OXB

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Transcript

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Dr. Frank Mathias: Good afternoon, everyone, and good morning to those on the other side of the ocean. Thank you for attending today's analyst briefing on our interim results for the six months ended June 30, 2024. It's always my pleasure to speak to you today for my fourth set of OXB results. It's also a great pleasure to see so many known faces, familiar faces here in the room. Thank you for joining us with me today, and I'm proud to say our newly appointed Chief Financial Officer, Lucy Crabtree, who many of you already know probably from the past and who joined us just three weeks ago, exactly three weeks ago. We are very excited to have you on board, Lucy, and as we embark on a next chapter of our journey. And I will let Lucy introduce herself when we start her part in the presentation shortly.

I'm also delighted to have our Chief Business Officer, Dr. Sebastien Ribault with us whom you already know from the past. You will hear from both of them in due course throughout this presentation. Also with us in the room is Stuart Paynter, our former CFO for the Q&A section eventually, and he has recently as you know, handed over the reins to you, Lucy. Here's a disclaimer. Here's the agenda - in terms of the agenda for our briefing today, we'll begin by providing an overview of the key achievements across the business since the start of the year before handing over to Sebastien to provide an update on the business development pipeline and the strong momentum we are seeing currently on the commercial side. Lucy will then provide an update on our financial performance and then she will hand back to me to wrap up before we start the Q&A session. So, in line with the three-pillar plan outlined last year, we are seeing strong momentum in all areas of OXB.

Indeed, the first half of 2024 has been a period focused on continuing to deliver on our pure play CDMO growth strategy, which was put in place shortly after I joined OXB in March 2023. We have indeed made significant progress in further integrating our global operations to better serve our clients and realise synergies. Under the “One OXB” strategy, we have now moved to a multi-vector, multi-site model to improve operational efficiency while offering our clients greater flexibility and accelerated project timelines to help them to bring their life-changing therapies to the market as quickly as possible. As part of the program of 21 OXB work streams, I'm very pleased to confirm that we have now successfully transferred our lentiviral vector capabilities to our Bedford site near Boston in the US, and we are also beginning to transfer our lentiviral vector platform technology to France. Since the beginning of the year, I have been delighted with the commercial momentum we have seen.

We have continued to experience very strong demand for our CDMO services and seen a significant increase in the number of commercial opportunities. This is reflected in the quality of the programs we're working on and the number of late-stage programs in our portfolio. We have onboarded new clients across all major viral vector types, including important to mention here, seven early-stage AAV programs in the US. And we are very pleased to now be supporting also

late-stage activities for four clients preparing for commercial launch of their products. So, compared to last year, we have many more later-stage programs in our pipeline, and we have started to make selective investment in new talent to support the delivery of these programs in 2025 and beyond. So, our pipeline has clearly become more mature, as Sebastien will show in a few minutes. This isn't just good for us. It's also a sign that the whole cell and gene therapy sector is maturing, and we are seeing real progress in bringing these therapies to the market.

There have already been four FDA approvals for cell and gene therapy this year with three more expected before the end of the year. This commercial momentum is really encouraging and has helped us to develop a more balanced and mature pipeline. In the first half of the year, we achieved organic growth of 38%, compared to the same period last year, providing clear evidence that the strategy that we have put in place is working. This strong revenue growth has been achieved on the reduced cost base, allowing to reiterate the midterm guidance we first set out at the same time last year. Lucy will elaborate on this later in her presentation, but I will now hand over to you, Sebastien, to provide us with a commercial update.

Dr. Sebastien Ribault: Thank you, Frank. Good afternoon. Good morning, everyone. Let me start with the market situation. We all know that the macroeconomic environment is not very positive these days. But even in a difficult situation, we see that the number of programs in the various clinical phases that you see here on the left is still growing. 5% more than in Q3 2023, with an overall number of clinical molecules that has progressed nicely into the latest phase, meaning phase three and commercial, confirmed by the number of FDA approvals that Frank just mentioned. Last year, we had seen seven approvals, two more than in 2022. This year, again, although the environment is difficult, we expect the same number of approvals. This maturation of the markets and the increasing number of approved programs is very important for us because it's a source of recurrent commercial manufacturing revenue, which we see in our pipeline and I will elaborate a bit more on that in the next slide.

But starting overall with the pipeline compared to when I joined the company at the end of 2022, where we had a pipeline that was shy of $300 million, where today, above $560 million corresponding to a 94% growth of the pipeline of opportunities across all phases. You see here that the growth was quite similar, comparing '22 to '23 and '23 to today, meaning that we expect at the end of the year to be above the number you see here. More important than just the growth of the pipeline, if you look at the right side of the slide here, you will see that about 57% of our opportunities are covering feasibility studies, preclinical phase one and phase two versus 43% in phase three and commercial manufacturing. That's the reason why I was talking about recurrent manufacturing revenue. Because the recurrent manufacturing starts in phase two, at the very end of phase two, and becomes routine and can be predicted through long-term forecast when we reach the phase three and the commercial steps.

It's actually what we see in terms of maturity through here on the left side of the slide, the risk-adjusted pipeline value. So, you've seen the pipeline before, $565 million. You see here the pipeline adjusted with the probability of success of the ongoing negotiation, including the probability of success through the various clinical phases as well. And when the pipeline grew by 94%, you see that the risk-adjusted pipeline grew even more at 99% compared to the end of 2022. The pipeline is healthy, well-balanced between the various type of clients, always using the same terminology here with the emerging biotech, the established biotech and the big pharma. About a year ago, I mentioned that one of my objectives was to make sure that not only we would have the right split between the different type of clients, but also the right split between the existing clients and the new opportunities, which you see here in the middle of the slide.

And you see that roughly 50/50 today is the split of the pipeline between existing clients and new opportunities coming from new accounts. One of the key objectives which led to the acquisition of the legacy ABL sites in Lyon and Strasbourg, one of the key objectives was also to diversify the pipeline in terms of geographical reach. We had a pipeline that was very heavy on the US side and very poor in Europe. We've moved the pipeline to slightly above 10% in Europe at the end of 2022 to above 30% today. That's the change that we were expecting. It's coming obviously from the ABL acquisition where a number of opportunities had been identified by the ABL team, but also from the fact that now clients have identified that OXB is a real global player operating from US, from UK, and from continental Europe with the sites in Lyon and Strasbourg.

Talking about the speed between the phases, you see here, looking at the line September 2024 that we've increased very significantly the number of projects in the two late phases, phase three and commercial agreement, moving from two projects in September 2022 to six projects in September 2024. That's the reason we're extremely confident on the revenue generated through the second half of the year, but also for the revenues of 2025, since all these contracts are linked to projections going through 2025, but also visibility on 2026 and 2027. Obviously when you're a biotech today investing to launch a product, meaning in phase three, you want to make sure that there is capacity for your future project and product in the OXB suites, and that's why we have a lot of visibility on what's going to happen through next year and the next two years as well.

What's the benefit for our clients? I mean, the benefit from of our track record, and that's the reason why we've been able to acquire more clients on the late stage. It's not only the maturation of the existing pipeline. It's also client coming to us asking for a tech transfer post phase two to make sure that we're going to bring them successfully to the commercial stage and taking their project at phase three is maximising their chances of success. We have established technology. It's obviously one of the drivers why people come to us, and we keep saying that we're a quality and innovation led CDMO. I think that's one of

the reasons why we keep winning programs, including programs at late stage. I'm going to stop here and hand over to Lucy.

Dr. Lucinda Crabtree: Thank you, Sebastien. So firstly, it's great to see so many familiar faces in the room. I'm delighted to be here and to be presenting this update on OXB results. I've known the OXB business for a long time, and with this new clear-cut strategy and focus as a pure play CDMO alongside an incredibly experienced management team, this was an obvious opportunity for me to grasp. I believe this business has great potential and a very exciting growth trajectory, not least because of the ultimate benefit to patients from the therapeutic modalities our viral vector technology platform serves. Just a few words on me. As you may know, my last role was a CFO of MorphoSys, which was recently acquired by Novartis. Prior to that, I was CFO of Autolus Therapeutics, a NASDAQ listed CAR T business. And I have a background in both sell side and buy side roles where I will know many of you from. I'm obviously only three weeks in, so it's very early days for me. But I can tell you I have been incredibly impressed with the high energy of the team and my fantastic colleagues on the senior leadership team.

So, as you all know, I joined the business just three weeks ago. Whilst these results relate to the period before I joined, I'm happy to report that there was strong growth in top line, positive results seen from the cost streamlining exercise, which the team executed last year, as well as positive indicators for the future. Let's start with revenue.

We saw an 18% increase in our first half 2024 revenues to £50.8 million compared with £43.1 million in the same period last year. Importantly, when you look at organic revenue growth, which excludes the impact of the acquisition of OXB France and the loss of revenues from Homology, our revenues grew 38%. I think this is an important metric to measure the company's revenue performance by.

Looking towards the future, our KPIs continue to give us confidence. A revenue backlog figure as at the 31st of August, 2024 stood at approximately £120 million. This metric measures the amount of future revenue yet to be earned and, therefore, recognised on our existing orders, sort of like our open order book. As contracted orders are signed, this figure correspondingly increases and [as] revenues are ultimately recognised, it decreases.

On orders, our contracted value of orders from clients currently stands at approximately £115 million. This has seen an increase since the £94 million of orders that we had signed at the end of August 2024. These KPIs and the commercial momentum we are seeing, which you will have heard from Sebastien, are strong indicators of our ability to continue a favourable revenue growth trajectory.

In terms of cash, we had £81.4 million in the bank at the 30th of June. This compared with £103.7 million at the 31st of December, 2023. Net cash stood at £41.7 million at the end of June, which obviously takes into account the £39.7

million of loans which are primarily related to the loan facility we have with Oaktree.

Lastly, with respect to our cost base, we are seeing the benefits of the 2023 reorganisation. We reported an operating EBITDA loss of £20.3 million compared with £33.7 million in the first half of last year, and an operating loss of £32.2 million compared with £50.7 million in the first half of 2023. Next, I will discuss our financial guidance.

In a nutshell, our guidance remains consistent with the trading update communicated a few weeks ago. We have reiterated both our existing near-term and medium-term financial guidance communicated to the market. To recap, we expect full-year 2024 total revenues to be between £126 million and £134 million, with a three-year revenue CAGR of more than 35% for the years 2023 to 2026. This is based on the approximately £90 million of revenue we had for the full year 2023.

On the near term, we expect a low double-digit operating EBITDA loss in 2024, which includes the impact of the acquisition of OXB France and investment in talent to support an increased level of late-stage client activity in 2025. On EBITDA, we expect to be profitable on an EBITDA level in 2025. In 2026, we expect to achieve operating EBITDA margins in excess of 20%.

Supporting our guidance, we see positive indicators on OXB's growth objectives. As Sebastien has mentioned earlier, our total potential revenue pipeline stands at $565 million, up 29% from $438 million at the start of the year.

This, as well as the risk-adjusted pipeline, which Sebastien also presented to you, certainly underpins the momentum we continue to expect in new revenue opportunity. And as I previously mentioned, year-to-date, our contracted value of orders stands at around £115 million, which also supports this momentum.

Another important indicator we look at is the maturity of our client portfolio. It's been encouraging to see a high level of more advanced late-stage programs. These are potentially higher value programs, and it is promising to see the development of these programs and clients entrusting OXB with their late-stage assets, which I think speaks to the credibility of the team in the viral vector CDMO space.

On the cost side, we will continue to exercise prudence in terms of our cost base as we work to build a sustainable and profitable business. All in all, I feel very encouraged by the positioning of OXB in this growth market and incredibly excited to be part of the team. So, with that, thank you. I very much look forward to working with you all. I'll now pass to Frank.

Dr. Frank Mathias: Thank you so much, Lucy. Let's come to the end of the presentation. But before I conclude today's presentation, I would like to show you this slide, which is, in

my view at least, a powerful reminder of why OXB exists and how our recently launched new corporate values align well with our vision, mission, and strategy.

Ingrained in our OXB DNA is our vision to transform life through cell and gene therapy. We want to help to treat seriously ill patients. That's why we feel responsible for our mission. Responsible is our first value. To enable our clients provide cell and gene therapy to patients in need, we must be responsive. We must be agile and fast in responding to the need of our clients. That's why responsive is our second value for the company.

Because we know that our world is not always as simple as that, we need to be resilient as an organisation. We must adapt to change. We must always find solutions and persevere. That's why resilient is our third value.

Finally, and this is non-negotiable. We must always show respect. We must build trust with each other and with our clients by being open and honest, and respect, at the same time, the environment. So, as you can imagine, the three of us, we are, with the rest of the team, very proud to do something life-changing together.

So, I would like to end the presentation now with a few take-home messages summarising the reason why I have full confidence in our ability to continue to deliver on our pure-play CDMO growth strategy. Firstly, we have, and it was mentioned by both, a highly experienced and energetic new management team that is fully committed to achieving our goals. This should also be evident from the results we have presented to you today.

Secondly, the demand for our services is very strong, and we have continued to grow in the market as evidenced by the 55% year-on-year increase in our client base. This demand and significant commercial momentum has led to a strong growth in our order book, which, as Lucy just alluded to, stood at 115 million last week in pounds. All of this makes me very confident about our future as a pure-play CDMO, and I'm really looking forward to seeing what else we can achieve together for the remainder of the year.

So, we will now move to our Q&A session. We will first take the questions from those here in the room. Sophia, you have the microphone already. I see already a few hands going up. Afterwards, we'll take the questions from our lines too, phone lines. So please.

Natalia Webster: Thank you. I'm Natalia Webster from RBC. Thanks for taking my questions. I have two, please. So, my first question's on visibility. So, you've got 80% of your 2024 revenues are covered by binding contracts and client forecasts. What is your visibility on the remaining 20% and what's the equivalent percentage visibility figure for 2025? Then my second question's just on revenues. So, you've delivered strong organic growth in H1, up 38%. What's your expectations

for the contribution from the France and the US sites into the end of the year in 2025?

Dr. Frank Mathias: Two questions for you, Sebastien.

Dr. Sebastien Ribault: We have full visibility on what's going to happen through the end of the year in terms of remaining order. Actually, I must say that we had to discuss with a number of clients who have requested that we would probably have to postpone the start of some of their project to next year because the pipeline not only is full, but the capacity is full as well for the end of the year.

So, a number of our existing clients know that the signatures of the contract that will happen in the next two weeks will trigger execution through Q4 and for others, we've already started to discuss execution in 2025. That's always good news in our activity to see that the GMP suites are full, and the labs are running full steam.

We're always extremely proactive in these discussions with our clients. We want to show them that, I mean, the capacity has its limits. So, we tell people who express the intent to start before the end of the year, very early, that we need decisions by June, July, August, September, and so on. We usually know that whatever is signed in Q4 usually corresponds to a starting Q1, and we're already in that situation today. So, we have very good visibility.

That's also the reason why I was mentioning that we have good visibility on the 2025 revenues as well since the Q1 and Q2 and even now Q3 situations are quite clear. My colleague, Thierry Cournez, our Chief Operating Officer, is already working on the people plan for next year to make sure that not only can we deliver on what's been signed, but also we'll be able to deliver on what's going to be signed in Q4.

On the revenues for H2, I did not calculate the growth. I don't know if you did, Lucy, what will be the growth of revenue. But since we know what revenue we achieved in H1, and we just reiterated the guidance for the revenue for the full year, I think we just have to make the math and we'll know what's the growth for H2. But I did not calculate it.

Dr. Lucinda Crabtree: Exactly, yeah, and I don't think it's appropriate for us to calculate the growth. We've given a guidance range, and that's been reiterated.

Natalia Webster: I guess just on the inorganic side, the France and US operations, what you're expecting from them, how they're going to ramp over time?

Dr. Lucinda Crabtree: We haven't split out. I mean I think the first thing is that we're looking at OXB as one OXB. But as you can imagine, there is a lot of potential in France and US to grow revenues, and we'd expect that to happen over time. We did point to

seven new AAV program signs. I think this gives us that confidence in the future growth trajectory across all platforms.

Natalia Webster: Thank you.

John Priestner: Hi. John Priestner, JP Morgan. Maybe just two from me, please. So, you mentioned the high level of GMP suite reservations in 2025. Maybe you can just help us understand how high that is relative to this time last year going into '24, and, historically, what percentage of reservations have translated to revenue? So, trying to understand, can clients just push a reservation back for 12 months or have they fully committed to that capacity?

And the second question, just on the 2024 guidance. So, beyond the obviously increasing revenues in the second half, how should we think about the cost lines developing in the second half? I think COGS was slightly high in the first half, so thank you.

Dr. Frank Mathias: So, Sebastien, you want to take the one of the reservation capacity?

Dr. Sebastien Ribault: Yeah. We have planned for 80% suite utilisation in 2025. Why 80%? Just because it's good practice to keep about 20% for maintenance, annual shut down, but also some programs that are going to move from one quarter to the other, so we want to have flexibility. We don't want to be in a situation where some of our clients would be impacted by their clinical studies' timeline variation, and we have no solution to provide them.

We're talking in terms of capacity based on the suite and resources FTEs utilisation. We have not manned all the suites for a very simple reason. In our world, a biotech technician needs about six months for a proper onboarding and another six months to be fully autonomous, which means one year. And we do not want to manufacture at a level of quality that would be under the level of quality that we had so far. We want to stay at a very high level of quality. So, our capacity utilisation is based on the number of people that we have to man the different suites. And for next year, 80%.

Very similar this year. So not a big change, except that we had less FTEs this year than we plan to have next year. I will have a hard time commenting on what happened before 2023 as I joined in November 2022. And before that, as you certainly know, the company business model was hybrid, internal projects and CDMO works. I'm not sure we had a CDMO capacity utilisation number. I'm looking at Stuart, but I'm not sure that number ever existed before.

Stuart Paynter: Just following on from Sebastien's comment, before Sebastien joined, we were, of course the utilisation was skewed by the COVID vaccine, which was very, very, very high, 24 hour a day running utilisation for very obvious reasons. So, I think from the time Sebastien's been in, that's probably ground zero in terms of the new way of doing things.

Dr. Frank Mathias: But what it says is we can open new suites. And by the way, that's what Sebastien - we just came from a meeting last week where we try now to look into 2025 with a high level of visibility, which we get, and we know that we might be obliged to open additional suites. That's why we have started. And this brings me to the cost of the second part of the year. We have started to recruit additional people. As Sebastien said, it takes up to six months to train the people to the level where they are really able to do a great job in the suite. So, we have started now to invest in additional people, very prudently because of our new CFO.

The cost.

Dr. Lucinda Crabtree: So yeah, your question was on cost base. I mean, as you pointed out, we do expect to see progress on our revenues. That's what sits behind our longer-term guidance. And what sits behind that EBITDA 2025 guidance is obviously we expect to grow revenues more than we expect to grow our cost base, as you'd imagine.

You asked about COGS. I think H1 2024 you saw an impact from the acquisition of France, which had an impact on our COGS and of course the decline in US revenue. So, I think those factors are what sits behind the lower margin in H1, and that's certainly not an indicator of the future.

John Priestner: Perfect. Very clear. Thank you.

Paul Cuddon: Paul Cuddon from Deutsche Numis. Just working through the risk adjustment on the pipeline, it seems to be a big increase in your probability of converting the pipeline in 2024 versus where it was in 2023, so just want to understand some of the drivers there.

And just more broadly in the cell therapy market, I suppose I'm noticing a lot more in terms of new targets, combination targets, increased complexity of cell engineering. So how does that fit into your capabilities and your existing cost framework as well?

Dr. Sebastien Ribault: That's not the conversion rate, that change in the pipeline, it's the size of the large scale opportunity that are at the stage of negotiation where the probability of OXB acquiring that target is very high. But the conversion rate is pretty much the same than in 2023. We just have more opportunities, bigger opportunities, and as shown on one of the slides, about 50% of the opportunities coming from new clients. But also, since we have discussions with existing clients who give us additional programs, we have more visibility and faster on these new opportunities.

I can mention, for example, one of our existing clients who has a late-stage program with us who requested development on an early stage program and already asked us if we could take a second program at late stage. So, when you

have discussions with existing accounts, the master services agreement is in place. So, it simplifies very much the negotiation obviously. They know our terms and conditions, so the probability of acquiring that program is obviously much higher than a discussion that would just start with an account that we've known for a couple of weeks only. So that's really the maturity of the pipeline more than the conversion rate that has changed.

On the complexity of cell therapy, it's not something that we see because in our segments, the way our clients are using the AAVs or the lentis or the adenos is the same than last year and the year before and so on. So, there are a number of discussions on iPSCs, for example, but that doesn't change the need to have lentiviruses for CAR-Ts. And there are still a lot of CAR-T programs. Actually, if you look at cell therapy, CAR-Ts are still driving the growth still. So that's the reason why it doesn't add any complexity for us.

We're obviously looking on a real-time basis at the evolution of the markets. There are lots of discussions on new cell types including non-modified cells. But as of now, that's not impacting our activity and I don't expect an impact even for next year.

Paul Cuddon: Thank you.

Leolie Telford-Cooke: Hi, Leolie Telford-Cooke here from Peel Hunt. Just a couple on the France site. So, you say that you are still integrating lentivector into France. When are you predicting that OXB France will be fully integrated, and are there any associated costs that you're still expecting from this integration? Thanks.

Dr. Sebastien Ribault: I can take the integration timeline. So, we're halfway through the integration process now. It's hard to tell you when the integration will be complete. I mean, if we're talking about the full integration program, it includes, for example, the alignment of the quality management systems and a number of systems including the ERP, for example. And we know that these alignments take years.

If we're talking about the integration by segments, the strategy and commercial activities are fully integrated. If we're looking at execution today, Frank mentioned briefly that we've started the tech transfer of the lentivector platform. I know from a discussion with our CEO from last week that we'll have all the activities at small scale and pilot scale fully transferred by the end of the year, meaning that we're on track to have GMP activities in France next year aligned with what we're doing today in Oxford and soon in Bedford.

I think that the delivery activities will be fully integrated sometime next year. Hard to say now when it's going to be, but before the end of the year for sure. So, what we expect to see still running in 2026 will be systems integration only.

Dr. Frank Mathias: And on the costs?

Dr. Lucinda Crabtree: Well, yeah, look, I mean, I think first of all, early days for me, but as Sebastien alluded to in terms of integration activities, you can assume at this juncture, I don't envisage that being any sort of large associated costs related to the remaining integration activities.

James Orsborne: Hi, James Orsborne from Stifel. And just on the investment going into '25, I just wondered if you could give a bit of colour around headcount, where it is today, where you expect it to be, and I guess looking at the slide here in terms of geographical split, where you think you might be under invested and where you think the opportunities are, and perhaps little colour on the personnel you're looking at as well to hire.

Dr. Lucinda Crabtree: Yeah, look, it's a very short answer. I mean, obviously we're coming to that point in time where we start our budgetary activities anyway, and I think we will look carefully and add sensibly and carefully to our headcount as is required with the backdrop of retaining that kind of prudent outlook on the cost base. So, I'm not going to be drawn into specifics in terms of numbers, but we will be good stewards.

James Orsborne: Okay, thank you. And then just on the inAAVate™ platform, obviously you've built a pretty nice reputation in lenti with the four CAR-T therapies you've got in late stage. How's the AAV market looking with that platform now established? I guess, how competitive is that versus lenti that you are seeing as, I guess a new brand or new person in the space?

Dr. Sebastien Ribault: We still have a much stronger reputation on the lenti side. I mean, which makes sense. OXB founded in 1995. I mean, when you have almost 30 years of existence in the lenti space, it's hard to compete with only 10 years on the AAV side.

But the platform is very competitive. I know from the client feedback directly that they're happy with the performance. That is the reason why we signed, Lucy mentioned it, seven new AAV programs during the first half of the year. We've seen the volume of orders increasing since the beginning of H2, so very positive on the AAV platform.

One of the questions for 2025, and I'm going to put on my head of strategy hat for a minute, is how do we combine the existing AAV platform that we had in France that came through the acquisition and the existing platform that we're running routinely in the US? I think it can add even more value to our clients, but so far, we've decided that we would continue delivering based on the inAAVate™ platform, but we're obviously always looking at modification that can bring additional value to our clients.

James Orsborne: That's great. Thank you.

Julie Simmonds: Thanks. Julie Simmonds, Panmure Liberum. Just a question on how long it's taking to sign on new clients when they're interested, and then given the capacity that you have, what's sort of the runway looking like now for a new client coming on board?

Dr. Sebastien Ribault: That's one of my favourite questions, one of the most difficult. Depends on what you want. If you want to go through a feasibility study and understand better what's going to be the productivity, the yield, and if you want to get the first data to have a more precise business model for the future, understand the cost per dose and so on, it's going to be very quick. So, if you were signing today, we would probably start the project in two to four weeks from now. If you come today and say, "I would like to have a full program just before phase three, process characterisation, validation," it's going to take some time because we've seen a very, very high demand in this field. We're talking about programs that are 12 to 18 months of activities. That's actually the biggest program in terms of FTEs mobilised on these programs. I mean, you're preparing for phase three and commercials. There's obviously a lot of activities and if you were asking to start a new process characterisation program today, your onboarding would probably be in Q1 next year.

I usually say there are five types of capacity on which we're working. Clinical manufacturing, commercial manufacturing, process development, analytical development and the fifth one, which as I said is the biggest in terms of volume of activity, process characterisation and validation, so It really depends on what you want.

Julie Simmonds: Thank you. Thinking about that in the context of gross margins and how your capacity goes, clearly the margin was quite low in the first half in comparison to some of the better years. Where do you expect it to get to once you've got that balanced and how does the second half of this year look in comparison to that?

Dr. Lucinda Crabtree: Do you want me to take that?

Dr. Sebastien Ribault: Yep.

Dr. Lucinda Crabtree: Again, I'm going to sort of say too early for me to give any kind of granularity, but we have our guidance and we've guided to EBITDA levels. Where do we ultimately want to get to as a competitive CDMO business is industry standard margins, but I think it's premature for us to give specific guidance as to as and when we're going to hit that, but that is the ultimate objective.

Julie Simmonds: Lovely, thanks.

Dr. Sebastien Ribault: Is there another question there?

Christian Glennie: Christian Glennie from Stifel. Just a bit of a context around what's making you win all this new business. You've reset a new commercial team in the last 18

months or so. I'm assuming these are still pretty competitive contracts that you are going after. What's resonating here? Is it just a factor of more salespeople out there actually able to win this business or is there something distinct and then related to that, is there any impact? How much does pricing ultimately come into play here in some of these contract wins?

Dr. Sebastien Ribault: We've not touched the prices. The prices today compared to the prices a year ago or even when I joined the company, are very much the same.

The main reason why we have more opportunities in the pipeline today is, number one, we're more visible. You've probably seen last week the launch of our new brand, OXB, that we see on the slides here. I was in a trade show in Asia 10 days ago. 100% of the people I met knew Oxford Biomedica. 100% of the people I met didn't know that we were acting exclusively as a CDMO. It's Asia, it's particular, it's a new market for OXB. I commented with the same audience about 18 months ago, that most of the people we were meeting knew us as a lenti company, not lenti and AAV, not that we are both. That they knew us as a hybrid company that was developing its own products and a CDMO. If I look at the change, I must say that when we were at about 10% of the market that knew us as a CDMO, we're somewhere between 40 and 60% today based on the latest survey that we ran. Still not 100%, but more people know us, more people come to us, so we've increased the size of the BD team.

We've professionalised the commercial teams as well. We have a real continuum of activities now from strategies through marketing, commercial operations and BDs, which wasn't the case two years ago. The team is stable. I'm very proud to say that in my space in the CBO perimeter, the turnover is 0%. With a stable team, you have stable relationships, and our clients see that. You're not just one number in the middle of the other. We know their need. We try to anticipate as much as we can what they need for the future. I mentioned in my slides we have the track record. People know that we can push successfully a program into the commercial space.

I know many CDMOs, actually the vast majority, who put on the slide, "We're commercial ready." We're not commercial ready, we're operating at commercial scale. That's very different and there are not that many CDMOs doing that, so that's the reason why we win more.

Christian Glennie: Thank you. Just a clarification, I guess, on the '26 guidance. The 20% margin, is that for the full year or is that an exit rate at the end of the year?

Dr. Lucinda Crabtree: We haven't been that specific, but I think you can assume that we're looking to achieve that at some point through 2026.

Christian Glennie: Thank you.

Dr. Frank Mathias: Any other question here in the room?

John Priestner: Hi. John Priestner from JP Morgan. Just a quick follow up question. Maybe about the revenue backlog and the BD pipeline. Are there any projects in there, in the pipeline in particular, that have been in there for 12 months or longer? What's the kind of average stay time in the pipeline before it's converted to the backlog and maybe a similar question from the backlog. Are there any revenues in there where customers haven't been able to get their capacity reservation in the last 12 months? Thank you.

Dr. Sebastien Ribault: I'm going to start with the end. No, we don't have any client in the backlog that's been waiting. I mean, all of that's been phased one by one when we started the activities. We don't have a project in the background that would start in H2 next year, for example. We're talking about either ongoing activities or activities where the kick-off is imminent. I flew in this morning, and I was sitting on the flight with one of our program managers, who was coming here for a face-to-face meeting and a kick-off of a project that we signed four weeks ago now. Everything in the backlog is either in the works or is going to start very soon.

It's hard to say what's the standard timeline between the start of the negotiation and the end. Really depends what kind of project we're negotiating. All of them I believe are between three and nine months depending on the complexity of the program. As you can imagine, we have lots of discussions when... All these programs are complex. We want to make sure that the package is adapted to the need, that the timelines are also in line with the expectations, in terms of clinical studies. It's rarely below three months. It's rarely above nine months as well. Six months is a good number for the standard negotiation.

This being said, very specific to your question, do we have programs that have been sitting here for more than a year? The answer is yes and the reason why we have that, and I have in mind specifically one that we discussed with Frank last week because it's a very complex project that requires alignment between this company and multiple partners with which they operate, so we're waiting for their alignment. To make sure that the pipeline management reflects that situation, it's not a program that you would find in the risk-adjusted pipeline with a high probability of success because we're still waiting for the alignment, so that's a very low value in our pipeline.

Dr. Frank Mathias: Perhaps you can say a few words also to make it clear for the backlog what it means for commercial products because then it's binding. That's important, I believe.

Dr. Sebastien Ribault: The backlog for commercial products correspond to the binding forecast. The shortest forecast we have in the backlog is 12 months visibility, meaning that we already know what they will need in September of 2025 and that's binding. Is that waiting for a start? No, it's not. I mean every month we're delivering additional batches for this company and although the binding forecast is 12

months, the entire forecast is two years, so we know what they will need through 2026 as well.

Dr. Frank Mathias: But the two years figures are not in the backlog?

Dr. Sebastien Ribault: They are not in the they backlog. They are in our forecast, but since it's not binding, they're not in the backlog.

Dr. Frank Mathias: Any other questions? If this is not the case, let me take the opportunity before I close the meeting to express my thanks to you Stuart, Stuart Paynter for your contributions as CFO of OXB over the last seven years. You have given me invaluable support when I started, so thank you again for that. You have been instrumental in bringing OXB also to where it is today, bringing us through the pandemic and we have to thank you a lot, so thank you so much from the bottom of my heart and thank you to all the rest in the room for your participation and attention today. I know that you will be on the road, Lucy and Sophia will be on the road over the next weeks. I will join you, by the way, for some, sorry for that, but I will be with you. Thank you for coming today and have a nice afternoon.