million of the initial principal amount in October 2022;

— during November 2022, sold its Windrush Court facility in a sale and leaseback transaction for £60 million to Kadans, whilst also agreeing an occupational lease of the property for 15 years; and

— ended the year with cash and cash equivalents of £141.3 million.

In considering the basis of preparation of the Annual report and accounts, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2023 annual budget and forecasts for 2024. The Directors have undertaken a rigorous assessment of this base case forecast and have also assessed the potential impact from the principal risks and uncertainties outlined in the strategic report of the Group's Annual report and accounts, taking into consideration the magnitude and likelihood of these risks and uncertainties occurring to prepare a downside scenario with associated mitigated actions.

The cash flow forecast prepared for the severe but plausible downside scenario with mitigating actions assumes the following:

— Commercial challenges leading to a substantial manufacturing and development revenue downside affecting both the LentiVector® platform and AAV businesses;

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

— The product development spin out strategy taking longer, or ultimately being unsuccessful; and

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

Under both the base case and mitigated downside scenario, the Group and parent company has sufficient cash resources to continue in operation for a period of at least 12 months from the date of approval of these financial statements.

In the event of the downside scenarios crystallising, the Group would continue to meet its existing loan covenants until June 2024 without taking any mitigating actions, but the Board has mitigating actions in place that are entirely within its control that would enable the Group to reduce its spend within a reasonably short time-frame to increase its cash covenant headroom as required by the loan facility with Oaktree Capital Management. The Board has confidence in the Group's ability to continue as a going concern for the following reasons:

— The Group has cash balances of £141.3 million at the end of December 2022 and £139.1 million at the end of March 2023;

— Approximately two thirds of 2023 forecasted revenues are covered by binding purchase orders which give certainty to revenues over the next 12 months;

— The Group's history of being able to access capital markets including raising £77 million of equity during 2022;

— The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the US$85 million one-year facility and US$50 million replacement four-year facility obtained with Oaktree;

— The Group's ability to continue to be successful in winning new clients and building its brand as demonstrated by successfully entering into new and expanding existing client agreements with AstraZeneca, Juno Therapeutics (a wholly owned subsidiary of Bristol Myers Squibb Company), Homology Medicines and multiple other new partners over the last twelve months.

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

Accounting developments

The Group has adopted the following IFRSs in these financial statements:

— Annual Improvements to IFRS Standards 2018–2020

— Property, Plant and Equipment: Proceed before intended use – amendments to IAS16

At the date of authorisation of these Group financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards has been adopted early by the Group.

The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group financial statements.

Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiary undertakings for the year to 31 December each year. Subsidiaries are entities that are directly or indirectly controlled by the Group. Subsidiaries are consolidated from the date at which control is transferred to the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group does not currently have any associates.

All intragroup transactions and balances are eliminated on consolidation.

Foreign currencies

Foreign currency transactions

The Group's presentational currency is sterling. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within operational costs.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into sterling at the exchanges rates at reporting date. The income and expenses of foreign operations are translated into sterling at the average exchange rate for the month based on the date of the transaction.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, at foreign exchange rates in effect at the statement of financial position date. The revenue and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates in effect at the dates of the translations. Exchange differences arising from the translation of foreign operations are reported as an item of other comprehensive income and accumulated in an exchange reserve and subsequently reclassified to the Consolidated Income Statement on disposal of the net investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

Revenue

Revenue comprises income derived from bioprocessing of clinical product for clients, fees charged for providing development services to clients, product and technology licence transactions, royalties, options, and funded research and development programmes.

Platform

The Group bioprocesses batches on behalf of clients who use this manufactured clinical product for clinical and commercial purposes. The bioprocessing of a batch creates an asset with no alternative use and the Group has an enforceable right to payment for performance completed to date, thereby meeting IFRS 15.35. Bioprocessing of clinical/commercial product for clients is therefore recognised on a percentage of completion basis over time as the processes are carried out using the Input Method under IFRS. Progress is determined based on the achievement of verifiable stages of the process with incremental adjustments made based on the percentage of completion of the next unachieved verifiable stage. The gross amount due from clients, on all partnerships with regards to bioprocessing batches in progress for which costs incurred plus recognised profits exceed progress billings, is presented separately as a contract asset within the note to Trade and Other receivables as presented in the statement of financial position.

Consideration received in excess of the stage of completion will be deferred until such time as it is appropriate to recognise the revenue. The Group has determined that its contracts with clients do not contain a significant financing component.

Revenues for providing process development activities to clients are recognised during the period in which the service is rendered on a percentage of completion basis over time as the processes are carried out. The process development activities are recognized over time as the activities create an asset that has no alternative use to the Group and the Group has an enforceable right to payment for the work packages within the process development activity completed to date.

— Oxford Biomedica (UK) Ltd makes use of the output method under IFRS with revenue being recognised based on the achievement of verifiable stages of the process.

— Oxford Biomedica Solutions makes use of the input method under IFRS with revenue being recognised based on the labour and other resources expended to provide the services as a percentage of the total expected effort to complete the services.

Technology licences that have been established by the Group have all been determined as "right to use" licences, rather than "right to access" licences. As such, the revenue from these licences is recognised at the point in time at which the licence transfers to the client.

The granting of the technology licences to the Group's background intellectual property and know-how constitutes a "right to use" licence as the Group's clients are able to conduct development work on the licence independent of the Group. The Group is incentivised separately for its performance obligations in relation to development work and milestone payments. The criteria for recognising these technology licences as "right to access" licences has therefore not been met.

Milestones relating to bioprocessing or process development activities have been identified as separate performance obligations as they involve the transfer of a distinct good or service, determined with reference to conditions stipulated in the relevant agreements or contracts. Each milestone is determined as either binary or non-binary.

Milestones that are considered to be binary relate to the achievement of specific events rather than the provision of, for example, support. Milestones related to the achievement of specific deliverables are considered to be binary milestones and will be recognised in full once it is deemed highly probable that the obligation will be met.

Milestones related to the provision of support services are considered to be non-binary Milestones and are recognised on a percentage of completion basis, but taking into account the likelihood of achievement of the deliverable. Amounts receivable on delivery of a milestone performance obligation represents variable consideration and have been allocated to the relevant performance obligation.

Options to technology licences are considered to form part of the technology licence performance obligation and as such are recognised when the client exercises the option to obtain that licence. Options to technology licences are not considered to be material rights.

Product

Product licences that have been established by the Group have all been determined as "right to use" licences, rather than "right to access" licences. As such, the revenue from these licences is recognised at the point in time at which the licence transfers to the client.

The granting of the product licences to the Group's background intellectual property and know-how constitutes a "right to use" licence as the Group's clients are able to conduct development work on the licence independent of the Group. The Group is incentivised separately for its performance obligations in relation to development work and milestone payments. The criteria for recognising these technology licences as "right to access" licences has therefore not been met.

Amounts receivable in respect of milestone payments are considered to be separate performance obligations which are binary and will be recognised in full once it is deemed highly probable that the specific performance obligations stipulated in the licence agreement have been met. Payments linked to "success" such as regulatory filing or approval, or achievement of specified sales volumes, are recognised in full when the relevant event has occurred.

Non-binary milestones are recognised on a percentage of completion basis in the period in which related costs are incurred, or over the estimated period to completion of the relevant phase of development or associated clinical trials. Amounts receivable on delivery of a milestone performance obligation represents variable consideration and have been allocated to the relevant performance obligation.

Royalty revenue is recognised as the underlying commercial sales of the underlying manufactured product occur to third parties of our contracted clients.

Cost of sales

Cost of sales comprises the cost of bioprocessing clinical product for clients, the cost of client development project activities, and royalties arising on clients' licences.

The cost of client development project activities includes the labour costs, overheads and other directly attributable material and third party costs. Costs are recognised as incurred.

The cost of bioprocessing clinical product for clients includes the raw materials, labour costs, overheads and other directly attributable third party costs. Costs are recognised as incurred.

The Group's products and technologies include technology elements that are licensed from third parties. Royalties arising from such clients' licences are treated as cost of sales. Where royalties due have not been paid they are included in accruals. Where revenue is spread over a number of accounting periods, the royalty attributable to the deferred revenue is included in prepayments.

Research, development and bioprocessing

Research, development and bioprocessing expenditure is charged to the statement of comprehensive income in the period in which it is incurred.

Employee benefit costs

Employee benefit costs, notably holiday pay and contributions to the Group's defined contribution pension plan, are charged to the statement of comprehensive income on an accruals basis. The assets of the pension scheme are held separately from those of the Group in independently administered funds. The Group does not offer any other post-retirement benefits.

Share based payments

The Group's employee share option schemes, long term incentive plans, a Sharesave scheme and deferred bonus plans allow Group employees to acquire shares of the Company subject to certain criteria. The fair value of options granted is recognised as an expense of employment in the statement of comprehensive income with a corresponding increase in equity. The fair value is measured at the date of grant and spread over the period during which the employees become unconditionally entitled to the options where the options are not nil cost options. Nil cost options are valued at the market price on the date of grant of the options. The fair value of options granted under the share option schemes and share save scheme is measured using the Black-Scholes model. The fair value of options granted under the LTIP schemes, which includes market condition performance criteria, is measured using a Monte Carlo model taking into account the performance conditions under which the options were granted. The fair value of options granted under the deferred bonus plan is based on the market value of the underlying shares at the date of grant of these options.

At each financial year end, the Group revises its estimate of the number of options that are expected to become exercisable based on forfeiture such that at the end of the vesting period the cumulative charge reflects the actual options that have vested, with no charge for those options which were forfeit prior to vesting. When share options are exercised the proceeds received are credited to equity.

Options over the Company's shares have been awarded to employees of Oxford Biomedica (UK) Ltd. In accordance with IFRS 2 'Share-based Payments', the expense in respect of these awards is recognised in the subsidiaries' financial statements. In accordance with IFRS 2 the Company has treated the awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment and a corresponding credit to reserves.

Employee Benefit Trust

The Oxford Biomedica Employee Benefit Trust (EBT) has been set up to hold market-purchased shares to settle the 2013 Deferred Bonus Share Awards made to Executive Directors and employees. Within the Company financial statements, the investment in the Oxford Biomedica Employee Trust forms part of the Investments and loans in subsidiary, taking the form of a loan to subsidiaries. The EBT is consolidated within the Group financial statements.

Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components, and to account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method, from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining relevant interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured if:

— there is a change in the Group's estimate of the amount expected to be payable under a residual future lease payments;

— the Group changes its assessment of whether it will exercise a purchase, extension or termination options; or

— there is a revised in-substance fixed lease payment.

If a lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities as a category on the face of the Statement of Financial Position.

Short term or low-value leases

The Group has elected not to recognise right-of-use assets and lease liabilities of short term and low-value leases. The Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Sales & Leaseback

A sale and leaseback is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer.

For sale and operating leasebacks, generally the assets are sold at fair value, and accordingly the profits and loss from the sale are recognised immediately in the Statement of Profit and loss. The fair value is determined by obtaining a valuation from an independent property valuation firm.

A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right of use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss arising relates to the rights transferred to the buyer.

Grants

Income from government and other grants is recognised over the period necessary to match them with the related costs which they are intended to compensate. Grant income is included as other operating income within the statement of comprehensive income, and the related costs are included within research, development and bioprocessing costs, and administrative expenses. Where grant income received exceeds grant income recognised, it is included within deferred income on the Statement of financial position, whereas grant income recognised exceeds grant income received, it is included within accrued income on the Statement of financial position.

Finance income and costs

Finance income and costs comprise interest income and interest payable during the year, calculated using the effective interest rate method. It also includes the revaluation of external loans denominated in a foreign currency.

Financing expenses include interest payable and finance charges on lease liabilities recognised in profit or loss using the effective interest method and unwinding of the discount on provisions.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

In 2022 and before, the Group was entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The Group receives a Research and Development Expenditure Credit ('RDEC') which is accounted for as a reduction in research and development costs in the statement of comprehensive income, and within trade and other receivables in the Statement of financial position. The credit is paid in arrears once tax returns have been filed and agreed.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the Statement of financial position date.

Deferred tax is calculated in respect of all temporary differences identified at the Statement of financial position date except for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits within the same jurisdiction in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the Statement of financial position date.

Measurement of deferred tax liabilities and assets reflects the tax consequence expected to fall from the manner in which the asset or liability is recovered or settled.

Property, plant and equipment

Property, plant and equipment are carried at cost, together with any incidental expenses of acquisition, less depreciation. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned. Depreciation of an asset begins when it is available for use. The principal annual rates used for this purpose are:

Freehold property	10%
Leasehold improvements	10% (over the remaining lease term if shorter)
Office equipment and computers	20–33%
Bioprocessing and laboratory equipment	20%

The assets' residual values and useful lives are reviewed annually. Residual values are set at zero and will be reassessed should the asset's selling price exceed its net book value.

The bioprocessing plants are reviewed annually for impairment triggers and, where necessary, a full impairment review is performed.

Assets under construction are capitalised throughout the course of the construction period with depreciation starting once the asset is available for use.

Assets capitalised under a category of fixed assets may be transferred to another category within fixed assets if, upon review, it is identified that the asset is more appropriately identifiable with that other category of fixed asset.

Intangible assets & Goodwill

Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Developed technology	Developed technology acquired by the Group (see note 11) has a finite useful life. It is measured at cost less accumulated amortisation and any accumulated impairment losses.
Patents	Patents have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Cash generating unit (CGU)

A cash generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

— patents: 3–20 years

— developed technology: 15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

The carrying value of non-financial assets is reviewed annually for impairment, or earlier if an indication of impairment occurs, and provision made where appropriate. Charges or credits for impairment are passed through the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are separately identifiable cash flows or cash-generating units. Impairment losses are recognised for the amount by which each asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. Value in use is calculated using estimated discounted future cash flows. The key assumptions used in calculating the discounted future cash flows are management estimates, based where possible on available market information and information for similar products.

Impairment and amortisation charges are included within research, development and bioprocessing costs in the statement of comprehensive income.

Intellectual property rights comprise third party patent rights or rights to market commercial products for key therapeutic indications that have been purchased by the Group.

Investments in subsidiaries

Investments are carried at cost less any provision made for impairment. Options over the Company's shares have been awarded to employees of subsidiary companies. In accordance with IFRS2, the Company treats the value of these awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment.

Investments in subsidiary undertakings, including shares and loans, are carried at cost less any impairment provision. Such investments are subject to review, and any impairment is charged to the statement of comprehensive income.

At each year end the Directors review the carrying value of the Company's investment in subsidiaries. Where there is a material and sustained shortfall in the market capitalisation, or a significant and sustained change in the business resulting in a decrease in market capitalisation, the Directors consider this to be a trigger of an impairment review as set out in IAS 36, and the carrying value of the Company's investments in subsidiaries is adjusted. The Directors consider that reference to the market capitalisation of the Group is an appropriate external measure of the value of the Company's subsidiaries for this purpose.

At year end the Directors will assess the requirement to write back a portion or all of any impairment previously recognised on its investment in subsidiaries. Factors which will be taken into account with regard to this decision will be the Groups track record of improved financial results across the last three to four years, as well as the expectation of future impairments being required after a write back was accounted for.

Financial assets

Assets at fair value through profit and loss

The gain or loss on Assets at fair value through profit and loss is recognised in the statement of comprehensive income.

Investments

Other investments held by the Group are classified as at fair value through profit and loss.

Bank deposits

Bank deposits with original maturities between three months and twelve months are included in current assets and are valued at amortised cost.

Financial instruments

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal, and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above, are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either; or
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership, and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed), is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are recognised initially at the transaction price as these assets do not have significant financing components, and are subsequently measured at amortised cost. The Group recognises loss allowances for receivables under the expected credit loss model as established by evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits repayable on demand, and other short term highly liquid investments with original maturities of three months or less.

Deposits

Deposits consist of amounts held in escrow and is included within other receivables within the Statement of financial position until such time as the restrictions relating to those amounts have been lifted.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Contract liabilities

Contract liabilities primarily relate to the advance consideration received from clients for commercial development work and bioprocessing batches, as well as options and funded research and development activities.

Deferred income

Deferred income primarily relates to the advance consideration received for grants and lease incentives.

Provisions

Provisions for dilapidation costs and other potential liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using the 3 year historic inflation rate. The increase in the provision due to the passage of time is recognised as a finance cost.

Share capital

Ordinary shares are classified as equity. Costs of share issues are charged to the share premium account.

Merger reserve

A merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under s612 and s613 of the Companies Act 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests (NCI)

NCI are measured initially at the Group's proportionate interest in the recognised amount of the identifiable assets and liabilities of the acquiree. NCI are measured subsequently at their proportionate share of the subsidiary's net assets at the reporting date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When a foreign operation is disposed of in its entirety, or partially such that control, significant control or joint control, is lost, the cumulative amount in the translation reserve related to the foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial liability: loans

On initial recognition, external loans are measured at fair value plus directly attributable transaction costs. On subsequent measurement, external loans are measured at amortised cost under the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period. The calculation of the effective interest rate takes into account the estimated cash flows which consider all the contractual terms of the financial instrument, including any embedded derivatives which are not subject to separation.

Financial liability: Put Options

Where a put option with non-controlling shareholders (NCI) exists on their equity interests, a liability for the fair value of the exercise price of the option is recognised.

Management have assessed that the NCI still have access to the returns associated with the underlying ownership interests, and have therefore chosen to apply the present access method under which the corresponding entry is recognised in Other Equity. As required by IFRS, Oxford Biomedica has chosen to apply an accounting policy, to be applied consistently for all put liabilities: that subsequent to initial recognition, changes in fair value of the put liability will be recognised in equity.

The value of the put liability is determined using a Monte Carlo simulation which calculates the expected future exercise value of the put option, taking into consideration Oxford Biomedica Solutions' forecasted cash flows over the period up until the expected exercise date along with the expected volatility of those cash flows over that same period. The expected future exercise value is then discounted to the present using a discount rate in order to capture the counter party risk of the expected payment. The discount rate may be impacted by economic and market factors as well as changes to the risk free rate of return which impacts debt borrowing rates.

2, Critical accounting judgements and estimates

In applying the Group's accounting policies, management is required to make judgements and assumptions concerning the future in a number of areas. Actual results may be different from those estimated using these judgements and assumptions. The key sources of estimation uncertainty and the critical accounting judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key accounting matters

Judgements

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

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

The judgements with regards to the number of distinct performance obligations and the fair value allocation of revenue to each performance obligation takes place on a contract-by-contract basis across numerous contracts entered into by the Group. As these judgements take place across numerous contracts, each with different characteristics, it is not practical to provide a quantitative analysis of the impact of applying different judgements, and the Directors do not believe that disclosing a range of outcomes resulting from applying different judgements provides meaningful information to the reader of the financial statements. Consequently, no quantitative analysis has been provided for these judgements.

Number of distinct performance obligations

Upon review of certain client contracts and preparation of accounting papers setting out the accounting treatment as per IFRS 15, the Group is required to exercise judgement in identifying the distinct performance obligations contained within the contract. These have been identified as being:

— The granting of technology licences

— Milestones relating to bioprocessing or process development activities

The fair value allocation of revenue to each performance obligation

Because there is no readily available market price for many of the performance obligations contained in the client contracts, the Group exercises judgment in estimating the stand alone selling price of each of these performance obligations. Key areas of judgement are assessed to be:

— The stand alone selling price of technology licences. The Group assesses the stand alone selling price of licences by reference to the stand alone selling price of previously recognised client technology licences, and the size of the market of the target indication and other market related observable inputs

— The stand alone selling price of bioprocessing batches. The Group assesses the stand alone selling price of the batches in terms the stand alone selling price of its other client contract batch selling prices

— The stand alone selling price in terms of the annual full time equivalent rate to charge for process development activities. The Group assesses the full time equivalent rate in terms the stand alone equivalent rate of its other client contract equivalent rates

Timing of revenue recognition: technology licence revenues

One of the key judgemental areas identified within the collaboration agreements is the timing of recognition of licence revenue based on the achievement of the relevant performance obligation. The individual factors and aspects relating to licence revenue are assessed as part of the IFRS 15 accounting paper prepared for each agreement and a judgement is made as to whether the licence fee performance obligation related to the granting of the licence to the client has been achieved. If it was judged that the performance obligations on licences granted in 2022 had not been met, revenues would have been £3,385,000 lower with the revenue expected to be recognised in future when the performance obligations were deemed to have been met.

Modification of Oaktree loan agreement

When a loan agreement with an existing lender is modified, a determination has to be made as to whether the modification is treated as the extinguishment of the existing financial liability and the recognition of a new liability, or accounting for the modification of the agreement as a modification to the existing financial liability.

On 10 March 2022 the Group entered into and drew down an US$85 million loan facility agreement with Oaktree under a 1 year facility agreement maturing in 2023 with a nominal interest rate on the loan of 8.5%. On 7 October 2022, the Loan Agreement was amended, US$35 million was repaid and the term extended to October 2026, with a variable interest rate which is capped at 10.25% per annum.

A substantial modification under IFRS 9 is deemed to have occurred if the net present value of the cash flows under the new terms, including any fees, differs by at least 10% from the present value of the remaining cashflows under the original terms.

Management has determined that the modification of the Oaktree loan agreement on 7 October 2022 does not meet the substantial modification criteria and therefore will be recognised as a non-substantial modification to the existing loan, with the loan being restated to its present value and subsequently at amortised cost under the effective interest rate method.

This was determined on the basis of the quantitative test performed as required by IFRS 9 resulting in a 3% change to the net present value of the remaining cash flows when compared to the original cash flows under the original terms. Management has also performed a qualitative assessment to identify substantial differences in terms that by nature were not captured by the quantitative assessment. In considering the qualitative factors, Management has considered the payment terms, options, change in other terms and collaterals. Based on the quantitative and qualitative assessment, Management has determined that the modification of the loan does not meet the substantial modification criteria.

If the Group had concluded that the amendment constitutes a significant modification, this accounting treatment would have resulted in the recognition of a loss on extinguishment of £1,391,000, recognition of legal fees of £439,000, and an increase in the loan balance of £409,000 on the 7th of October 2022.

Estimations

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The nature of estimation means that actual outcomes could differ from those estimates.

Percentage of completion of bioprocessing batch revenues

Bioprocessing of clinical/commercial product for clients is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the bioprocessing process. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct stage of completion including the expected costs to completion for that specific bioprocessing batch. The value of the revenue recognised with regard to the bioprocessing batches which remain in progress at year end is £32,051,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £3,866,000 higher or lower.

Percentage of completion of fixed price process development revenues

As it satisfies its performance obligations the Group recognises revenue and the related contract asset with regard to fixed price process development work packages. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct percentage of completion for that specific process development work package. The value of the revenue recognised raised with regard to the work packages which remain in progress at year end is £8,179,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £818,000 higher or lower.

Provision for out of specification bioprocessing batches

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

As Oxford Biomedica (UK) Ltd has now been bioprocessing product across a number of years, and also in a commercial capacity, Oxford Biomedica (UK) Ltd has assessed the need to include an estimate of bioprocessed product for which revenue has previously been recognised and which may be reversed should the product go out of specification during the remaining period over which the product is bioprocessed. In calculating this estimate Oxford Biomedica (UK) Ltd has looked at historical rates of out of specification batches across the last four years, and has applied the percentage of out of specification batches to total batches produced across the assessed period to the revenue recognised on batches which have not yet completed the bioprocessing process at year end. This estimate, based on the historical percentage, may be significantly higher or lower depending on the number of bioprocessing batches actually going out of specification in future. If the historical percentage had been 10% higher or lower, the estimate would be £259,000 higher or lower. The estimate will increase or decrease based on the number of bioprocessing batches undertaken, the percentage of completion of those bioprocessing batches, and the number of batches which go out of specification over the assessment period.

Consequently, bioprocessing revenue of £2,592,000 (2021: £769,000) has not been recognised during 2022, with the corresponding credit to contract liabilities (note 19). This revenue will be recognised as the batches complete bioprocessing.

No provision for out of specification batches has been raised for Oxford Biomedica Solutions as management has concluded that, based on review of analytical testing results received after year end, no bioprocessing batch was deemed to be at risk of failure to meet specifications.

Amortisation of intangibles assets (developed technology)

The estimated useful life of developed technology acquired by the Group is 15 years as the Group expects the technology to generate cash flows for a total of 15 years. The estimate of 15 years is based on management's experience of the time period over which the technology acquired as part of the acquisition of Oxford Biomedica Solutions will become fully obsolete. Over time as the platform technology is improved, parts of the technology become obsolete as they are superseded by new technology until after 15 years the original technology is expected to have been fully replaced by newer/improved technology.

If the estimated useful life of the assets had been 10 years, the estimated amortisation for the year ended 31 December 2022 would be £3,036,000 higher (2021: nil); whilst, if the estimated useful life of the assets had been 20 years, the estimated amortisation for the year ended 31 December 2022 would be £1,518,000 lower (2021:nil).

Sale and leaseback – Lease liability discount rate

During November 2022 the Group sold its Windrush Court facility property to Kadans for a cash consideration of £60 million in a sale and leaseback transaction (refer note 33). A key estimate identified by the Group within the sale and leaseback agreement is the incremental borrowing rate used to discount the lease liability cash flows back to their present value to determine the lease liability at year end.

Since the rate implicity in the lease is not readily determinable, the Group's incremental borrowing rate has been used (the rate of interest that would have to be paid to borrow on a collateralised basis over a similar term for an amount equal to the lease payments in a similar economic environment) based on the information available at commencement date in determining the discount rate used to calculate the present value of lease payments. The rates have been determined using previously available information on borrowing rates as well as indicative borrowing rates that would be available based on the value, currency and borrowing term provided by financial institutions, adjusted for company and market specific factors. Estimation of uncertainty is involved in selecting an appropriate rate, and the rate selected for each lease will have an impact on the value of the lease liability and corresponding right-of-use (ROU) asset in the Consolidated Statement of financial positions.

If the estimated lease liability discount rate had been one percentage higher or lower, the gain recognised on the sale of Windrush court would have been £1,775,000 higher or lower (2021: £nil) with the other side of the entry decreasing or increasing the lease liability by a £2,027,000 (2021: £nil) and decreasing and increasing right of use assets by a £253,000 (2021: £nil).

Valuation of put option liability

Where a put option with non-controlling shareholders exists on their equity interests, a liability for the fair value of the exercise price of the option is recognised. On 10 March 2022, the Group recognised a put option liability to acquire the remaining 20% of Oxford Biomedica Solutions that it doesn't already own, from Homology Medicines. The fair value of the option at the date of acquisition was assessed to be £39.0 million. At 31 December 2022 the fair value of the put option liability was £38.2 million (Dec 2021: £nil).

The Group estimates the value of the put liability using a Monte Carlo simulation which calculates the expected future exercise value of the put option, taking into consideration Oxford Biomedica Solutions' forecasted revenues over the period up until the expected exercise date along with the expected volatility of those revenues over that same period. The expected future exercise value is then discounted to the present using a discount rate in order to capture the counter party risk of the expected payment.

Key estimation uncertainty inputs which directly impact the valuation of the put option liability are assessed to be:

- Revenues of Oxford Biomedica Solutions –the revenues of Oxford Biomedica Solutions are based on the management approved forecast up until the end of the option period. Should the forecast change or the actual results vary this may impact the value of the put option liability.
- Expected volatility of revenues – should the expected volatility of Oxford Biomedica Solutions revenues vary, this may impact the value of the put option liability,
- Discount rate – the discount rate may be impacted by economic and market factors, as well as changes to the risk free rate of return which impacts debt borrowing rates. Should the discount rate calculated by management be adjusted, this may impact the value of the put option. Management has calculated the discount rate based on the risk free rate, the expected return from similar companies and the Group's cost of debt.

	Fair value	
Put option liability		
31 December 2022	Increase	Decrease
Effect in thousands of pounds:		
Revenues of Oxford Biomedica Solutions:		
10% higher or lower	2.1	(2.4)
Discount rate 2% lower or higher	1.4	(1.4)

Valuation of acquired intangible assets

As part of the acquisition accounting for the acquisition of Oxford Biomedica Solutions LLC in 2022, we have performed an assessment on the identification, fair value, and expected useful economic lives of acquired intangible assets such as developed technology assets at the date of acquisition. The fair value attributed to intangible assets arising on acquisition is recognised in accordance with IAS 38 Intangible assets and is based on a number of estimates.

The acquired identifiable assets and liabilities have been recognised at their fair values at acquisition date and in accordance with the Group's accounting policies. The fair value of the developed technologies intangible asset is considered a key estimate subject to estimation uncertainty. Below are the details for the valuation methodologies used for the intangible assets.

Acquired developed technology has been valued using the multi-period excess earnings method (MPEEM) method, valued at £102.8 million, The MPEEM method considers the present value of net cash flows expected to be generated by the client relationships, by excluding any cash flows related to contributory assets.

Management considers the weighted average return on assets and discount rates as critical estimates as a reasonably possible change to these assumptions in aggregation, or in isolation, will have an impact on the consolidated financial statements. The weighted average return on assets and discount rate used by management in the valuation of the developed technology is 17.3% and 20% respectively. Below are the various sensitivities of weighted average return on assets and discount rates and their impact on the related intangible assets.

Sensitivities

Discount rate	Weighted average rate of return	Adjusted Developed technology value £'m	Impact £'m
17%	**15.0%**	**121.8**	**19.0**
18%	**15.8%**	**113.5**	**10.7**
19%	**16.5%**	**106.0**	**3.2**

3, Financial risk management

Financial risk factors

The Group has a simple corporate structure which consists of the Company and two main operating subsidiaries, one domiciled in the UK and the other in the US. Monitoring of financial risk is part of the Board's ongoing risk management, the effectiveness of which is reviewed annually. The Group's agreed policies are implemented by the Chief Financial Officer, who submits reports at each Board meeting. The Group does not use financial derivatives, and it is the Group's policy not to undertake any trading in financial instruments.

(a) Foreign exchange risk

In 2022 the Group's revenues were mostly receivable in Sterling and US Dollars, and certain of its expenditures were payable in Euros and US Dollars. The majority of the UK based entities' operating costs are denominated in Sterling. A 10% difference in the £/$ average exchange rate would have had an impact of approximately £1,121,000 (2021: £712,000) over the year. The US based entities' revenue and operating costs are all in USD.

The Group also has exposure to the £/$ exchange rate due to the Oaktree loan facility denominated in Dollars. Had the £/$ exchange rate been 10% different, the impact on cost in 2022 would have been approximately £455,000 (2021: nil).

The Group also has exposure to the £/€ exchange rate due to the need to fund certain expenditure denominated in Euros. Had the average £/€ exchange rate been 10% different, the impact on cost in 2022 would have been approximately £418,000 (2021: £305,000). The Group's policy is to hold the majority of its funds in Sterling and US Dollars. No other hedging of foreign currency cash flows is undertaken.

(b) Interest rate risk

The Group's policy is to maximise interest receivable on deposits, subject to maintaining access to sufficient liquid funds to meet day to day operational requirements and preserving the security of invested funds. With the current low level of bank interest rates at the start of the year, interest receivable on bank deposits in 2022 was just £973,000 (2021: £nil).

On 10 March 2022, the Group drew down an US$85 million loan facility with Oaktree to finance the acquisition of Oxford Biomedica Solutions, under a 1 year facility agreement maturing in 2023. On 7 October 2022, the loan facility was refinanced with Oaktree. Under the terms of such refinancing, the Company has partially repaid the outstanding amounts under the Short-Term Loan Facility and amended the facility into a new senior secured four year term loan facility provided by Oaktree in a principal amount of US$50 million. The Term Loan carries a variable interest rate, which is capped at 10.25% per annum and payable quarterly in cash, with up to 50% of interest for the first twelve months payable in kind as additional loan principal, at the option of the Company. The interest rate is subject to downward adjustment following the satisfaction of certain commercial conditions.

If interest rates had been 1% higher in 2022 the impact on cash interest paid would have been £nil (2022: £nil).

(c) Credit risks

Cash balances are mainly held on short term deposits with financial institutions with a credit rating of at least A, in line with the Group's policy to minimise the risk of loss.

Trade debtors are monitored to minimise the risk of loss (note 16).

Derivative financial instruments and hedging

There were no material derivatives at 31 December 2022 or 31 December 2021 which have required separation, and hedge accounting has not been used.

Fair value estimates

The fair value of short term deposits with a maturity of one year or less is assumed to be the book value.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimise the cost of capital.

Group	**2022 £'000**	2021 £'000
Net (cash)/debt[2]	**(101,505)**	(108,944)[1]
Equity	**236,192**	187,338
Debt/equity	**43%**	(58%)

[1] Represents Cash balance only as no debt.
[2] Net (cash)/debt is Cash and cash equivalents less Loans as outlined on page 136.

4, Segmental analysis Segmental reporting

The chief operating decision-maker has been identified as the Senior Executive Team (SET), comprising the Executive Directors, Chief Commercial Officer, Chief Technical Officer, Chief Scientific Officer, Chief Business and Corporate Development Officer, Chief Operations Officer, Chief People Officer, Chief Information Officer and General Counsel. The SET monitors the performance of the Group in two business segments:

(i) Platform – this segment consists of the revenue generating bioprocessing and process development activities undertaken for third parties (i.e the partner programmes LentiVector® and AAV CDMOs business). It also includes internal technology developments and technical intellectual property within the LentiVector® platform.

(ii) Product – this segment consists of the clinical and pre-clinical development of *in vivo* and *ex vivo* cell and gene therapy products (gene therapeutics) which are owned by the Group.

In the first quarter of 2023, the SET has re-assessed the reporting segments to reflect the way the business will be managed in future. Management reporting is currently being reworked to align with these new segments going forward and the Group expects to be able to report on these new segments during 2023 and thereafter. No changes from the current basis have been reflected in the 2022 Annual report and accounts.

Revenues, other operating income and operating loss by segment

Revenues, Operating EBITDA and Operating profit/(loss) represent the Group's measures of segment profit and loss as they are a primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments.

2022	**Platform £'000**	**Product £'000**	**Total £'000**
Revenue	**139,903**	**86**	**139,989**
Other operating income	**2,307**	**–**	**2,307**
Gain on sale and leaseback	**21,389**	**–**	**21,389**
Operating EBITDA[1]	**11,654**	**(10,023)**	**1,631**
Depreciation, amortisation and share based payment	**(29,551)**	**(2,250)**	**(31,801)**
Operating loss	**(17,948)**	**(12,272)**	**(30,220)**
Net finance cost			**(15,756)**
Loss before tax			**(45,976)**

2021	Platform £'000	Product £'000	Total £'000
Revenue	142,693	104	142,797
Other operating income	867	–	867
Operating EBITDA[1]	45,292	(9,368)	35,924
Depreciation, amortisation and share based payment	(13,702)	(1,288)	(14,990)
Revaluation of investments	(165)	–	(165)
Operating profit/(loss)	31,425	(10,657)	20,768
Net finance cost			(888)
Profit before tax			19,880

[1] Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and Assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments options. A reconciliation to GAAP measures is provided on page 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

Other operating income of £2.3 million (2021: £0.9 million) includes sub lease rental income of £1.4 million (2021: Nil) in relation to a portion of the Patriot's Park property in the US accounted for as a as a short term lease, and grant income to further develop our supply chain capabilities of £0.9 million (2021: £0.9 million) and is included within the Platform segment.

Costs are allocated to the segments on a specific basis as far as possible. Costs which cannot readily be allocated specifically are apportioned between the segments using relevant metrics such as headcount or direct costs.

No intangible assets or fixed assets of any significant value have been assessed to be assigned specifically to the Products division, and therefore no impairment has been required as a result of the decision by the Group to look for alternative funding for the Product division.

A segmental or geographical split of assets and liabilities is not provided because this information is not received or reviewed by the chief operating decision-maker. All assets are located within the United Kingdom and United States.

Disaggregation of revenue

Revenue is disaggregated by the type of revenue which is generated by the commercial arrangement.

2022	**Platform £'000**	**Product £'000**	**Total £'000**
Bioprocessing/Commercial development	**127,994**	**86**	**128,080**
Licence fees, milestones and royalties	**11,909**	**–**	**11,909**
Total	**139,903**	**86**	**139,989**

2021	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	128,318	104	128,422
Licence fees, milestones and royalties	14,375	–	14,375
Total	142,693	104	142,797

Timing of transfer of goods or services

	2022 £'000	2021 £'000
Products and services transferred at a point of time	**11,909**	13,997
Products and services transferred over time	**128,080**	128,800
Total revenue	**139,989**	142,797

The majority of the Group's revenue is typically recognised over time as the performance obligations in the contract are being fulfilled.

Results by geographical location

The Group's revenue derives wholly from assets located in the United Kingdom and the United States. Analysed by location the Group's revenues derive predominantly from United Kingdom, United States, Europe and the rest of the world:

Revenue by client location	**2022 £'000**	2021 £'000
United Kingdom	**49,939**	97,063
United States	**61,591**	20,816
Europe	**28,063**	21,632
Rest of world	**396**	3,286
Total revenue	**139,989**	142,797

In 2022 five clients each provided 10% or more of the Group's revenues in the platform segment.

Geographic split of operating loss	**2022 £'000**	2021 £'000
United Kingdom	**(1,465)**	(20,768)
United States	**(28,755)**	–
Total operating loss	**(30,220)**	(20,768)

Geographic split of non current assets	**2022 £'000**	2021 £'000
United Kingdom	**94,997**	73,385
United States	**149,679**	–
Total non current assets	**244,676**	73,385

5, Employees and directors

The monthly average number of persons (including Executive Directors) employed by the Group during the year was:

By activity	2022 £'000	2021 £'000
Office and management	**117**	56
Research, development and bioprocessing	**812**	703
Total	**929**	759

Employee benefit costs	2022 £'000	2021 £'000
Wages and salaries	**70,042**	43,174
Social security costs	**6,165**	5,122
Other pension costs (note 32)	**3,560**	2,839
Share based payments (note 28)	**6,471**	3,523
Total employee benefit costs	**86,238**	54,658

Key management compensation	2022 £'000	2021 £'000
Wages and salaries	**4,486**	3,167
Social security costs	**760**	893
Other pension costs	**293**	250
Share based payments	**2,620**	2,075
Total	**8,159**	6,385

The key management figures above include Executive and Non-Executive Directors and the other members of the SET. Further information about the remuneration of individual Directors, including the highest paid Director, is provided in the audited part of the Directors' Remuneration Report on page 95 which forms part of these financial statements.

The Company had no employees during the year (2021: zero).

6, Finance income and costs

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Finance income:				
Bank interest receivable	**973**	–	**–**	–
Total finance income	**973**	–	**–**	–
Finance costs:				
Unwinding of discount in provisions (note 20)	**(66)**	(27)	**(28)**	–
Gain on foreign exchange	**(7,975)**	–	**(7,964)**	–
Interest payable on loans	**(5,564)**	–	**(5,564)**	–
Interest payable on finance leases	**(3,124)**	(861)	**(477)**	–
Total finance costs	**(16,729)**	(888)	**(14,033)**	–
Net finance costs	**(15,756)**	(888)	**(14,033)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

7, Expenses by nature

		Group		Company	
	Notes	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Employee benefit costs	5	**86,238**	54,658	**992**	823
Depreciation of property, plant and equipment	12	**20,271**	12,435	**323**	–
Amortisation	11	**6,088**	21	**–**	–
Raw materials and consumables used in bioprocessing		**27,449**	23,026	**–**	–
Operating lease payments		**231**	236	**–**	–
Net loss on foreign exchange		**(751)**	(115)	–	–

Company employee benefit costs include £992,000 (2021: £823,000) relating to non-executive costs paid by Oxford Biomedica UK Ltd and recharged to the Company.

Depreciation is charged to cost of goods, research and development, and bioprocessing costs in the statement of comprehensive income.

Amortisation is charged to research and development in the statement of comprehensive income.

The operating lease payments relate to short term leases which have been accounted for under the IFRS 16 exemption.

During the year the Group (including its subsidiaries) obtained services from the Group's auditors and their associates as detailed below:

Services provided by the Group's auditors	**2022 £'000**	2021 £'000
Fees payable for the audit of the parent company and consolidated financial statements	**50**	50
Fees payable for other services:		
The audit of the Company's subsidiaries	**895**	350
Additional fees relating to prior year audit	**98**	70
Review of interim results	**35**	35
Total	**1,078**	505

8, Taxation

During 2020 the Group ceased being eligible to claim a research and development tax credits under the Government's small company scheme, and instead in 2021 and 2022 claimed under the Large Company scheme.

Current tax	**2022 £'000**	2021 £'000
Corporation tax	**(1,282)**	(1,427)
	(1,282)	(1,427)
Adjustments in respect of prior periods:		
United Kingdom corporation tax research and development credit	**307**	558
Current tax	**(975)**	(869)
Deferred tax		
Relating to the origination of timing differences	**1,792**	–
Deferred tax	**1,792**	–
Taxation credit/(charge)	**817**	(869)

U.K. income tax

The amount of £1,282,000 (2021:£1,427,000) included as part of the taxation charge within the statement of comprehensive income for the year ended 31 December 2022 comprises the corporation tax payable on the amount claimed as a Large Company Tax credit (RDEC) within research and development expenses in the statement of comprehensive income.

The adjustment of current tax in respect of the prior year of £307,000 relates to the corporation tax credit on a lower than anticipated RDEC tax receipt. In 2021 the adjustment in respect of prior years in the amount of £558,000 related to a SME tax credit received relating to prior years.

The United Kingdom corporation tax research and development (RDEC) credit which is included in research and development expenses, is paid in arrears once tax returns have been filed and agreed. The tax credit recognised in the financial statements but not yet received is included in trade and other receivables in the Statement of financial position.

During 2022 the Group recognised £125,000 (2021: £458,000) of current tax relating to tax relief obtained on exercise of share options directly within equity.

The Company has no tax liability, nor is it entitled to tax credits (2021: £nil).

At 31 December 2022, the Group had UK tax losses, with no expiry date, to be carried forward of approximately £76.2 million (2021: £78.3 million).

U.S. income tax

Deferred tax of £1,764,000 (2021: Nil) relates to temporary differences relating to intangible assets.

At 31 December 2022, the Group had US tax losses to be carried forward of approximately £7.3 million (2021: £nil) that expire 20 years from it being incurred.

Reconciliation of effective tax rate

The tax credit for the year is lower (2021: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Loss/(profit) on ordinary activities before tax	**(45,976)**	19,880	**(4,804)**	(2,366)
Loss/(profit) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**8,734**	(3,777)	**913**	450
Effects of:				
Expenses not deductible for tax purposes	**(1,985)**	(649)	**(28)**	(101)
Income not taxable	**376**	344	**1,272**	–
Transfer pricing adjustments	**(1,005)**	–	**(1,005)**	–
Current tax relief less than accounting charge on share options	**(517)**	(174)	**–**	–
Effects of group relief/other reliefs	**–**	–	**(158)**	(349)
Deferred tax not recognised	**–**	2,829	**579**	–
Amounts not recognised	**(4,753)**	–	**(1,573)**	–
Rolled over gains	**(3,074)**	–	**–**	–
Effects of overseas tax rates	**2,734**	–	**–**	–
Adjustments in respect of prior periods	**307**	558	**–**	–
Total tax (charge)/credit for the year	**817**	(869)	**–**	–

9, Basic and diluted profit/(loss) per ordinary share

The basic loss per share of 41.29p (2021: profit 22.77p) has been calculated by dividing the (loss)/profit for the period by the weighted average number of shares in issue during the year ended 31 December 2022 being, 94,829,892 (2021: 83,484,173).

As the Group made a loss this year, there is therefore no difference between the basic loss per ordinary share and the diluted loss per ordinary share in the current period. The Group made a profit in the prior period and the diluted earnings per share in the year was 22.20p, which was calculated by dividing the earnings for the period by the weighted average number of shares in issue during the period after adjusting for the dilutive effect of the share options outstanding at 31 December 2021 (2,134,494).

10, Loss for the financial year

As permitted by section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been included in these financial statements. The Company's loss for the year was £4,804,000 (2021: £2,366,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

11, Intangible assets

	Notes	Goodwill £'000	Developed technology £'000	Patents £'000	Total £'000
Cost					
At 1 January 2021		–	–	5,636	5,636
At 31 December 2021		–	–	5,636	5,636
At 1 January 2022		–	–	5,636	5,636
Acquisitions through business combinations	35	610	102,869	–	103,479
Retirements		–	–	(3,825)	(3,825)
Effects of movements in exchange rates		51	8,536	–	8,587
At 31 December 2022		**661**	**111,405**	**1,811**	**113,877**
Accumulated amortisation and impairment					
At 1 January 2021		–	–	5,563	5,563
Charge for the year		–	–	21	21
At 31 December 2021		–	–	5,584	5,584
At 1 January 2022		–	–	5,584	5,584
Charge for the year		–	6,072	16	6,088
Retirements		–	–	(3,797)	(3,797)
Effects of movements in exchange rates		–	116	–	116
At 31 December 2022		**–**	**6,188**	**1,803**	**7,991**
Net book amount at 31 December 2022		**661**	**105,217**	**8**	**105,886**
Net book amount at 31 December 2021		–	–	52	52

Intangible assets comprise Goodwill, Developed Technology and Patents for intellectual property rights. The Group has not capitalised any internally generated intangible assets.

12, Property, plant and equipment

Group	Freehold property £'000	Leasehold improvements[1] £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right of use asset £'000	Total £'000
Cost						
At 1 January 2022	25,409	28,145	10,663	29,505	18,411	112,133
Additions at cost	113	7,767	955	7,461	13,038	29,334
Reallocations	14	(417)	(6)	409	–	–
Acquisitions through business combinations	–	22,747	788	10,436	24,974	58,945
Disposals	(15,688)		(45)	(127)	–	(15,860)
Change in estimate	–	–	–	–	(1,349)	(1,349)
Effects of movements in exchange rates	–	1,986	65	912	2,072	5,035
At 31 December 2022	**9,848**	**60,228**	**12,420**	**48,596**	**57,146**	**188,238**
Accumulated depreciation						
At 1 January 2022	12,652	6,226	6,863	12,519	4,145	42,405
Charge for the year	2,052	5,167	2,204	5,916	4,932	20,271
Effects of movements in exchange rates	–	47	2	40	19	108
Disposals	(8,210)	–	(27)	(89)	–	(8,326)
At 31 December 2022	**6,494**	**11,440**	**9,042**	**18,386**	**9,096**	**54,458**
Net book amount at 31 December 2022	**3,354**	**48,788**	**3,378**	**30,210**	**48,050**	**133,780**

Group	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right of use asset £'000	Total £'000
Cost						
At 1 January 2021	23,331	27,219	9,106	24,606	18,012	102,274
Additions at cost	2,078	939	1,557	4,886	21	9,481
Reclassification	–	(13)	–	13	–	–
Disposals	–	–	–	–	378	378
At 31 December 2021	**25,409**	**28,145**	**10,663**	**29,505**	**18,411**	**112,133**
Accumulated depreciation						
At 1 January 2021	10,444	3,519	4,610	9,177	2,220	29,970
Charge for the year	2,208	2,707	2,253	3,342	1,925	12,435
Reclassification	–	–	–	–	–	–
At 31 December 2021	**12,652**	**6,226**	**6,863**	**12,519**	**4,145**	**42,405**
Net book amount at 31 December 2021	**12,757**	**21,919**	**3,800**	**16,986**	**14,266**	**69,728**

[1] Included within Leasehold Improvements are Assets under Construction of £5,541,000 (2021:£nil) representing ongoing construction works at Patriots Park, Boston, which will start being depreciated once completed and in use.

Leasehold improvements are capital improvements to buildings which the Group leases. Bioprocessing and laboratory equipment is equipment purchased for the Group's laboratory and bioprocessing processes, and are generally movable from one facility to another.

During the year a sale and leaseback transaction was completed on the Windrush facility and as a result assets with a net book value of £7.5 million have been disposed of in the period and a Right of use Asset of £5.8 million recognised at Group. Refer to note 33 for details of the lease.

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for the year ended 31 December 2022

Company	Right of use asset £'000	Total £'000
Cost		
At 1 January 2022	–	–
Additions at cost	39,717	39,717
At 31 December 2022	**39,717**	**39,717**
Accumulated depreciation		
At 1 January 2022	–	–
Charge for the year	323	323
At 31 December 2022	**323**	**323**
Net book amount at 31 December 2022	**39,394**	**39,394**

The Windrush Court building was owned and then sold by Oxford Biomedica (UK) Ltd in October 2022, after which the building was immediately leased under a 15 year lease by Oxford Biomedica PLC on the same day. In the Company's individual accounts, the Company has accounted for the lease as a standalone lease with the resultant lease liability and matching right of use asset, whilst Oxford Biomedica (UK) Ltd has accounted for the transaction as a standalone sale of an asset. However, from a Group perspective the transaction has been accounted for as a sale and leaseback transaction as both companies form part of the same group and both the sale and leaseback was negotiated and entered into at the same time. The Company had no property, plant and equipment at 31 December 2021.

13, Assets at fair value through profit and loss

Assets at fair value through profit and loss (FVTPL): Group	**2022 £'000**	2021 £'000
At 1 January	**74**	239
Additions	**–**	–
Sale of shares	**–**	–
Change in fair value of FVTPL asset	**(51)**	(165)
At 31 December	**23**	74

14, Investments and loans in subsidiaries

	2022 £'000	2021 £'000
Shares in group undertakings		
At 1 January and 31 December	**15,182**	15,182
Loans to group undertakings		
At 1 January	**273,253**	262,002
Loan advanced in the year	**153,602**	11,251
At 31 December	**426,855**	273,253
Total investments in shares and loans to group undertakings	**442,037**	288,435
Accumulated impairment		
At 1 January and 31 December	**126,065**	126,065
Net book amount at 31 December	**315,972**	162,370
Capital contribution in respect of employee share schemes		
At 1 January	**18,793**	15,269
Additions in the year (note 27 and 28)	**6,471**	3,523
At 31 December	**25,264**	18,792
Total investments	**341,237**	18,792

The Company recognised a loss allowance for expected credit losses on financial assets. The expected credit losses are estimated by reference to an analysis of the subsidiary's current financial position and future repayment expectations. The loss allowance recognised on loans in subsidiaries at the end of the year was £93.1 million (2021: £93.1 million). In addition to the loss allowance recognised on loans in subsidiaries, an impairment loss is recognised under IAS 36 for shares in Group undertakings and for capital contribution in respect of employee share schemes of £32.9 million (2021: £32.9 million).

The loan from Oxford Biomedica plc to Oxford Biomedica (UK) Limited is unsecured and interest free. The loan is legally due for repayment on demand though the expectation is that it will not be repaid within 12 months of the year end.

Net investment in foreign operations:

The company has designated a US$180 million intercompany loan to Oxford Biomedica (US) Inc as a monetary item that forms part of the Group's net investment in Oxford Biomedica Solutions with the foreign exchange differences recognised as a separate component in Other Comprehensive income until such time as the investment in Oxford Biomedica Solutions is disposed of. A translation gain of £10.6 million was recognised in 2022 (2021: Nil).

Interests in subsidiary undertakings

	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by the Group and Company	Nature of business
Oxford Biomedica (UK) Limited	Great Britain	1p ordinary shares	100%	Gene therapy research development and manufacturing
Oxford Biomedica (Ireland) Limited	Ireland	1p ordinary shares	100%	Product release
Oxxon Therapeutics Limited	Great Britain	1p ordinary shares	100%	Dormant
Oxford Biomedica Solutions LLC	United States	N/A	80%	Gene therapy research, development and manufacturing
Oxford Biomedica (US) Inc.	United States	1c ordinary shares	100%	Business Development
Invivusbio Limited	Great Britain	1p ordinary shares	100%	Dormant

The registered office of the Company, its UK subsidiaries and Oxford Biomedica (US) Inc. is Windrush Court, Transport Way, Oxford, OX4 6LT. The registered office of Oxford Biomedica (Ireland) Ltd is Earlsfort Terrace, Dublin 2, DO2 T380, Ireland. The registered office of Oxford Biomedica Solutions LLC is 1 Patriots Park, Bedford, MA 01730, USA.

In addition, the Group set up the Oxford Biomedica Employee Benefit Trust (EBT) to hold market-purchased shares to settle the 2013 deferred bonus share awards made to Executive Directors and employees (note 27).

All of the above subsidiaries have been consolidated in these financial statements.

At each year end the Directors review the carrying value of the Company's investment in subsidiaries. Where there is a material and sustained shortfall in the market capitalisation, or a significant and sustained change in the business resulting in a decrease in market capitalisation, the Directors consider this to be a trigger of an impairment review as set out in IAS 36, and the carrying value of the Company's investments in subsidiaries is adjusted. The Directors consider that reference to the market capitalisation of the Group is an appropriate external measure of the value of the Group for this purpose. Cumulative impairment of £126.0 million has been recognised up to 31 December 2022.

15, Inventories

Group	**2022 £'000**	2021 £'000
Raw Materials	**12,625**	9,521
Total inventory	**12,625**	9,521

Inventories constitute raw materials held for commercial bioprocessing purposes, all of which the Group expects to recover within the next 12 months.

During the year, the Group wrote down £1,117,000 (2021: £766,000) of inventory which is not expected to be used in production or sold onwards. During the year, the Group wrote off £11,717,000 of inventory as a result of cancelled orders from a client, which was recognised as part of cost of sales in the year. The Company holds no inventories.

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for the year ended 31 December 2022

16, Trade and other receivables

	Group		Company	
	2022	2021	**2022**	2021
Current	**£'000**	£'000	**£'000**	£'000
Trade receivables	**34,109**	22,398	**–**	–
Contract assets	**10,897**	13,547	**–**	–
Other receivables	**4,832**	365	**–**	–
Other tax receivable	**7,757**	5,227	**–**	–
Prepayments	**3,976**	3,210	**–**	–
Total trade and other receivables	**61,571**	44,747	**–**	–

Non-current trade and other receivables constitute other receivables of £5,010,000 (2021: £3,605,000) which are deposits held in escrow as part of the Windrush Innovation Centre and Oxbox lease arrangements.

The fair value of trade and other receivables are the current book values. The Group has performed an impairment assessment under IFRS 9 and has concluded that the application of the expected credit loss model has had an immaterial impact on the level of impairment of receivables.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2022	2021
	£'000	£'000
Sterling	**50,395**	44,527
US Dollar	**16,186**	3,825
	66,581	48,352

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above. The Group does not hold any collateral as security.

Trade receivables

Included in the Group's trade receivable balance are debtors with a carrying amount of £1,336,000 (2021: £3,800,000) which were past due at the reporting date and of which £1,333,000 (2021: £3,800,000) has been received after the reporting date.

Ageing of past due but not impaired trade receivables:

	2022	2021
	£'000	£'000
0–30 days	**171**	3,266
30–60 days	**3**	389
60+ days	**1,162**	145
	1,336	3,800

Contract assets

Contract assets relates to the Group's rights to consideration for work completed but not invoiced at the reporting date for commercial development work and bioprocessing batches. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the client.

The balance of £10.9 million (2021: £13.5 million) mainly relates to commercial development milestones which have been accrued as the specific conditions stipulated in the licence agreement have been met, commercial development work orders accrued on a percentage complete basis which will be invoiced as the related work package completes, and bioprocessing batches accrued on a percentage of completion basis which will be invoiced as the manufacturing of the batch is completed.

Contract assets have decreased from £13.5 million at the end of 2021 to £10.9 million at the end of 2022 due to the timing of bioprocessing and commercial development activities undertaken during the year leading to a lower level of consideration for work completed but not yet billed.

A portion of contract assets relates to fixed price process development work packages which are recognised on a percentage of completion basis and as such requires estimation in terms of the assessment of the correct percentage of completion for that specific work package. The value of the contract asset raised with regard to these work packages is £8,179,000 (2021: £8,022,000). If the assessed percentage of completion was 1 percentage point higher or lower, revenue recognised in the period would have been £82,000 higher or lower (2021: £80,000).

The Group performed an impairment assessment under IFRS 9 and has concluded that the application of the expected credit loss model has had an immaterial impact on the level of impairment on contract assets. We have noted there has been no change in the time frame for a right to consideration to become unconditional and the performance obligation to be satisfied.

17, Cash and cash equivalents

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Cash at bank and in hand	**141,285**	108,944	**19,197**	61,630

18, Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Trade payables	**13,604**	5,260	**–**	–
Other taxation and social security	**2,347**	1,899	**–**	–
Accruals	**20,628**	11,899	**143**	152
Total trade and other payables	**36,579**	19,058	**143**	152

19, Contract liabilities and deferred income

Contract liabilities and deferred income arise when the Group has received payment for services in excess of the stage of completion of the services being provided.

Contract liabilities and deferred income have increased from £15.2 million at the end of 2021 to £20.4 million at the end of 2022 due to funds received in advance for future licencing, bioprocessing and process development activities. Of the £12.6 million balance included in the statement of financial position at the end of 2021, £12.5 million has been recognised as revenue during the 2022 financial year.

Contract liabilities consists primarily of deferred bioprocessing and process development revenues, which are expected to be released as the related performance obligations are satisfied over the period as described below:

At 31 December 2022	**0–1 £'000**	**1–3 £'000**	**3–5 £'000**	**5–10 £'000**	**Total £'000**
Contract liabilities	**18,370**	**32**	**32**	**12**	**18,446**
Bioprocessing income	10,218	–	–	–	10,218
Process development income	3,136	–	–	–	3,136
Licence fees and Milestones	5,016	32	32	12	5,092
Deferred Income	**894**	**1,069**	**–**	**–**	**1,963**
Grant	894	1,069	–	–	1,963

At 31 December 2021	0–1 £'000	1–3 £'000	3–5 £'000	5–10 £'000	Total £'000
Contract liabilities	**12,502**	**48**	**44**	**–**	**12,594**
Bioprocessing income	9,755	–	–	–	9,755
Process development income	2,325	–	–	–	2,325
Licence fees and Milestones	422	48	44	–	514
Deferred Income	**894**	**1,760**	**–**	**–**	**2,654**
Grant	894	1,760	–	–	2,654

Included within bioprocessing contract liabilities is revenue of £2,592,000 million which has not been recognised during 2022 (2021: £0.8 million) relating to the estimate of out of specification batches (see note 2: 'Estimations' for additional information).

Deferred income relates to grant funding received from the UK Government for capital equipment purchased as part of the Oxbox bioprocessing facility expansion. The income will be recognised over the period over which the purchased assets are depreciated.

The Company had primarily no contract liabilities or deferred income in 2022 or 2021.

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20, Provisions

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
At 1 January	**6,244**	5,839	**–**	–
Unwinding of discount	**66**	27	**28**	–
Additional provision recognised	**3,463**	–	**3,207**	–
Change in estimate	**(1,349)**	378	**(477)**	–
At 31 December	**8,424**	6,244	**2,758**	–

	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current	**–**	–	**–**	–
Non-current	**8,424**	6,244	**2,758**	–
Total provisions	**8,424**	6,244	**2,758**	–

Provisions are exclusively in respect of dilapidations. The new provisions during the year relate to new lease liabilities at the Wallingford Warehouse, and as a result of the sale and leaseback by the Company of the Windrush Court facility the provisions are based on the anticipated costs of restoring the leaseholds at the end of the lease terms, both of which are 2037. The existing dilapidations provisions relate to anticipated costs of restoring the leasehold Yarnton, Oxbox, Windrush Innovation Centre and Corporate Office properties in Oxford, UK to their original condition at the end of the lease terms in 2024, 2033, 2028 and 2030 respectively.

The future anticipated costs of restoring the properties is calculated by inflating the current expected restoration costs using the 3 year historic UK Consumer Price Inflation rate, up to the end of the lease term. The discount rate utilised for the purpose of determining the present value of the provision is 5.41% based on the risk free rate adjusted for inflation. The present value of the future anticipated costs of restoration is calculated by discounting the future expected value using the nominal rate. The unwinding of this discount over time is included within finance costs.

21, Loans

On 10 March 2022, the Group drew down an US$85 million loan facility with Oaktree to finance the acquisition of Oxford Biomedica Solutions under a 1 year facility agreement maturing in 2023. Over the course of the term loan interest was payable quarterly with a nominal interest rate on the loan of 8.5%.

On 7 October 2022, the loan facility was refinanced with Oaktree. Under the terms of such refinancing, the Company has partially repaid the outstanding amounts under the Short-Term Loan Facility and amended the facility into a new senior secured four year term loan facility provided by Oaktree in a principal amount of US$50 million. The Term Loan will mature four years after the date of completion and will not amortise, with the full aggregate principal and outstanding amount being repayable on the final maturity date. The Term Loan carries a variable interest rate, which is capped at 10.25% per annum and payable quarterly in cash, with up to 50% of interest for the first twelve months payable in kind as additional loan principal, at the option of the Company. The interest rate is subject to downward adjustment following the satisfaction of certain commercial conditions.

The Company also has secured the option, subject to the same commercial conditions as the amended facility and available for a three-year period, to draw down a further US$25 million from Oaktree to fund certain permitted acquisitions. If the option were to be exercised, it would be assessed against meeting the substantial modification requirements under IFRS 9.

The terms include financial covenants including holding a minimum of US$20 million cash at all times, restrictions on the level of indebtedness the Group may enter into or distributions made by the Group. The Oaktree facility was secured by a pledge over substantially all of the Group's assets.

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
At 1 January	**–**	–	**–**	–
New Loan	**64,866**	–	**64,866**	–
Interest accrued	**5,564**	–	**5,564**	–
Interest paid	**(4,554)**	–	**(4,554)**	–
Foreign exchange movement	**7,964**	–	**7,964**	–
Amortised fees	**588**	–	**588**	–
Loan repayment	**(31,424)**	–	**(31,424)**	–
Arrangement fees	**(3,224)**	–	**(3,224)**	–
At 31 December	**39,780**	–	**39,780**	–

22, Put option liability

	2022 £'000	2021 £'000
At 1 January	–	–
Recognised at fair value	**38,996**	–
Revaluation	**(814)**	–
At 31 December	**38,182**	–

On 10th March 2022, the Group recognised a put option liability to acquire the remaining 20% of Oxford Biomedica Solutions that it doesn't already own from Homology Medicines. The fair value of the option at the date of acquisition was assessed to be £39.0 million.

At 31st December 2022 the fair value of the Put option liability was £38.2 million (Dec 2021: £nil). The lower liability valuation was due to increases in borrowing rates over the period leading to a higher discount rate applied and a resultant lower put option liability.

23, Financial instruments

The Group and Company's financial instruments comprise cash and cash equivalents, trade and other receivables, assets at fair value through profit and loss, and trade and other payables. Additional disclosures are set out in the Corporate Governance Report and in note 3 relating to risk management.

The Group had the following financial instruments at 31 December each year:

	Financial assets/financial liabilities at fair value through profit and loss		Cash and receivables		Amortised costs, loans and other liabilities	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Cash and cash equivalents (note 17)	**–**	–	**141,285**	108,944	**–**	–
Trade receivables and other receivables (note 16)	**–**	–	**62,605**	45,142	**–**	–
Assets at fair value through profit and loss (note 13)	**23**	74	**–**	–	**–**	–
Trade and other payables excluding tax (note 18)	**–**	–	**–**	–	**34,232**	17,160
Loan (note 21)	**–**	–	**–**	–	**39,780**	–
Put option liability (note 22)[1]	**–**	–	**–**	–	**38,182**	–
	23	**74**	**203,890**	**154,086**	**112,194**	**17,160**

1 Although the put option is included within the amortised cost table, it is not measured at amortised cost but at the fair value of the expected consideration payable.

The Company had the following financial instruments at 31 December each year:

	Cash and receivables		Amortised costs, loans and other liabilities	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Cash and cash equivalents (note 17)	**19,197**	61,630	**–**	–
Trade and other payables excluding tax (note 18)	**–**	–	**143**	152
Loan (note 21)	**–**	–	**39,780**	–
	19,197	61,630	**39,923**	152

Floating rate instant access deposits earned interest at prevailing bank rates.

	2022 Weighted average rate	2021 Weighted average rate
Sterling	**1.67%**	0.02%
US Dollar	**1.26%**	0.00%

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Assessment of financial assets by credit risk rating:

Cash and cash equivalents are held with reputable banks with a low assessed risk of default.

All trade receivables are assessed as having a low credit risk rating as the debt is owed by blue chip pharmaceutical groups in the top 10 in the world by market capitalisation, and by biotechnology companies with sufficient cash reserves to satisfy their obligations. There has been no change in the determined risk during 2022, therefore no reconciliation between the 2021 and 2022 closing debtor balance assessed by risk of default has been provided. The opening and closing position was low (2021: low).

Other receivables are rent deposits held in separately administered bank accounts with covenants limiting their use and are as such assessed as having a low risk of default.

The Group considers a financial asset to be in default when:

— The debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is more than 90 days past its contracted due date.

Fair value

The Directors consider that the fair values of the Group's financial instruments do not differ significantly from their book values.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2022	2021
	£'000	£'000
Sterling	**117,247**	96,477
Euro	**623**	524
US Dollar	**23,415**	11,943
	141,285	108,944

Financial assets classified as level 1 in hierarchy

The investment asset represented by ordinary shares in Orchard Therapeutics is classified as at fair value through profit and loss. Please refer to note 13 for further information.

Financial liabilities classified as level 3 in hierarchy

The Put option liability is classified as at fair value as a liability. Please refer to note 22 for further information.

Measurement of fair values

Valuation techniques and significant unobservable inputs:

The following table shows the valuation techniques used in measuring level 3 fair values, as well as the significant unobservable inputs used:

Type	**Valuation technique**	**Significant unobservable inputs**	**Interrelationship between unobservable inputs and fair value measurement:**
Put option liability	Monte Carlo simulation	Revenues of Oxford Biomedica Solutions	— The revenues of Oxford Biomedica Solutions are based on the management approved forecast up until the end of the option period. Should the forecast change or the actual results vary this may impact the value of the put option liability.
		Discount rate	— The discount rate may be impacted by economic and market factors, as well as changes to the risk free rate of return which impacts debt borrowing rates. Should the discount rate calculated by management be adjusted, this may impact the value of the put option. Management has calculated the discount rate based on the risk free rate, the expected return from similar companies and the Group's cost of debt.

Sensitivity analysis

For the fair values of the put option liability, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Fair value	
Put option liability 31 December 2022	Increase	Decrease
Effect in thousands of pounds:		
Revenues of Oxford Biomedica Solutions: 10% higher or lower	2.1	(2.4)
Discount rate 2% lower or higher	1.4	(1.4)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Equity		Total
Group	Lease liabilities £'000	Loan £'000	Share capital £'000	Share Premium £'000	Total £'000
Balance at 1 January 2021	**13,845**	**–**	**41,161**	**258,017**	**313,023**
Changes from financing cash flows					
Share options – Proceeds from shares issued	–	–	236	1,439	1,675
Issue of shares excluding options	–	–	1,691	48,309	50,000
Payments for the principal portion of lease liabilities	(4,520)	–	–	–	(4,520)
Payments for the interest portion of lease liabilities	(873)	–	–	–	(873)
Total changes from financing cash flows	**(5,393)**	**–**	**1,927**	**49,748**	**46,282**
Other changes:					
Additions	16	–	–	–	16
Interest	873	–	–	–	873
Balance at 31 December 2021	**9,341**	**–**	**43,088**	**307,765**	**360,194**
Changes from financing cash flows					
Share options – Proceeds from shares issued	–	–	106	78	184
Issue of shares excluding options	–	–	4,938	75,062	80,000
Cost of share issues	–	–	–	(2,952)	(2,952)
Loans received	–	64,866	–	–	64,866
Loans repaid	–	(31,424)	–	–	(31,424)
Arrangement fees	–	(3,224)	–	–	(3,224)
Interest paid	–	(4,554)	–	–	(4,554)
Payments for the principal portion of lease liabilities	(1,120)	–	–	–	(1,120)
Payments for the interest portion of lease liabilities	(3,124)	–	–	–	(3,124)
Total changes from financing cash flows	**(4,244)**	**25,664**	**5,044**	**72,188**	**98,652**
Other changes:					
Acquisitions	24,974	–	–	–	24,974
Additions	39,193	–	–	–	39,193
Interest	3,124	5,564	–	–	8,688
Fee amortisation	–	588	–	–	588
Foreign exchange	2,113	7,964	–	–	10,077
Closing balance at 31 December 2022	**74,501**	**39,780**	**48,132**	**379,953**	**542,366**

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	Liabilities		Equity		Total
Company	Lease liabilities £'000	Loan £'000	Share capital £'000	Share Premium £'000	Total £'000
Balance at 1 January 2021	**–**	**–**	**41,161**	**258,017**	**299,178**
Changes from financing cash flows					
Share options – Proceeds from shares issued	–	–	236	1,439	1,675
Issue of shares excluding options	–	–	1,691	48,309	50,000
Total changes from financing cash flows	**–**	**–**	**1,927**	**49,748**	**51,675**
Balance at 31 December 2021	**–**	**–**	**43,088**	**307,765**	**350,853**
Changes from financing cash flows					
Share options – Proceeds from shares issued	–	–	106	78	184
Issue of shares excluding options	–	–	4,938	75,062	80,000
Cost of share issues	–	–	–	(2,952)	(2,952)
Loans received	–	64,866	–	–	64,866
Loans repaid	–	(31,424)	–	–	(31,424)
Interest paid	–	(4,554)	–	–	(4,554)
Arrangement fees	–	(3,224)	–	–	(3,224)
Payments for the principal portion of lease liabilities	55	–	–	–	55
Payments for the interest portion of lease liabilities	(477)	–	–	–	(477)
Total changes from financing cash flows	**(422)**	**25,664**	**5,044**	**72,188**	**102,474**
Other changes:					
Additions	35,567	–	–	–	35,567
Interest	477	5,564	–	–	6,041
Fee amortisation	–	588	–	–	588
Foreign exchange	–	7,964	–	–	7,964
Closing balance at 31 December 2022	**35,622**	**39,780**	**48,132**	**379,953**	**503,487**

Exposure to Liquidity Risk

		Contractual Cash flows					
Group At 31 December 2022	Carrying Amount £'000	Total £'000	2 months or less £'000	2–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000
Lease Liabilities	**74,501**	**119,496**	**–**	**9,179**	**18,681**	**24,353**	**67,283**
Loans	**39,780**	**59,082**	**–**	**4,294**	**4,306**	**50,482**	**–**

		Contractual Cash flows					
Group At 31 December 2021	Carrying Amount £'000	Total £'000	2 months or less £'000	2–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000
Lease Liabilities	9,341	13,456	–	1,590	3,033	2,850	5,983
Loans	–	–	–	–	–	–	–

		Contractual Cash flows					
Company At 31 December 2022	Carrying Amount £'000	Total £'000	2 months or less £'000	2–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000
Lease Liabilities	**35,622**	**63,226**	**–**	**3,500**	**7,000**	**6,300**	**46,426**
Loans	**39,780**	**59,082**	**–**	**4,294**	**4,306**	**50,482**	**–**

		Contractual Cash flows					
Company At 31 December 2021	Carrying Amount £'000	Total £'000	2 months or less £'000	2–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000
Lease Liabilities	–	–	–	–	–	–	–
Loans	–	–	–	–	–	–	–

24, Deferred taxation

U.K. deferred tax

The Group has recognised UK deferred tax assets and liabilities at 31 December 2022 and 31 December 2021. In light of the Group's history of losses, recovery of the whole deferred tax asset is not sufficiently certain, and therefore a deferred tax asset has been recognised only to the extent that there is a deferred tax liability.

Finance Act 2020 enacted provisions to increase the UK Corporation tax rate to 19% from 1 April 2021. Finance Act 2021 which was Substantively Enacted on 24 May 2022 included provisions to increase the rate further to 25% effective from 1 April 2023 and this rate has been applied when calculating the UK deferred tax at the year end.

U.S. deferred tax

The Group have recognised US deferred tax assets and liabilities at 31 December 2022 (31 December 2021: Nil).

The remaining deferred tax assets have not been recognised as there is uncertainty regarding when suitable future profits against which to offset the tax losses will arise.

U.S. deferred tax assets and liabilities are calculated at a blended rate of approximately 28%.

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for the year ended 31 December 2022

Group – recognised Deferred tax (assets)/liabilities – recognised	Trading temporary differences £'000	Fixed assets £'000	Tax losses £'000	Intangible assets £'000	Total £'000
At 1 January 2022	–	3,051	(3,051)	–	–
Arising on acquisition	–	–	–	7,397	7,397
Foreign exchange	–	–	–	508	508
Income statement credit	(1,256)	306	(439)	(403)	(1,792)
At 31 December 2022	**(1,256)**	**3,357**	**(3,490)**	**7,502**	**6,113**
At 1 January 2021	–	–	–	–	–
Origination and reversal of temporary differences	–	3,051	(3,051)	–	–
At 31 December 2021	**–**	**3,051**	**(3,051)**	**–**	**–**

Group – not recognised Deferred tax (assets)/liabilities – not recognised	Intangibles £'000	Loan relationships £'000	Provisions £'000	Tax losses £'000	Share options £'000	Total £'000
At 1 January 2022	–	(1,668)	(298)	(21,760)	(6,176)	(29,902)
Origination and reversal of temporary differences	(4,819)	1,668	50	3,511	3,871	4,281
At 31 December 2022	**(4,819)**	**–**	**(248)**	**(18,249)**	**(2,305)**	**(25,621)**
At 1 January 2021	–	(1,267)	(206)	(17,443)	(3,239)	(22,155)
Origination and reversal of temporary differences	–	(401)	(92)	(4,317)	(2,937)	(7,747)
At 31 December 2021	**–**	**(1,668)**	**(298)**	**(21,760)**	**(6,176)**	**(29,902)**

Oxford Biomedica PLC has unrecognised deferred tax assets of £35,000 relating to non temporary trading differences.

25, Ordinary shares

Group and Company Issued and fully paid	**2022 £'000**	2021 £'000
Ordinary shares of 50p each		
At 1 January – 86,175,055 (2021: 82,320,585) shares	**43,088**	41,161
Allotted for cash in placing and subscription – 9,876,544 (2021: 3,382,950) shares	**4,938**	1,691
Allotted on exercise of share options – 212,646 (2021: 471,520)	**106**	236
At 31 December – 96,263,165 (2021: 86,175,055) shares	**48,132**	43,088

The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of £0.50 per share. There are no restrictions on the ability of shareholders to receive dividends, nor on the repayment of capital. All ordinary shares are equally eligible to receive dividends and the repayment of capital in accordance with the Company's Articles of Association and represent one vote at shareholders' meetings of the Company.

As part of the financing arrangements for the Oxford Biomedica Solutions acquisition, the Group raised gross proceeds of £80 million through a placing of 9,876,544 shares at £8.10 per share. The placing was done in 2 tranches with 5,018,134 shares placed on 28 January 2022, and a further 4,858,410 shares were placed on 10 March 2022.

26, Share premium account

Group and Company	2022 £'000	2021 £'000
At 1 January	**307,765**	258,017
Premium on shares issued for cash in placing and subscription	**75,062**	48,309
Premium on exercise of share options	**78**	1,439
Costs associated with the issue of shares	**(2,952)**	–
At 31 December	**379,953**	307,765

27, Options over shares of Oxford Biomedica plc

The Company has outstanding share options that were issued under the following schemes:

— The 2007 Share Option Scheme (approved February 2007)

— The 2015 Executive Share Option Scheme (approved May 2015)

— The 2007 Long Term Incentive Plan (LTIP) (approved February 2007)

— The 2015 Long Term Incentive Plan (LTIP) (approved May 2015)

— The 2013 Deferred Bonus Plan (approved February 2014)

— The 2015 Deferred Bonus Plan (approved May 2015)

— The 2015 Sharesave scheme (approved May 2015)

Share options are granted to Executive Directors and selected senior managers under the Company's Long Term Incentive Plans (LTIP), and Deferred Bonus Plans, and to other employees under the Share Option Schemes and Sharesave scheme. All option grants are at the discretion of the Remuneration Committee. All options granted are equity settled share options, but deferred share awards may be settled in cash at the option of the Remuneration committee.

Options and RSUs granted under the 2007 and 2015 LTIP to Directors and other senior managers are subject to both revenue and market condition performance criteria and will vest only if, at the third anniversary of the grant, the performance criteria have been met. Failure to meet the minimum performance criteria by the third anniversary results in all the granted options lapsing.

The performance criteria are described in the Directors' Remuneration Report. LTIP awards made to date are exercisable at either par or at nil cost on the third anniversary of the date of grant, and lapse 10 years after being granted. For Directors, options granted between 2019 and 2021 also have a 2 year holding period post vesting.

Restricted stock units (RSUs) granted to employees under the 2015 LTIP are issued at nil cost. They are not subject to market condition performance criteria and the lives of the RSUs are ten years, after which the RSUs expire. RSUs granted under the 2015 Scheme cannot normally be exercised before the third anniversary of the date of grant. RSUs are valued based on the market price at the date of grant.

Options granted under the 2007 Share Option Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are ten years, after which the options expire. Options granted prior to 2012 cannot normally be exercised before the third anniversary of the date of grant. Options granted under the 2007 Scheme during 2012 to 2014, with one exception, vest in tranches of 25% from the first to fourth anniversaries of the grant dates.

Options granted under the 2015 Executive Share Option Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are ten years, after which the options expire. Options granted under the 2015 Scheme cannot normally be exercised before the third anniversary of the date of grant.

Options granted under the 2015 Sharesave Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are four years, after which the options expire and the cash saved is returned. Options cannot be exercised before the third anniversary of the date of grant.

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for the year ended 31 December 2022

Share options outstanding at 31 December 2022 have the following expiry date and exercise prices:

Options granted to employees under the Oxford Biomedica 2007 and 2015 Share Option Schemes

2022 Number of shares	2021 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
–	5,560	115p to 155p	Vested	08/05/22 to 21/12/22
12,860	15,155	80p to 140p	Vested	22/05/23 to 19/11/23
16,518	16,518	100p to 200p	Vested	03/06/24 to 17/10/24
38,170[1]	39,873[1]	490p	Vested	13/03/25 to 10/06/25
52,689[1]	55,309[1]	275p	Vested	16/05/26 to 13/10/26
95,927[1]	106,026[1]	495p	Vested	13/07/2017 to 13/07/27
120,903[1]	141,060[1]	502p to 904p	Vested	15/02/2028 to 07 08 2028
326,889[1]	379,808[1]	618p to 705p	Vested	04/01/2029 to 12/09/2029
458,426[1]	520,824[1]	760p to 817p	26/06/2023 to 05/10/2023	26/06/2030 to 05/10/2030
1,122,382	1,281,133			

[1] Options granted under the 2015 Executive share option scheme.

Options granted to employees under the Oxford Biomedica 2015 Sharesave scheme

2022 Number of shares	2021 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
–	29,682	725p	10/10/21	10/04/22
187,396	237,069	422p	09/10/22	09/04/23
98,670	154,756	672p	31/10/23	30/04/24
71,109	143,345	1,226p	31/10/24	30/04/25
623,097	–	294p	19/10/25	19/04/26
980,272	564,852			

Options granted under the Oxford Biomedica 2007 and 2015 Long Term Incentive Plans

2022 Number of shares	2021 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
55,774	55,774	50p	Vested	12/06/2023
29,524	29,524	50p	Vested	20/06/2024 to 17/10/2024
43,824	43,824	0p	Vested	10/01/2025
82,185	82,185	0p	Vested	16/05/2026
123,754[2]	143,294[2]	0p	Vested	17/07/2027 to 25/09/2027
39,652[2]	62,913[1,2]	0p	Vested	15/02/2028 to 07/08/2028
109,658[1,2]	282,093[1,2]	0p	Vested	18/04/2029 to 12/09/2029
260,577[1,2]	260,577[1,2]	0p	26/06/2023	26/06/2030
263,297[1,2]	263,297[1,2]	0p	08/06/2024	08/06/2031
205,562[3]	234,883[1,2]	0p	08/06/2024	08/06/2031
460,986[1,2]	–	0p	29/04/2025	29/04/2032
1,403,889[3]	–	0p	10/09/2022 to 20/12/2026	18/03/2032 to 20/12/2032
3,078,692	1,590,364			
5,181,346	3,436,268			

[1] These LTIP awards will vest provided that performance conditions specified in the Directors' Remuneration Report are met.
[2] Options granted under the 2015 LTIP.
[3] Restricted Share Options (RSUs) granted under the 2015 LTIP issued to employees vesting over 3 years.

Deferred Share Awards

The Executive Directors and certain other senior managers have been awarded deferred bonuses in the form of share options. These options are exercisable at nil p on either the first three anniversaries of the grant or the third anniversary of the grant dependent on the option conditions. Options with a value of £1,029,000 vested during 2022 (2021: £1,037,000).

The options granted under the 2013 Deferred Bonus Plan will be satisfied by market-purchased shares held by the Oxford Biomedica Employee Benefit Trust (EBT). As at 31 December 2022, all shares held by the EBT had vested. The EBT is consolidated at year end with the shares held in trust until the exercise of the option. During the year 77,376 shares (2021: nil) from the EBT were exercised. Deferred bonus share awards are valued at the market price on the date of grant.

The options granted under the 2015 Deferred Bonus Plan will be satisfied by new issue shares at the time of exercise.

Options granted to employees under the Oxford Biomedica 2013 and 2015 Deferred Bonus Plan

2022 Number of shares	2021 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
68,725	68,725	0p	Exercisable	15/06/24 and 14/10/24
27,402	27,402	0p	Exercisable	04/05/25
32,010	32,010	0p	Exercisable	14/05/26
27,696	27,696	0p	Exercisable	11/07/27
31,815	36,205	0p	Exercisable	07/08/28
67,793	67,793	0p	Exercisable	18/04/29
64,701	65,576	0p	20/06/21 to 20/06/23	20/06/30
58,943	58,943	0p	08/06/22 to 08/06/24	20/06/31
175,958	–	0p	29/04/23 to 29/04/25	29/04/32
555,043	384,350			

National insurance liability

Certain options granted to UK employees could give rise to a national insurance (NI) liability on exercise. A liability of £642,000 (2021: £1,305,000) is included in accruals for the potential NI liability accrued to 31 December on exercisable options that were above water based on the year-end share price of 443p (2021: 1,230p) per share.

28, Share based payments

Sharesave Scheme awards (Model used: Black Scholes)	Options awarded 19 Oct 2022
Share price at grant date	300.00p
Exercise price	294.40p
Vesting period (years)	3
Total number of shares under option	626,154
Expected volatility (weighted average)	48.08%
Expected life (years)	3
Risk free rate (weighted average)	3.49%
Fair value per option	109.61p

LTIP awards (Model used: Monte Carlo)	LTIPs awarded 29 Apr 2022	LTIPs awarded 18 Mar 2022
Share price at grant date	570p	697p
Exercise price	0p	0p
Vesting period (years)	3	3
Total number of shares under option	474,117	268,790
Expected volatility (weighted average)	46.03%	44.78%
Expected life (years)	3	3
Risk free rate (weighted average)	1.65%	0.21%
Fair value per option	278p	475p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

The tables below show the movements in the Share Option Scheme, Sharesave scheme and the LTIP during the year, together with the related weighted average exercise prices.

Excluding the LTIP, RSU and Deferred Bonus awards which are exercisable at par/nil value, the weighted average exercise price for options granted during the year was 294.4p (2021: 1,226.0p).

290,022 options were exercised in 2022 (2021: 471,520), including 4,390 of deferred bonus options (2021: 69,454). The total charge for the year relating to employee share-based payment plans was £6,471,000 (2021: £3,523,000), all of which related to equity-settled share based payment transactions.

	2022		2021	
Share options excluding LTIP	**Number**	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 January	**1,845,904**	**695.5p**	2,118,041	548.7p
Granted	**626,154**	**294.4p**	144,079	1,226.0p
Forfeited	**(182,828)**	**718.5p**	(147,282)	706.4p
Exercised	**(19,195)**	**467.0p**	(252,676)	577.5p
Cancelled	**(167,381)**	**829.9p**	(16,258)	587.7p
Outstanding at 31 December	**2,102,654**	**565.3p**	1,845,904	695.5p
Exercisable at 31 December	**524,463**	**520.0p**	410,102	588.4p
Exercisable and where market price exceeds exercise price at 31 December	**269,463**	**520.0p**	410,102	588.4p

LTIP awards (options exercisable at par value 1p or nil cost)	**2022 Number**	2021 Number
Outstanding at 1 January	**1,590,364**	1,361,829
Granted	**2,053,897**	507,604
Expired	**(299,132)**	(168,796)
Exercised	**(266,437)**	(110,273)
Outstanding at 31 December	**3,078,692**	1,590,364
Exercisable at 31 December	**484,371**	549,514

Range of exercise prices	Weighted average exercise price	Number of shares	Weighted average remaining life (years)	Weighted average exercise price	Number of shares	Weighted average remaining life (years)
LTIP:						
Exercisable at par or at nil cost	**1.4p**	**3,078,692**	**8.2**	6.8p	1,590,364	6.9
Deferred bonus:						
Exercisable at par or at nil cost	**0p**	**555,043**	**6.5**	0p	384,350	6.3
Options:						
50p to 150p	**101p**	**21,822**	**0.9**	101p	25,197	1.8
150p to 250p	**200p**	**7,556**	**1.8**	183p	12,036	1.9
250p to 350p	**293p**	**675,786**	**9.3**	275p	56,228	4.3
350p to 650p	**452p**	**321,493**	**5.6**	454p	393,529	6.7
650p+	**782p**	**1,075,997**	**7.0**	798p	1,358,914	8.1
At 31 December 2021		**5,736,389**			3,820,618	

29, Accumulated losses

	Notes	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At 1 January		**(165,806)**	(188,723)	**(128,584)**	(126,143)
(Loss)/profit for the year		**(39,157)**	19,011	**(4,804)**	(2,366)
Share based payments		**5,922**	3,523	**–**	–
Acquisition of NCI without a change in control	37	**400**	–	**–**	–
Deferred tax on share options		**125**	458	**–**	–
Exercise of nil cost option		**(29)**	(75)	**(15)**	(75)
At 31 December		**(198,545)**	(165,806)	**(133,403)**	(128,584)

[1] The credit to accumulated losses is made up out of the charge for the year relating to employee share-based payment plans of £5,442,000 (2021: £2,486,000) (note 28), £1,029,000 (2021: £1,037,000) related to the vesting of deferred share awards made to executive directors and senior managers less £549,000 of share based payment charge allocated to Non controlling interests.

Neither the Company nor its subsidiary undertakings had reserves available for distribution at 31 December 2022 or 31 December 2021.

30, Other reserves

Group	Translation Reserve £'000	Other equity £'000	Merger reserve £'000	Total £'000
At 1 January 2022	–	–	2,291	2,291
Put option recognition	–	(38,996)	–	(38,996)
Put option revaluation	–	3,993	–	3,993
Foreign currency translation differences	7,825	–	–	7,825
At 31 December 2022	**7,825**	**(35,003)**	**2,291**	**(24,887)**

Group	Merger reserve £'000	Total £'000
At 1 January 2022	2,291	2,291
At 31 December 2022	**2,291**	**2,291**
At 1 January 2021	2,291	2,291
At 31 December 2021	**2,291**	**2,291**

Company	Merger reserve £'000	Share Scheme Reserve £'000	Total £'000
At 1 January 2022	1,580	18,792	20,372
Credit in relation to employee share schemes	–	6,471	6,471
At 31 December 2022	**1,580**	**25,263**	**26,843**
At 1 January 2021	1,580	15,269	16,849
Credit in relation to employee share schemes	–	3,523	3,523
At 31 December 2021	**1,580**	**18,792**	**20,372**

Merger reserve

The Group merger reserve at 31 December 2022 and 2021 comprised £711,000 arising from the consolidation of Oxford Biomedica (UK) Ltd using the merger method of accounting in 1996, and £1,580,000 from the application of merger relief to the purchase of Oxxon Therapeutics Limited in 2007.

Share scheme reserve

Options over the Company's shares have been awarded to employees of Oxford Biomedica (UK) Ltd., Oxford Biomedica Solutions and Oxford Biomedica (US) Inc. In accordance with IFRS 2 'Share-based Payment' the expense in respect of these awards is recognised in the subsidiaries' financial statements (see note 27). In accordance with IFRS 2, the Company has treated the awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment of £6,471,000 (2021: £3,523,000) (see note 14) and a corresponding credit to reserves.

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for the year ended 31 December 2022

31, Cash flows from operating activities

Reconciliation of loss before tax to net cash used in operations:

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Continuing operations				
(Loss)/profit before taxation	**(45,976)**	19,880	**(4,804)**	(2,366)
Adjustment for:				
Depreciation	**20,271**	12,435	**323**	–
Amortisation of intangible assets	**6,088**	21	**–**	–
Loss on disposal of property, plant and equipment	**28**	–	**–**	–
(Gain) on sale and leaseback	**(21,389)**	–	**–**	–
Loss on disposal of intangible	**27**	–	**–**	–
Amortisation of loan fees	**588**	–	**588**	–
Finance costs	**15,756**	888	**14,033**	–
Charge in relation to employee share schemes	**6,471**	3,981	**–**	–
Non-cash loss	**51**	165	**–**	–
Changes in working capital:				
(Increase)/decrease in trade and other receivables	**(17,876)**	6,891	**–**	–
Increase/(decrease) in trade and other payables	**16,959**	(657)	**6**	17
Decrease in deferred income	**(691)**	(867)	**–**	–
Increase/(decrease)/ in contract liabilities	**5,852**	(15,667)	**–**	–
Decrease/(increase) in inventory	**688**	(2,609)	**–**	–
Net cash (used in)/generated from operations	**(13,173)**	24,461	**10,146**	(2,349)

32, Pension commitments

The Group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held in independently administered funds. The pension cost charge of £3,560,000 (2021: £2,839,000) represents amounts payable by the Group to the scheme. Contributions of £403,000 (2021: £392,000), included in accruals, were payable to the scheme at the year-end.

33, Leases

The additions to right of use assets during the year relate to lease of at Patriot's Park (£25.0 million) as part of the acquisition of Oxford Biomedica Solutions, and £13.0 million related to the new lease liabilities as a result of the sale and leaseback of the Windrush Court facility and the Wallingford Warehouse.

The additions in leases entered into during the year relate to those at Patriot's Park £25.0 million respectively as part of the acquisition and £39.2 million related to the new lease liabilities as a result of the sale and leaseback of the Windrush Court facility, and the lease of the Wallingford Warehouse.

Sale and leaseback of Windrush Court

The Windrush Court building was owned and then sold by Oxford Biomedica (UK) Ltd in October 2022, after which the building was immediately leased under a 15 year lease by Oxford Biomedica PLC on the same day. In the Company's individual accounts, the Company has accounted for the lease as a standalone lease with the resultant lease liability and matching right of use asset, whilst Oxford Biomedica (UK) Ltd has accounted for the transaction as a standalone sale of an asset. However, from a Group perspective the transaction has been accounted for as a sale and leaseback transaction as both companies form part of the same group and both the sale and leaseback was negotiated and entered into at the same time.

The Group leases land and buildings and IT equipment. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets:

Group	Property £'000	Equipment £'000	IT equipment £'000	Total £'000
Balance at 1 January 2022	11,450	2,780	36	14,266
Acquisitions through business combinations	24,974	–	–	24,974
Foreign exchange	2,072	–	–	2,072
Additions	13,038	–	–	13,038
Change in estimate	(1,349)	–	–	(1,349)
Depreciation charge for the period	(4,185)	(730)	(36)	(4,951)
Balance at 31 December 2022	**46,000**	**2,050**	**0**	**48,050**

Company	Property £'000	Equipment £'000	IT equipment £'000	Total £'000
Balance at 1 January 2022	–	–	–	–
Additions	39,717	–	–	39,717
Depreciation charge for the period	(323)	–	–	(323)
Balance at 31 December 2022	**39,394**	**–**	**–**	**39,394**

Lease liabilities:

	Group		Company	
Maturity analysis – contractual undiscounted cash flows	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Less than one year	**9,179**	1,590	**3,500**	–
One to five years	**43,035**	5,883	**13,300**	–
Six to ten years	**42,224**	5,071	**23,491**	–
More than ten years	**25,059**	913	**22,935**	–
Total undiscounted cash flows at 31 December 2022	**119,497**	13,457	**63,226**	–

Lease liabilities included in the Statement of Financial Position	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Current	**3,295**	853	**683**	–
Non-current	**71,206**	8,488	**34,939**	–
Total lease liabilities at 31 December 2021	**74,501**	9,341	**35,622**	–

Amounts recognised in the profit or (loss)	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Interest on lease liabilities	**3,124**	873	**477**	–
Expense relating to short term leases	**178**	369	**–**	–

Amounts recognised in the statement of cash flows	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Total cash outflow for leases	**4,244**	5,393	**422**	–

34, Contingent liabilities and capital commitments

The Group has a letter of credit £1,405,000 (2021: nil) related to the deposit on the Patriots park lease which is disclosed within Trade and other receivables in non current assets. The Group had commitments of £2,882,000 for capital expenditure for leasehold improvements and plant and equipment not provided for in the financial statements at 31 December 2022 (2021: £3,974,000).

35, Acquisition of subsidiary

On 10 March 2022, the Group acquired 74% of the shares and voting interests in Oxford Biomedica Solutions LLC for US$130 million. As a result, the Group's equity interest granted it control of Oxford Biomedica Solutions. Immediately following the acquisition, the Group acquired a further 6% interest in Oxford Biomedica Solutions through an equity investment of £38.2 million (US$50 million) leading to a dilution in the interests of Homology Medicines from 26% to 20% (refer note 37).

Included in the identifiable assets and liabilities acquired at the date of acquisition of Oxford Biomedica Solutions are inputs, production processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the Group's ability to create revenue. The Group has concluded that the acquired inputs and processes is a business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

A. Consideration Transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	£'000
Cash	99,206
Total Consideration	**99,206**

B. Acquisition related expenses:

The Group incurred acquisition related legal and due diligence expenses of £5.1 million (2021: £1.2 million) which is included in Administrative expenses.

C. Identifiable assets acquired and liabilities assumed:

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	£'000
Property, plant & equipment	58,945
Intangible assets	102,869
Inventory	3,476
Prepaid expenses	229
Lease Liabilities	(24,974)
Deferred tax liabilities	(7,307)
Total identifiable net assets acquired:	**133,238**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property plant and equipment	Market comparison technique and cost technique – The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence
Intangible assets	Multi-period excess earnings method – The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the client relationships, by excluding any cash flows related to contributory assets.
Inventory	Market comparison – To determine the fair value of the inventory, the Group obtained current prices for each of the items making up the transferred inventory.

D. Goodwill

	£'000
Consideration transferred	99,206
Interest in the identifiable net assets of non-controlling interests	34,642
Fair value of identifiable assets	(133,238)
Goodwill	**610**

The goodwill is attributable mainly to the skills and technical talent of Oxford Biomedica Solutions' workforce. None of the goodwill recognised is expected to be deductible for tax purposes.

36, Non-controlling interest

The proportion of the identifiable net assets of the Non-controlling interest in Oxford Biomedica Solutions on acquisition was determined to be £34,642,000. Following a review of the accounting for the acquisition of Oxford Biomedica Solutions it was identified that the fair value initially attributed to the non-controlling interest was not appropriate. As a result, the group has elected to change its accounting policy for the initial recognition of non-controlling interest from fair value at date of acquisition to the holders' proportionate interest in the recognised amount of the identifiable net assets of the acquiree. This valuation method better reflects the value of the business attributable to the non-controlling shareholders. This has resulted in a reduction in the initial value of non-controlling interest from £48.4 million to £34.6 million, a corresponding reduction of 'Goodwill' recognised on acquisition from £14.4 million to £0.6 million and a reduction in the 'Acquisition of NCI without a change in control' of £11.3 million to £0.4 million. The overall impact of this to net assets is £13.8 million with no impact to profit or loss recognised in the period.

The following table summarises the information relating to the Group's subsidiary that has material NCI:

2022	**£'000**
NCI percentage	**20%**
Non current assets	**171,419**
Current assets	**29,732**
Non-current liabilities	**(7,473)**
Current liabilities	**(35,979)**
Net assets[1]	**157,699**
Net assets attributable to NCI	**31,539**

[1] Net assets include the impact of share based payments.

Revenue	**23,722**
Profit	**(30,011)**
OCI	**13,756**
Total comprehensive income	**(16,255)**
Profit allocated to NCI	**(6,002)**
OCI allocated to NCI	**2,750**

Cash flows from operating activities	**(9,732)**
Cash flows from investment activities	**30,867**
Cash flow from financing activities (dividends to NCI: nil)	**(2,293)**
Net increase in cash and cash equivalents	**18,842**

There was no Non-controlling interest in 2021.

37, Acquisition of Non-controlling interest

On 10 March 2022, the Group acquired an additional 6% interest in Oxford Biomedica Solutions through an equity investment in Oxford Biomedica Solutions of £38.2 million (US$50 million), increasing its ownership from 74% to 80%, leading to a dilution in the interests of Homology Medicines from 26% to 20% . The carrying amount of Oxford Biomedica Solutions' net assets in the Group's consolidated financial statements on the date of the acquisition was £133.2 million.

	£'000
Carry amount of NCI acquired	400
Consideration paid to NCI	–
Increase in equity attributable to owners of the Company	**400**

The increase in equity attributable to owners of the Company comprised solely of an increase to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2022

38, Related party transactions

Identity of related parties

As at 31 December 2022, the Group consisted of:

- a parent, Oxford Biomedica plc,
- one wholly-owned UK trading subsidiary Oxford Biomedica (UK) Limited, the principal trading company,
- one US trading subsidiary, 80% owned, Oxford Biomedica Solutions LLC,
- one US subsidiary 100% owned, Oxford Biomedica (US) Inc,
- one Irish wholly-owned subsidiary of the parent company, Oxford Biomedica (Ireland) Ltd,
- one dormant subsidiary, Oxxon Therapeutics Limited which was acquired and became dormant in 2007 when its assets and trade were transferred to Oxford Biomedica (UK) Limited, and
- one additional dormant subsidiary, Invivusbio Limited, which changed its name on 18 January 2023 from OXB Solutions Limited.

The registered office of the Company, it's UK subsidiaries and Oxford Biomedica (US) Inc. is Windrush Court, Transport Way, Oxford OX4 6LT. The registered office of Oxford Biomedica (Ireland) Ltd is Earlsfort Terrace, Dublin 2, DO2 T380, Ireland. The registered office of OXB Solutions LLC is 1 Patriots Park, Bedford, MA 01730, USA.

The parent company is responsible for financing and setting Group strategy. Oxford Biomedica (UK) Limited carries out the UK elements of the Group strategy, employs all the UK staff including the Executive Directors, and owns and manages all of the Group's intellectual property. Oxford Biomedica Solutions carries out the US equivalent activities.

The proceeds from the issue of shares by the parent are passed from Oxford Biomedica plc to Oxford Biomedica (UK) Limited as a loan, and Oxford Biomedica (UK) Limited manages Group funds and makes payments, including the expenses of the parent company.

Company: transactions with subsidiaries	**2022 £'000**	2021 £'000
Purchases:		
Parent company expenses paid by subsidiary	**(10,941)**	(749)
Cash management:		
Cash loaned by parent to subsidiary Oxford Biomedica (UK) Limited	**15,780**	12,000
Cash loaned by parent to subsidiary Oxford Biomedica (US) Inc.	**148,764**	–

The loans from Oxford Biomedica plc to Oxford Biomedica (UK) Limited and Oxford Biomedica (US) Inc. are unsecured and interest free. The loans are not due, planned or expected for repayment within 12 months of the year end. The year-end balance on the loans was:

Company: year-end balance of loan	**2022 £'000**	2021 £'000
Loan to subsidiary		
Oxford Biomedica (UK) Limited	**278,091**	273,253
Oxford Biomedica (US) Inc	**148,764**	–

The investment in the subsidiary, of which the loan forms part, has been impaired by £126.0 million (note 14) in previous years.

	Transactions		Balance Outstanding	
Other Related Party Transactions	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Sales of goods and services: Homology Medicines	**23,252**	–	**4,334**	–
Purchase of services: Homology Medicines	**4,258**	–	**1,158**	–
Other: Homology Medicines – rental income	**1,085**	–	**424**	–

In addition to the transactions above, options over the Company's shares have been awarded to employees of subsidiary companies. In accordance with IFRS 2, the Company has treated the awards as a capital contribution to the subsidiaries, resulting in a cumulative increase in the cost of investment of £25,265,000 (2021: £18,793,000).

There were no transactions (2021: none) with Oxxon Therapeutics Limited.

Company: transactions with related parties

There were no other outstanding balances in respect of transactions with Directors and connected persons at 31 December 2022 (2021: none). Key person remuneration can be seen in note 5 of the financial statements.

GLOSSARY

Oxford Biomedica specific terminology

LentiVector® platform

Oxford Biomedica's LentiVector® platform technology is an advanced lentiviral vector based gene delivery system which is designed to overcome the safety and delivery problems associated with earlier generations of vector systems. The technology can stably deliver genes into cells with up to 100% efficiency and can integrate genes into non-dividing cells including neurons in the brain and retinal cells in the eye. In such cell types, studies suggest that gene expression could be maintained indefinitely. The LentiVector® platform technology also has a larger capacity than most other vector systems and can accommodate multiple therapeutic genes.

AXO-Lenti-PD (formerly OXB-102: Parkinson's disease)

Axo-Lenti-PD (formerly OXB-102) is a gene-based treatment for Parkinson's disease, a progressive movement disorder caused by the degeneration of dopamine producing nerve cells in the brain. OXB-102 uses the Company's LentiVector® platform technology to deliver the genes for three enzymes that are required for the synthesis of dopamine. The product is administered locally to the region of the brain called the striatum, converting cells into a replacement dopamine factory within the brain, thus replacing the patient's own lost source of the neurotransmitter.

OXB-302 (CAR-T 5T4): cancer

OXB-302 aims to destroy cancerous cells expressing the 5T4 tumour antigen. It uses the Group's LentiVector® platform™ to deliver a Chimeric Antigen Receptor (CAR) to target the 5T4 tumour antigen expressed on the surface of most solid tumours and some haematological malignancies.

Terminology not specific to Oxford Biomedica

Adeno-associated viral vectors (AAV)

AAV based vectors are small and are generally administered directly to patients into target tissues or into the blood. They allow expression of the therapeutic protein in cells that generally do not divide such as in the liver, the brain or eye.

Adenoviral vectors

Adenoviral based vectors are often used to make vaccines to combat pathogens (such as the adenovirus-based Oxford AstraZeneca COVID-19 vaccine). They work by expressing a protein in the vaccine recipient's cells to generate an immune response.

BBSRC CTP programme

This Biological Sciences Research Council (BBSRC) collaborative training partnerships (CTP) programme is a funding opportunity from the UK Research and Innovation organisation. UK registered businesses can apply for funding to set up and run collaborative training partnerships, in collaboration with research organisations. These partnerships should address industrial research challenges. The programme aims to: build capacity; address strategic skills challenges in the UK bioeconomy; provide candidates with research, innovation and transferable skills.

BREEAM

BREEAM (Building Research Establishment Environmental Assessment Method), first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method of assessing, rating, and certifying the sustainability of buildings.

CAR-T therapy

Adoptive transfer of T cells expressing Chimeric Antigen Receptors (CAR) is an anti-cancer therapeutic as CAR modified T cells can be engineered to target virtually any tumour associated antigen.

CDMO (Contract Development and Manufacturing Organisation)

A CDMO is a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through to drug manufacturing.

Cell therapy

Cell therapy is defined as the administration of live whole cells in a patient for the treatment of a disease often in an *ex vivo* setting.

CLIMADA

CLIMate ADAptation a probabilistic natural catastrophe impact model

Clinical trials (testing in humans)

Clinical trials involving new drugs are commonly classified into three phases. Each phase of the drug approval process is treated as a separate clinical trial. The drug-development process will normally proceed through the phases over many years. If the drug successfully passes through all phases it may be approved by the regulatory authorities:

- Phase I: screening for safety
- Phase II: establishing the efficacy of the drug, usually against a placebo
- Phase III: final confirmation of safety and efficacy

GLOSSARY

CMC (Chemistry, Manufacturing and Controls)
To appropriately manufacture a pharmaceutical or biologic product, specific manufacturing processes, product characteristics, and product testing must be defined in order to ensure that the product is safe, effective and consistent between batches. These activities are known as CMC, chemistry, manufacturing and controls.

CMIP
Coupled Model Intercomparison Project

CTL019
CTL019 is a CAR-T cell therapy for patients with B cell cancers such as acute lymphoblastic leukemia (ALL), B cell non-Hodgkin lymphoma (NHL), adult disease chronic lymphocytic leukemia (CLL) and diffuse large B cell lymphoma.

DLBCL
Diffuse large B-cell lymphoma (DLBCL) is a cancer of B cells, a type of white blood cell responsible for producing antibodies. It is the most common type of non-Hodgkin lymphoma among adults.

DNA
Deoxyribonucleic acid (DNA) is a molecule that carries genetic information.

EMA
European Medicines Agency (EMA) is an agency of the European Union in charge of the evaluation and supervision of medicinal products.

ex vivo
Latin term used to describe biological events that take place outside the bodies of living organisms.

FDA
US Food and Drug Administration (FDA) is responsible for protecting the public health by assuring the safety, effectiveness, quality, and security of human and veterinary drugs, vaccines and other biological products, and medical devices.

FEMA
FEMA is the Federal Emergency Management Agency

Gene therapy
Gene therapy is the use of DNA to treat disease by delivering therapeutic DNA into a patient's cells which can be in an *ex vivo* or *in vivo* setting. The most common form of gene therapy involves using DNA that encodes a functional, therapeutic gene to replace a mutated gene. Other forms involve directly correcting a mutation, or using DNA that encodes a therapeutic protein drug to provide treatment.

GxP, GMP, GCP, GLP
GxP is a general term for Good (Anything) Practice. GMP, GCP and GLP are the practices required to conform to guidelines laid down by relevant agencies for manufacturing, clinical and laboratory activities.

HSC
Haematopoietic stem cell

in vitro
Latin term (for within the glass) refers to the technique of performing a given procedure in a controlled environment outside of a living organism.

in vivo
Latin term used to describe biological events that take place inside the bodies of living organisms.

IP
Intellectual Property (IP) refers to creative work which can be treated as an asset or physical property. Intellectual property rights fall principally into four main areas; copyright, trademarks, design rights and patents.

LentiStable™
Oxford Biomedica has developed highly efficient packaging and producer cell lines, which enable scalable and cost-effective manufacturing. LentiStable™ is the result of more than 15 years of optimisation work. Our cutting-edge, automated technologies enable us to streamline production, minimise process risks and reduce costs.

Lentiviral vectors
Lentiviral based vectors integrate into patients' cells and give rise to long term expression and can be used in both dividing and non-dividing cells, to treat conditions such as immunodeficiencies or cancer through CAR-T therapy.

LOCA
Localised Constructed Analogue

MHRA
Medicines and Healthcare products Regulatory Agency (MHRA) is an Executive agency of the Department of Health and Social Care in the United Kingdom which is responsible for ensuring that medicines and medical devices work and are acceptably safe.

MSDA
Manufacturing Services and Development Agreement

NGFS
The Network of Central Banks and Supervisors for Greening the Financial System

NOAA
National Oceanic and Atmospheric Administration

Oxford AstraZeneca COVID-19 vaccine
The adenovirus-based Oxford AstraZeneca COVID-19 vaccine, Vaxzevria (formerly known as AZD1222), was co-invented by the University of Oxford and its spin-out company, Vaccitech. The adenovirus-based Oxford AstraZeneca COVID-19 vaccine uses a replication deficient chimpanzee viral vector based on a weakened version of a common cold virus (adenovirus) that causes infections in chimpanzees and contains the genetic material of the SARS-CoV-2 virus spike protein. After vaccination, the surface spike protein is produced, priming the immune system to attack the SARS-CoV-2 virus if it later infects the body.

The vaccine has been granted a conditional marketing authorisation or emergency use in more than 90 countries. It also has Emergency Use Listing from the World Health Organization, which accelerates the pathway to access in up to 144 countries through the COVAX Facility.

Pre-clinical studies
Pre-clinical studies (also known as non-clinical studies) is the stage of research that takes place before clinical trials can begin during which important feasibility, iterative testing and drug safety data is collected.

Process C
Process C utilises perfusion-mode production, as opposed to the more typical batch-mode production. Process C works together with production enhancers (such as U1, U2) and has resulted in process improvements by as much as tenfold, without the need for an increase in bioreactor size, and yielding significantly more lentiviral vector per batch.

RCP
Representative Concentration Pathway

r/r paediatric ALL
Relapsed or refractory (r/r) acute lymphoblastic leukaemia (ALL) is a type of cancer in which the bone marrow in children and young adults make too many immature B lymphocytes (a type of white blood cell) that are resistant to treatment.

SecNuc™
We have developed a highly efficient way to maximise LVV, AAV and AdV quality by using secreted nucleases in co-production with viral vector manufacture (SecNuc™). SecNuc has the potential to reduce manufacturing costs and production timeline, streamline downstream steps and facilitates scale up.

SSP2
Shared Socioeconomic Pathway 2

STAC
Scientific, Technology and Advisory Committee

STEM
Science, Technology, Engineering and Mathematics

TRiPSystem™
The TRiP System™ maximises vector production yield and quality. The TRiP System™ can significantly improve yield and particle purity. It also enables the development of vectors carrying cytotoxic transgenes, or those that inhibit cell growth.

U1
U1 is a novel enhancer of lentiviral vector production. Oxford Biomedica has generated a modified U1 that increases lentiviral vector titres and improves the P-to-I ratio.

UK Corporate Governance Code
The UK Corporate Governance Code is published by the UK Financial Reporting Council and sets out standards of good practice in relationship to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Viral vectors
Are tools commonly based on viruses used by molecular biologists to deliver genetic material into cells.

Definitions of non-GAAP measures

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

Adjusted Operating expenses
Being Operating expenses before Depreciation, Amortisation and Share based payments and the revaluation of investments.

Cash burn
Cash burn is net cash generated from operations plus net interest paid plus capital expenditure.

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