Press release

OXFORD BIOMEDICA PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

SIGNIFICANT STRATEGIC AND OPERATIONAL PROGRESS TOWARDS BECOMING A GLOBAL VIRAL VECTOR LEADER

Oxford, UK – 15 September 2022: Oxford Biomedica plc ("Oxford Biomedica" or "the Group") (LSE: OXB), a leading gene and cell therapy group, today announces interim results for the six months ended 30 June 2022.

Roch Doliveux, Oxford Biomedica's Chair and Interim Chief Executive Officer, said:

"We have made significant strategic and operational progress towards our goal of becoming a global viral vector leader. In the first half of 2022 we achieved double digit revenue growth in our core business and since the start of the year have signed numerous new or expanded partnership deals, including a new AAV deal, resulting in an over 70% increase in the number of customers with whom we work. In addition, we executed the transformational launch of Oxford Biomedica Solutions which brings innovative AAV capabilities, further capacity and a significant platform in the US, delivering on our strategic objective to become vector agnostic and provide world-leading innovative process development and manufacturing services to our clients. With a strong cash position, a robust and growing business and entry into the fast-growing AAV market, Oxford Biomedica is in an excellent position to achieve long-term future profitable growth as a leading partner of choice to deliver life-saving cell and gene therapies to patients."

H1 2022 FINANCIAL HIGHLIGHTS

- Double digit revenue growth in the core business (excluding COVID-19 vaccine manufacturing) compared to H1 2021 offset by the decrease in COVID-19 vaccine manufacturing; total revenue decreased by 21% to £64.0 million (H1 2021: £81.3 million)
- Bioprocessing and commercial development revenues decreased by 24% to £57.3 million (H1 2021: £75.6 million) largely driven by a reduction in COVID-19 vaccine manufacturing revenues but partly offset by an increase in revenues from lentiviral vector and AAV commercial development and manufacturing activities
- Licences, milestones & royalties were £6.7 million (H1 2021: £5.7 million), the increase of 18% resulting from licence 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, including one-off acquisition-related costs, drove an increase in operating expenses to £56.2 million (H1 2021: £23.6 million). Active cost control initiatives were initiated to reduce the Group's operating cost base as the COVID-19 pandemic continues to ease
- Operating EBITDA[1] loss and operating loss of £5.8 million and £19.2 million respectively (H1 2021 EBITDA[1] profit and operating profit of £27.1 million and £19.7 million respectively); this included one-off acquisition-related due diligence costs of £5.1 million relating to the transaction with Homology Medicines to establish Oxford Biomedica Solutions
- Cash used in operations was £24.5 million compared to £22.2 million generated in H1 2021
- The Group's capital expenditure of £6.0 million (H1 2021: £3.5 million) consisted mainly of purchases of equipment required for manufacturing and laboratory facilities
- Cash at 30 June 2022 was £118.5 million and £115.8 million at 31 August 2022; net cash at 30 June 2022 was £50.1 million and £42.1 million at 31 August 2022

OTHER RECENT DEVELOPMENTS AND OUTLOOK

- The Group is in the process of part-repaying and refinancing the $85 million Oaktree loan facility taken out in March 2022 and a process is underway for the sale and leaseback of the Group's Windrush Court facility in Oxford
- The Group expects similar levels of revenues in the second half of 2022 as those achieved in the first half of 2022 and is expecting to deliver broadly break-even Operating EBITDA for the second half of the year

[1]Operating EBITDA (Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, fair value adjustments of assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. A reconciliation to GAAP measures is provided on page 12.

OPERATIONAL HIGHLIGHTS (including post-period events)

- Entered into fast-growing AAV market through a transformational deal with Homology Medicines, completed in March 2022, to establish Oxford Biomedica Solutions LLC ("Oxford Biomedica Solutions"), a high-performing full-scope scope AAV manufacturing and innovation business near Boston, US; new AAV partnership announced in September
- Expanded customer base by more than 70%, currently working on more than 20 programmes, with a robust new business pipeline across all key vector types
- Amended and expanded existing License and Clinical Supply Agreement with Juno Therapeutics ("Juno"), a wholly-owned subsidiary of Bristol Myers Squibb Company, to include two new viral vector programmes
- Continued strong relationship with Novartis with Kymriah® available in more than 400 qualified treatment centres in 30 countries having coverage for at least one indication, and expansion into a third indication
- Signed a new three-year Master Services and Development Agreement with AstraZeneca to facilitate potential future manufacturing opportunities for the AstraZeneca COVID-19 vaccine
- Signed four new US-based customer agreements with Cabaletta Bio ("Cabaletta"), with an undisclosed private biotechnology company advancing a new generation of adoptive cell therapies, with an undisclosed late-stage cell and gene therapy company, and with an undisclosed new partner for Oxford Biomedica Solutions' AAV platform
- Continued to strengthen the Board with the appointment of Namrata Patel as an Independent Non-Executive Director. John Dawson stepped down as CEO, with Chair Roch Doliveux assuming the role of Interim CEO in January 2022. The formal process to appoint a successor is progressing well

Analyst briefing

Management will be hosting a virtual briefing and Q&A session for analysts at 13:00 BST / 8:00 EST today, 15 September. The presentation will be available on the Group's website at www.oxb.com

A live webcast of the presentation will be available via this link.

If you would like to dial-in to the call and ask a question during the live Q&A, please email Oxfordbiomedica@consilium-comms.com

Notes
Unless otherwise defined, terms used in this announcement shall have the same meaning as those used in the Annual report and accounts.

Enquiries:

Oxford Biomedica plc T: +44 (0)1865 783 000/ E: ir@oxb.com

Stuart Paynter, Chief Financial Officer
Sophia Bolhassan, VP, Corporate Affairs and IR

Consilium Strategic Communications T: +44 (0)20 3709 5700

Mary-Jane Elliott
Matthew Cole

Peel Hunt (Joint Corporate Brokers): T: +44 (0)20 7418 8900

James Steel
Dr. Christopher Golden

JP Morgan (Joint Corporate Brokers): T: +44 (0)207 1347329

James Mitford
Gautham Baliga

About Oxford Biomedica
Oxford Biomedica (LSE:OXB) is an innovative leading viral vector specialist focused on delivering life changing therapies to patients.

Oxford Biomedica plc and its subsidiaries (the Group) work across key viral vector delivery systems including those based on lentivirus, adeno-associated virus (AAV) and adenovirus, providing innovative solutions to cell and gene therapy biotechnology and biopharma companies for their process development, analytical development and manufacturing needs. Oxford Biomedica has built a sector leading lentiviral vector delivery system, LentiVector® platform, and is working on programmes from pre-clinical to commercial stage across a range of therapeutic areas with global partners.

Oxford Biomedica employs more than 900 people, is based across several locations and headquartered in Oxfordshire, UK. In 2022, the Group established Oxford Biomedica Solutions, a US based subsidiary AAV manufacturing and innovation business, based near Boston, US.

Further information is available at www.oxb.com.

OVERVIEW

Oxford Biomedica is a leading viral vector specialist focussed on delivering life-changing therapies to patients. The Group applies its innovative process development and manufacturing capabilities, world leading expertise and platform technology to develop and manufacture commercially scalable products. The Group is working on partner programmes for severe diseases ranging from pre-clinical to commercial across a range of therapeutic areas, including oncology, haematology, immunology, respiratory and ophthalmology.

During the first half of the year, the Group delivered on its strategy of becoming an innovative global viral vector leader, advancing into AAV, whilst diversifying and growing its global customer base. The Group's transformational deal with Homology Medicines in January to establish Oxford Biomedica Solutions has further broadened the Group's offering into the large and fast-growing AAV segment, whilst delivering on its strategy to become vector agnostic with a presence in the key US market. Under the terms of the deal, Homology Medicines became Oxford Biomedica Solutions' first customer, and will contribute minimum revenues of c.$25 million (£21 million) in the period to March 2023. Additionally, in September, the Group announced an AAV deal with an undisclosed partner.

The initiation of new customer relationships and expansion of existing customer agreements has increased in momentum in recent months, with six new or expanded partnerships announced since the start of the year. The Group is currently working with 14 customers on more than 20 programmes (in addition to Homology Medicines' programmes through Oxford Biomedica Solutions) representing a more than 70% increase in the number of customers compared to the same time last year.

In July, the Group announced an expansion to the original License and Clinical Supply Agreement signed with Juno (a wholly owned subsidiary of Bristol Myers Squibb Company) to include two new viral vector programmes as well as announcing a new three-year Master Services and Development Agreement with AstraZeneca in relation to potential future manufacturing opportunities for the AstraZeneca COVID-19 vaccine. Oxford Biomedica continues to expect to recognise aggregate revenues of approximately £30 million from AstraZeneca in the current financial year, of which the bulk of revenues were recognised in the first half of 2022.

In January, John Dawson stepped down as CEO after 13 years, and simultaneously Roch Doliveux assumed the role of Interim CEO. The formal process to appoint a successor to lead the Group through its next phase of growth is progressing well and Oxford Biomedica will update the market once the recruitment has been completed.

The Group heads into the second half of the year with a strong cash position of £118.5 million and a net cash position of £50.1 million (as at 30 June 2022). The Group is in the process of part-repaying and refinancing the 12-month $85 million Oaktree loan facility taken out in March 2022. In order to provide additional liquidity and financial flexibility, the Group recently initiated a process for the sale and leaseback of the Group's cutting-edge 36,000 sq. ft. Windrush Court facility in Oxford and is currently seeking offers exceeding £55 million. The Group is also reviewing its gene therapeutics pipeline, including strategic options to externally fund an appropriate future pipeline of products and other novel opportunities.

Oxford Biomedica expects a highly active remainder of 2022 and the Group has a high level of visibility over revenues for the remainder of the year with more than 90% of forecasted revenues for the second half of the year covered by existing binding purchase orders and rolling customer forecasts. The Group is confident of delivering similar levels of revenues in the second half of 2022 as those achieved in the first half. As a result of ongoing cost control initiatives, including right-sizing of headcount as the pandemic eases, and a non-recurrence of one-off costs incurred in the first half of 2022 the Group expects to deliver a broadly break-even operating EBITDA in the second half of 2022.

The Group continues to focus on building its number of customers and partner programmes, and delivering on its mission of enabling the biotech and biopharma industry to deliver life-saving therapies to patients.

OPERATIONAL REVIEW

Innovative CDMO Services

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, a high-performing, full-scope 25,000 sq. ft. AAV manufacturing and innovation business in 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 $130 million (£97 million) cash consideration, and a $50 million (£38.2 million) capital injection into Oxford Biomedica Solutions to fund growth.

Oxford Biomedica Solutions offers a scalable, high-quality manufacturing platform to global customers, including Homology Medicines, through a 3-year Manufacturing and Supply agreement as a preferred customer with minimum contracted revenue of c.$25 million (£21 million) from Homology Medicines for the first twelve months post completion.

Integration of the business is progressing smoothly with the transfer of 124 technical operation employees from Homology Medicines now completed. Oxford Biomedica Solutions is led by Tim Kelly, Chief Executive Officer and Chair of its Board of Directors.

The Group has a robust business development pipeline and is targeting one further new AAV customer partnership by the year-end, with one already announced. In September, the Group announced that it had signed an agreement with an undisclosed, US based private biotechnology company, granting the new customer access to Oxford Biomedica Solutions' AAV platform for their pre-clinical gene therapy programmes.

The Group estimates the AAV outsourced supply market to grow to c.$2.2 billion by 2026, and to c.$3.7 billion by 2030. To accommodate the expected increase in customer demand, an additional c.23,000 sq ft of fallow area at the Oxford Biomedica Solutions Boston site is being developed for analytical, office, warehouse, & GMP space. This is to be funded by existing funds from the $50 million (£38.2 million) capital injection into the business in March 2022. As previously guided, Oxford Biomedica Solutions is expected to break-even on an Operating EBITDA basis by the third year after the closing of the transaction (the first half of 2025).

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

Oxford Biomedica has continued to build on its partnership with Juno, (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.

Under the terms of the agreement, Oxford Biomedica received an undisclosed target nomination fee, and is eligible to receive potential payments upon the achievements of certain milestones. This latest agreement demonstrates the Group's ability to expand work with existing partners and takes the total number of programmes that it is working on with Bristol Myers Squibb to six.

COVID-19 vaccine and Agreement with AstraZeneca

Oxford Biomedica continued to manufacture the Oxford AstraZeneca COVID-19 vaccine at the Group's Oxbox facility at the beginning of 2022. Post-period end, in July, the Group announced the signing of a new three-year Master Services and Development Agreement with AstraZeneca. The new agreement will facilitate potential future manufacturing opportunities for the Oxford AstraZeneca COVID-19 vaccine, expanding the original three-year master supply and development agreement announced between the two companies in September 2020.

Under the new agreement, manufacturing of vaccines at Oxford Biomedica's world class 84,000 sq. ft. manufacturing facility, Oxbox, will be available to AstraZeneca on an as needed basis beyond the last quarter of 2022, when the manufacture of COVID-19 vaccines is expected to complete as part of the original commitment.

In accordance with the terms of the original agreement and inclusive of revenues for batches already manufactured in the first half of 2022, Oxford Biomedica expects to recognise aggregate revenues of approximately £30 million from AstraZeneca in the current financial year.

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 recently expanded into a third indication in May 2022, after the accelerated approval from the FDA and approval by the European Commission for Kymriah® for the treatment of adult patients with relapsed or refractory follicular lymphoma (FL), after two or more lines of systemic therapy. This 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 (DLBCL). 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®.

Cabaletta Bio

In January 2022, Oxford Biomedica announced a License and Supply Agreement with Philadelphia, US-based Cabaletta 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 May 2022, Cabaletta presented data showing that DSG3-CAART has a favourable safety profile with no DLTs or cytokine release syndrome of any grade. Cabaletta recently announced 6 month clinical and translational data from cohort A4 and 28-day safety and persistence data from cohort A5 at the European Dermatology and Venereology Congress in September 2022.

Further partner 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 partner 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 partner 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 and Beam Therapeutics with the combined revenues from these partnerships contributing meaningfully towards the total bioprocessing and commercial development revenues expected in the current financial year.

The MPS-IIIA (OTL-201) partner programme with Orchard Therapeutics ("Orchard") is currently being evaluated in an ongoing proof-of-concept clinical trial, with interim data from this study expected to be released by the year end 2022.

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 will broaden the therapeutic indications that are amenable to treatment with cell and gene therapy. It is expected that the reduction in cost will help drive 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 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.

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. Process C works together with production enhancers (such as U1, U2) which are adopted to realise even greater gains in productivity and quality. The Group has begun to offer Process C commercially, with several customers adopting the technology due to the evident gains in vector quantity and quality it affords.

Post-period, in July 2022, Oxford Biomedica 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 haemopoietic 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 great patient access and superior efficacy to existing treatment options.

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, which is expected to be completed by the end of calendar year 2022.

The Group is reviewing strategic options to externally fund an appropriate future pipeline of products and other novel opportunities with the intention for this to be executed in 2023. It is anticipated that this will allow the Group to maintain a long term economic interest in a number of therapeutic products with a potential material reduction in annual operating expenditure. In the first half of 2022 the Group's Product segment generated an operating EBITDA loss of £5.0 million.

The Group's work on targeting the liver is progressing well with the initial indications identified, and pre-clinical studies ongoing. The liver is an attractive target for lentiviral vectors due to the possibility of a one-off treatment giving life-long benefit to patients with high unmet need or heavy medical burden.

In addition, the Group is evaluating opportunities for cell-based therapy, using its proprietary platform technology to generate specific CAR-T constructs for haematologic and solid tumours, including 5T4 (an oncofoetal antigen specifically expressed of the cell surface of many cancers) as a potential target.

In January, Oxford Biomedica was informed by Sio Gene Therapies ("Sio") of their intention to return the rights for AXO-Lenti-PD following Sio's deprioritising of the programme due to resourcing constraints. The rights to AXO-Lenti-PD were returned to the Group in March 2022, and the Group is now seeking a suitable partner for out-licensing. To date, six patients have been dosed in the Phase II SUNRISE-PD trial with AXO-Lenti-PD.

Facilities and capacity expansion

Oxbox, the Group's largest manufacturing facility spanning 84,000 sq. ft received MHRA approval for the fill finish suite post-period in August 2022, bringing this previously outsourced function in-house.

The manufacture of COVID-19 vaccines at Oxbox took place in three suites at the start of the year, with the remaining suites being used for 200L viral vector manufacturing. As part of the expanded agreement with AstraZeneca announced in June 2022, further manufacturing of AstraZeneca COVID-19 vaccines is planned for the last quarter of 2022, with the suites being available for AstraZeneca on an as needed basis beyond 2022.

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 Life Sciences Ltd (a subsidiary of Serum Institute of India) funding the development.

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

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 parallel with the strategic review of the gene therapeutics pipeline and ongoing development of lab space at Oxford Biomedica Solutions.

A process is underway for the sale and leaseback of the Group's Windrush Court facility in Oxford, which will potentially provide additional liquidity and financial flexibility. Windrush has 36,000 sq. ft. of GMP grade facilities and office space, and is currently on the market seeking offers exceeding £55 million.

To ensure the Group has sufficient warehouse capacity to meet expected near-term commercial development from both current and future potential partners, 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 expected to be complete shortly with the site being ready for occupation in the last quarter of 2022.

Short-term loan facility

In March, the Group entered into an $85m short-term loan facility with Oaktree Capital Management, L.P. The proceeds were used by the Company, together with the Company's existing cash, to finance a portion of the transaction with Homology Medicines to establish Oxford Biomedica Solutions. The loan carries an interest rate of 8.5% with the principal amount due at the facility's maturity date in March 2023.

The Group is in the process of part-repaying and refinancing this loan facility. The Group heads into the second half of the year with a strong cash position of £118.5 million and a net cash position of £50.1 million as at 30 June 2022.

Corporate and organisational development

During the period, new appointments were made across the Board and the Senior Executive Team, further diversifying its areas of expertise and strengthening Oxford Biomedica's position as a leading gene and cell therapy company.

In January, John Dawson stepped down as CEO after 13 years and simultaneously 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 remains an adviser to the Company. The recruitment process to appoint a successor to lead Oxford Biomedica through its next phase of growth is progressing well and Oxford Biomedica will update the market once the recruitment process has been completed.

In April, Namrata Patel was appointed to the Board as an Independent Non-Executive Director. Ms. Patel has extensive international experience in manufacturing and end-to-end supply chain with experience in the commercialised regulated industry and has held senior positions across several major global markets. Her experience in sustainability includes playing a key role in delivering on Procter & Gamble's 2040 Sustainability Ambition Goals for its Beauty Business portfolio.

In April, Ravi Rao, Chief Medical Officer joined the Senior Executive team, dividing his time between his role at Oxford Biomedica with roles at SV Health Investors and Sitryx. Dr. Rao brings long-standing biopharmaceutical and translation experience across multiple therapeutic areas with different treatment modalities.

Environmental, Social and Governance

The Group remains committed to its role as a responsible business and implementing its Environmental, Social and Governance (ESG) strategy, which is focused on five pillars: People; Community; Environment; Innovation and Supply Chain.

The People pillar continued to be an area of particular focus. As part of the Equality, Diversity and Inclusion (EDI) three-year plan, a working group was formed, applying equality and diversity principles across the whole of Oxford Biomedica's UK business. Sixteen new representatives from across the business have been elected to our Workforce Engagement Panel (WEP). Following feedback from our first annual all employee engagement survey 'Your Voice', the Senior Executive Team (SET) established a fortnightly Q&A briefing, providing SET with a platform to share business updates, and employees with an open forum to ask questions. The Group has introduced further wellbeing initiatives, including webinars focussed on stress, debt and budget management.

On the Community pillar, a community volunteering activity scheme was introduced, allowing employees to request up to seven hours of paid time off for volunteering each year, whilst fundraising efforts for Oxfordshire Mind and Homeless Oxfordshire continued during the year.

The Group has been focussing on waste reduction initiatives and ways to improve energy efficiency as part of the Group's commitment to reducing its environmental footprint under the Environment pillar. The Group has engaged with waste operators to increase levels of recycling and participated in an external programme to improve energy efficiency in laboratory cold storage. The Group has engaged with waste operators to increase levels of recycling and in June, welcomed a specialist waste management company onsite to perform a waste awareness day. The Group participated in an external programme to improve energy efficiency in laboratory cold storage, and tree planting schemes have been investigated to offset paper use.

On the Innovation pillar, the Group continues to work to promote science and build strong academic collaborations. The Group continued to support PhD studentships through ABViP, a multidisciplinary training programme for next-generation bioscience leaders, where the first cohort of students is due to start at Oxford Biomedica in October 2022. The Group has 35 apprentices enrolled across different programmes in the business and was recently recognised as "Apprenticeship Employer of the Year 2022" in the Oxfordshire Apprenticeship Awards.

The Group is fully committed to responsible supply chain management, and work continues to progress in achieving the Group's 2022 ESG supply chain objectives. A supplier code of conduct has been rolled out and published on the Group's website, detailing the standards it expects the Group's suppliers to adopt, focussing on the core principles of quality; ethics; people; health, safety and environment and related management systems.

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 Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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

Financial Review

The initiation of new customer relationships and expansion of existing customer agreements has increased in momentum in recent months with the Group currently working with 14 customers compared to 8 customers at the same time last year. Lentiviral vector manufacturing volumes have continued their post pandemic upward trajectory, with revenues from the core (excluding COVID-19 vaccine manufacturing) business achieving double digit revenue growth compared to the first half of 2021. COVID-19 vaccine bioprocessing volumes were much lower with the variance from the prior year reflecting the exceptional results achieved in 2021 when vaccine manufacturing was at full pace.

The Group announced license and supply agreements with Cabaletta, Juno, (a wholly owned subsidiary of Bristol Myers Squibb Company) and three undisclosed US-based private biotechnology companies, including one new AAV partner. 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, allowing the Group to be able to recognise aggregate revenues of approximately £30.0 million from AstraZeneca in the current financial year, of which the bulk of revenues have been recognised in the first half of the year.

The Group achieved total revenues of £64.0 million and incurred an Operating EBITDA loss of £5.8 million in the first half of 2022 compared to revenues of £81.3 million and an Operating EBITDA profit of £27.1 million in the prior year. The variance in revenues from the prior year reflects the exceptional results achieved in 2021, predominantly driven by much higher COVID-19 vaccine bioprocessing volumes with manufacturing at full pace. At a cost level, there was an increase in operating expenditure in the first half of 2022 as a result of increased personnel and other operational expenditure incurred due to the consolidation of the results of Oxford Biomedica Solutions, acquisition-related due diligence costs of £5.1 million and, throughout the wider Group, 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 $50.0 million (£38.2 million) capital injection into the new business.

During the period, whilst the Group has continued to invest selectively in the future growth of the business, we have also taken appropriate measures to reduce the Group's operating cost base particularly as the COVID-19 pandemic continues to ease, which has included a degree of right-sizing its staff base and initiating a headcount freeze (except for critical hires). Whilst the Group continues to experience inflationary pressures, it is expected that active cost management can more than offset the impact of inflation.

In March 2022, the Group acquired an 80% ownership interest in Oxford Biomedica Solutions, an AAV-focused manufacturing and innovation business for $180 million (£137.4 million), with Homology Medicines Inc. retaining a 20% ownership stake. As part of the financing arrangements, the Group raised gross proceeds of £80.0 million through a placing of shares and secured a short-term loan facility of $85.0 million (£64.9 million) which is repayable 12 months after the closing date.

Concurrently with the Oxford Biomedica Solutions transaction, the Group entered into a manufacturing and supply agreement with Homology Medicines which has made a promising contribution to revenues since the completion of the transaction, with Oxford Biomedica Solutions generating revenues of £7.3 million in the period. Homology Medicines is Oxford Biomedica Solutions' first customer, and under the terms of the agreement will contribute minimum revenues of circa £21.0 million ($25.0 million) in the period to March 2023.

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 million of net equity raised in 2 tranches, the Oaktree loan of $85.0 million (£64.9 million) and the recognition of a put option liability to acquire the remaining 20% of Oxford Biomedica Solutions from Homology Medicines of $51.1 million (£42.0 million).

The key financial indicators used by the Board are set out in the table below and the highlights are:

- Revenue (£64.0 million) decreased by 21% over H1 2021 (£81.3 million) as a result of the decrease in vaccine batches manufactured for AstraZeneca, partly offset by an increase in revenues from lentiviral vector and AAV commercial development and manufacturing activities.
- Operational results (Operating EBITDA[1] loss and Operating loss) of £5.8 million and £19.2 million respectively, were lower than the prior year due to much lower vaccine bioprocessing volumes, as well as increased operating expenditure from Oxford Biomedica Solutions operating spend, inflationary increases, and acquisition related due diligence costs of £5.1 million.
- Operational activities consumed cash of £24.5 million compared to generating cash of £22.2 million in H1 2021 due to much higher vaccine manufacturing revenues in H1 2021 and consolidation of the new business, Oxford Biomedica Solutions in H1 2022.
- Capital expenditure increased from £3.5 million in H1 2021 to £6.0 million with H1 2022 capital expenditure consisting mainly of the purchase of bioprocessing and laboratory equipment, as well as various other equipment and leasehold improvements required for commercial activities and production.
- Cash burn[2] was £32.2 million in H1 2022 (H1 2021 inflow of £18.7 million) due mainly to decreased cash inflows from vaccine production, increased operational cash flows and due diligence fees paid.
- Cash at 30 June 2022 was £118.5 million compared to £61.3 million at 30 June 2021. The net cash position was £50.1 million as at 30 June 2022
-

KEY FINANCIAL INDICATORS (£m)	H1 2022	H1 2021
Revenues		
Bioprocessing/commercial development	57.3	75.6
Licence fees, milestones & royalties	6.7	5.7
Total	**64.0**	**81.3**
Operating (loss)/profit	(19.2)	19.7
Operating EBITDA[1 2]	(5.8)	27.1
Cash (consumed by)/generated from operating activities	(24.5)	22.2
Capital expenditure	(6.0)	(3.5)
Cash (burn)/inflow[3]	(32.2)	18.7
Period end cash	118.5	61.3
Net cash[4]	50.1	61.3
Headcount		
Period end	959	744
Average	920	716

1 Operating EBITDA (Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, fair value adjustments of assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. A reconciliation to GAAP measures is provided on page 12.

2 Included £5.1 million in one-off acquisition-related due diligence costs relating to the transaction to acquire Oxford Biomedica Solutions. Includes operational expenditure for Oxford Biomedica Solutions from March 2022.

3 Cash (burn)/inflow is net cash generated from operating activities less net finance costs paid and capital expenditure. A reconciliation to GAAP measures is provided on page 15.

4 Net cash is cash less external loans.

The Group evaluates its performance *inter alia* by making use of two alternative performance measures as part of its Key Financial Performance Indicators (see table above). The Group believes that these Non-GAAP measures, together with the relevant GAAP measures, provide an 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).

Revenue

Revenues were £64.0 million in H1 2022, 21% below the £81.3 million achieved in H1 2021.

£m	H1 2022	H1 2021
Bioprocessing/commercial development	57.3	75.6
Licence fees, milestones & royalties	6.7	5.7
Revenue	**64.0**	**81.3**

Revenues from bioprocessing/commercial development were 24% lower in H1 2022 as compared to H1 2021, due largely to the decrease in the volume of vaccine batches manufactured for AstraZeneca, offset to an extent 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 customers have increased due to the new development and manufacturing agreements entered into with customers over the last 12 months including Boehringer Ingelheim, Arcellx and Homology Medicines.

Revenues from licence fees, milestones and royalties have remained largely stable when compared to the prior year.

Operating EBITDA

£m	H1 2022	H1 2021
Revenue	64.0	81.3
Other operating income	0.9	0.4
Total expenses[1]	(70.7)	(54.6)
Operating EBITDA	**(5.8)**	**27.1**
Depreciation, amortisation, share option charge and fair value adjustments of available-for-sale assets	(13.4)	(7.4)
Operating (loss)/profit	**(19.2)**	**19.7**

[1] Cost of goods plus research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and share option charge. A reconciliation to GAAP measures is provided on page 12.

Total expenses in H1 2022 were £70.7 million, compared with £54.6 million in H1 2021, a 29% increase over H1 2021. The increase was driven by an increase in operational spend from consolidation of the results of Oxford Biomedica Solutions, inflationary increases and acquisition-related due diligence costs of £5.1 million.

As a result of the lower revenues and increased operational spend, the Operating EBITDA loss in H1 2022 was £5.8 million, £32.9 million lower than the prior period (H1 2021 Operating EBITDA profit of £27.1 million).

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 cost of goods, research and development, bioprocessing and administrative costs and has removed depreciation, amortisation and the share option charge as these are non-cash items which do not form part of the Operating EBITDA alternative performance measure. As Operating profit/(loss) is assessed separately as a key financial performance measure, the year-on-year movement in these non-cash items is then individually analysed and explained specifically in the Operating and Net profit/(loss) section. Expense items included within Total Expenses are then categorised according to their relevant nature with the year-on-year movement explained in the second table below:

£m	H1 2022	H1 2021
Research and development costs[1]	27.3	14.7
Bioprocessing costs[1 2]	12.4	2.9
Administrative expenses[1 3]	16.5	6.0
Operating expenses	**56.2**	**23.6**
Depreciation, amortisation & share option charge	(13.4)	(7.4)
Adjusted operating expenses	**42.8**	**16.2**
Cost of Sales	27.9	38.4
Total expenses[1]	**70.7**	**54.6**

[1] Includes operational expenditure for Oxford Biomedica Solutions from March 2022 onwards.
[2] Bioprocessing costs have increased from the prior period due to the lower recovery of batch manufacturing costs which is also reflected in decreased cost of goods in H1 2022.
[3] Included £5.1 million in one-off acquisition-related due diligence costs relating to the transaction to acquire Oxford Biomedica Solutions.

The table below shows total expenses by type of expenditure (excluding depreciation, amortisation and other non-cash items):

£m	H1 2022	H1 2021
Raw materials, consumables and other external bioprocessing costs	15.8	18.8
Personnel-related	40.4	27.2
External R&D expenditure	1.9	2.0
Due diligence costs	5.1	1.2
Other costs	7.5	5.4
Total expenses	**70.7**	**54.6**

Raw materials, consumables and other external bioprocessing costs have decreased as a result of lower number of vaccine batches manufactured in H1 2022 as compared to H1 2021. Personnel related costs are higher due to average employee numbers increasing from 716 in H1 2021 to 920 in H1 2022, mostly as a result of 124 employees acquired as part of the transaction to establish Oxford Biomedica Solutions but also reflecting employee salary increases. External R&D expenditure was in line with the prior year. Due diligence costs relate to the establishment of Oxford Biomedica Solutions. Other costs have increased compared to prior year due to the administrative expenditure of Oxford Biomedica Solutions, and inflationary increases.

Operating profit/(loss) and net profit/(loss)

£m	H1 2022	H1 2021
Operating EBITDA[1]	**(5.8)**	**27.1**
Depreciation, amortisation and share option charge	(13.4)	(7.4)
Operating (loss)/profit	**(19.2)**	**19.7**
Interest	(8.2)	(0.5)
Taxation	(0.2)	(1.1)
Net (loss)/profit	**(27.6)**	**18.1**

[1] Operating EBITDA (Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, fair value adjustments of assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. A reconciliation to GAAP measures is provided on page 12.

In arriving at the Operating loss, the Operating EBITDA loss of £5.8 million was further impacted by depreciation and the share option charge.

Depreciation and amortisation increased by £5.0 million mainly due to Oxford Biomedica Solutions fixed assets and intangible asset depreciation and amortisation for the period from when they were acquired. The share option charge increased by £0.9 million due to the increased employee headcount of the Group.

The impact of these charges resulted in an operating loss of £19.2 million in the first half of 2022 compared to a profit of £19.7 million in the prior year corresponding period.

The interest charge increased by £7.7 million largely due to interest and foreign exchange on the Oaktree loan, as well as IFRS 16 interest on the lease liability related to the Oxford Biomedica Solutions Boston facility.

The corporation tax expense in H1 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 acquired intangibles assets.

Other Comprehensive Income

The Group recognised other comprehensive income in H1 2022 of £10.8 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 the "Platform" segment which includes the revenue generating bioprocessing and process development activities for third parties, and internal technology projects to develop new potentially saleable technology, improve the Group's current processes and bring development and manufacturing costs down. The other segment, "Product", includes the costs of researching and developing new product candidates.

H1 2022

£m	Platform	Product	Total
Revenues	64.0	0.0	64.0
Operating EBITDA[1]	(0.8)	(5.0)	(5.8)
Operating loss	(13.2)	(6.0)	(19.2)

H1 2021

£m	Platform	Product	Total
Revenues	81.2	0.1	81.3
Operating EBITDA[1]	31.2	(4.1)	27.1
Operating profit/(loss)	24.5	(4.8)	19.7

1 Operating EBITDA (Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, fair value adjustments of assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. A reconciliation to GAAP measures is provided on page 12.

Revenues from the platform segment decreased when compared to H1 2021 due to the lower volumes of vaccine batches manufactured for AstraZeneca. Operating results were negatively impacted by the lower revenues as well as Oxford Biomedica Solutions' operational expenditure in the period since they were acquired.

Revenues from the product segment were higher due to an increased level of clinical development activities for customers. Product operating expenses were higher due to increased research, development and pre-clinical product expenditure, but also increased manpower costs.

Cash flow

£m	H1 2022	H1 2021
Operating (loss)/profit	(19.2)	19.7
Depreciation, amortisation and share option charge	13.4	7.4
Operating EBITDA[1]	**(5.8)**	**27.1**
Working capital	(19.3)	(5.9)
R&D tax credit received	0.6	1.0
Cash (consumed in)/generated from operations	**(24.5)**	**22.2**
Interest paid less received	(1.7)	-
Capital expenditure	(6.0)	(3.5)
Cash (burn)	**(32.2)**	**18.7**

1 Operating EBITDA (Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, fair value adjustments of assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. A reconciliation to GAAP measures is provided on page 12.

Operating losses for the first six months of 2022 were £38.9 million lower than the £19.7 million profit achieved in H1 2021. The negative outflow from working capital was mainly as a result of the increase in contract assets due to amounts receivable as part of the AstraZeneca contract agreed in June 2022. Capital expenditure increased by £2.5 million in H1 2022 due mainly to the purchase of bioprocessing and laboratory equipment, but also various other equipment and leasehold improvements required for commercial activities and production.

Statement of financial position

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

Non-current assets – Intangible assets and goodwill increased from £0.1 million to £123.9 million due to £102.9 million of technology assets and £14.4 million of goodwill acquired as part of the acquisition of Oxford Biomedica Solutions. Property, plant and equipment increased from £69.7 million to £136.3 million due to £58.9 million of property plant and equipment acquired as part of the transaction to establish Oxford Biomedica Solutions, £9.6 million of capital expenditure incurred, positive foreign exchange movements of £4.5 million offset by depreciation of £8.8 million.

Current assets – Inventories increased to £13.9 million from £9.5 million at 31 December 2021 mainly as a result of the acquisition of the inventories of Oxford Biomedica Solutions, but also stock purchased in preparation of the expected increased bioprocessing activities in the second half of 2022. Trade and other receivables and Contract assets have increased by £26.0 million mainly as a result of the recognition of a receivable for the contracted vaccines batches ordered by AstraZeneca.

Current liabilities – Trade and other payables have increased from £19.1 million at the start of the year to £26.3 million due to the inclusion of the trade and other payables of Oxford Biomedica Solutions. Contract liabilities have increased by £0.4 million to £12.9 million due to the invoicing of orders received in advance of the goods and services being provided by the Group. A £64.9 million ($85 million) loan facility was entered into with Oaktree Capital Management in March, with a balance of £68.4 million at the period end due to the devaluation of sterling versus the dollar. Deferred income decreased due to the recognition of grant income related to production capacity expansion.

Non-current liabilities – Provisions increased by £2.6 million as a result of the recognition of an increased 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 Wallingford warehouse property to its original state at the end of the lease term. Lease liabilities increased by £28.6 million to £37.0 million due to the inclusion of the lease liabilities for the Wallingford and Bedford, Massachusetts property lease as part of the acquisition of Oxford Biomedica Solutions. The Group has recognised a liability of £41.3 million for the put option to acquire the remaining 20% of Oxford Biomedica Solutions that it doesn't already own.

The Group's cash resources at 1 January 2022 were £108.9 million. Cash used in operations was £24.5 million. Other significant cash flows were £77.0 million received from equity fundraises, £64.9 million received from drawing down the Oaktree loan, £99.2 million paid to Homology Medicines upon completion of the transaction to establish Oxford Biomedica Solutions, £6.0 million of capex and £1.5 million of lease liability payments. The cash balance at 30 June 2022 was £118.5 million with a net cash position of £50.1 million.

Financial outlook

Oxford Biomedica anticipates continued growth in lentiviral vector and AAV manufacturing volumes, lower vaccine volumes, and for process development activities for customers to continue at higher levels in 2022 than those seen in 2021. Oxford Biomedica continues to expect to recognise aggregate revenues of approximately £30 million from AstraZeneca for vaccine manufacturing in the current financial year.

Overall, the Group has a high level of visibility over revenues for the remainder of 2022 with more than 90% of forecasted revenues for the second half of the year covered by existing binding purchase orders and rolling customer forecasts. Accordingly, the Group is confident of delivering similar levels of revenues in the second half of 2022 as those achieved in the first half.

As a result of ongoing cost control initiatives, including right-sizing of headcount as the pandemic eases, and a non-recurrence of one-off costs incurred in the first half of 2022, the Group expects to deliver a broadly break-even Operating EBITDA position for the second half of 2022. Capex levels are expected to be similar in the second half of 2022 to the first half of 2022 with the Group taking a cautious approach to planning significant new projects.

One further new AAV customer partnership is expected before the end of calendar year 2022, with one new customer already announced. Oxford Biomedica Solutions has generated revenues of £7.3 million in the first half of 2022, with a ramp up in revenues expected as the new business builds its customer base. The integration of Oxford Biomedica Solutions is on target for completion by H1 2023. As previously guided, Oxford Biomedica Solutions is expected to break-even on an Operating EBITDA basis by the third year after the closing of the transaction (the first half of 2025).

Cost of goods, which includes material costs and the transfer of bioprocessing manpower and overheads, is expected to be similar to the first half, with an increase in bioprocessing costs from Oxford Biomedica Solutions. Research and development costs are expected to remain at consistent levels as the Group continues to invest in new technologies in order to maintain its competitive edge in lentiviral vectors, and to also build a leading position in AAV. Administrative expenditure is expected to decrease due to one-off costs related to the Oxford Biomedica Solutions transaction and ongoing cost control initiatives.

With a cash position of £115.8 million and a net cash position of £42.1 million as at 31 August 2022, the Group is well financed. A process is underway for the sale and leaseback of the Group's Windrush Court facility in Oxford, and, simultaneously, the Group is in the process of part re-paying and refinancing the $85 million Oaktree loan facility taken out in March 2022.

In the medium term, the Group expects to continue to grow lentiviral vector and AAV manufacturing and development revenues through the successful development of existing customer relationships and the continued targeting of new customer relationships. Consistent with years prior to 2021 (when revenues were significantly boosted by COVID-19 vaccine manufacturing business) the Group expects future years' revenues to be second half weighted.

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.

Principal risks and uncertainties

Except as noted below, the principal risks and uncertainties facing the Group are unchanged from those set out in pages 24 to 38 of the 2021 Annual report & accounts which is available on the Group's website at www.oxb.com.

The following additional elements have been identified in respect of existing risks identified in the 2021 Annual report post published in April 2022:

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 customers. Further, there is a risk that such cost pressures will negatively impact the Group's customers and could result in a reduction in revenues from customers, including expected revenues from customers 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.

Foreign currency exposure and Loan facility

Sterling has devalued significantly versus the dollar over the period since the 2021 Annual report and accounts were released leading to increased levels of expenditure required to service dollar denominated supplier spend, interest and loan refinancing costs. This risk is partially offset by dollar balances held by the Group.

Going concern

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

The Group made a loss for the period ended 30 June 2022 of £27.6 million, and consumed net cash flows from operating activities for the year of £24.5 million. The Group also raised £77.0 million in cash from an equity fundraise in January and March 2022. The Group ended the period with cash and cash equivalents of £118.5 million. In considering the basis of preparation of the Interim financial statements, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2022 latest view and forecasts for 2023. The Directors have undertaken a rigorous assessment of the forecasts in a base case scenario and assessed identified downside risks and mitigating actions. These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

- A substantial manufacturing and development revenue downside affecting the core LentiVector® platform business,
- Vaccine manufacturing revenues only included to the extent contracted,
- No revenues from new customers,
- Significant decreases in forecasted existing customer milestone and royalty revenues, and
- The potential impacts of the current ongoing war in Ukraine on the Group and its customers including expected revenues from existing customers under long term contracts.

The Group entered into an $85 million (£63 million) loan facility with Oaktree Capital Management as part of the Group's acquisition of an 80% stake in Oxford Biomedica Solutions in March 2022. The facility has been drawn down in full and the Group is required to repay this one-year facility in March 2023. The Group is in the process of considering its options for the above loan. The Group is considering potential part repayment from cash balances held and part refinancing the loan facility through a combination of proceeds from a sale and leaseback of its owned premises and rolling the remainder, or securing replacement loan finance. There are a number of potential lenders and the sale and leaseback transaction is expected to be completed by the end of December 2022. Given the amount of cash available to the group the refinancing is not critical to the going concern assumption. On this basis in both the Group's cash flow forecast and the mitigated downside scenario, the Group is able to refinance this loan before the repayment term.

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

- As noted above the Group has cash balances of £118.5 million at the end of June 2022 and £115.8 million at the end of August 2022;
- More than 90% of 2022 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give confidence in the level of revenues forecast over the next 12 months; and
- The Group's history of being able to access capital markets including raising £80 million of equity during the last six months;
- The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the $85 million one-year facility obtained with Oaktree Capital Management;
- The Group is also reviewing its gene therapeutics pipeline, including strategic options to externally fund an appropriate future pipeline of products and other novel opportunities.
- The Group's ability to continue to be successful in winning new customers and building its brand as demonstrated by successfully entering into new customer agreements with Astra Zeneca, Juno (a wholly owned subsidiary of Bristol Myers Squibb Company), Homology Medicines and two unnamed new partners over the last 6 months;
- The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary.

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

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2022

	Notes	**Six months ended 30 June 2022 Unaudited £'000**	Six months ended 30 June 2021 Unaudited £'000
Revenue		**64,027**	81,252
Cost of sales		**(27,899)**	(38,372)
Gross profit		**36,128**	42,880
Bioprocessing costs		**(12,383)**	(2,947)
Research and development costs		**(27,310)**	(14,708)
Administrative expenses		**(16,479)**	(6,009)
Other operating income		**925**	441
Change in fair value of available-for-sale asset	9	**(38)**	1
Operating (loss)/profit		**(19,157)**	19,658
Finance income		**50**	31
Finance costs	6	**(8,277)**	(472)
(Loss)/profit before tax		**(27,384)**	19,217
Taxation		**(250)**	(1,148)
(Loss)/profit for the period		**(27,634)**	18,069
Other comprehensive income			
Foreign currency translation differences		**10,825**	-
Other comprehensive income for the period		**10,825**	
Total comprehensive (expense)/income		**(16,809)**	18,069
(Loss)/profit attributable to:			
Owners of the Company		**(25,483)**	18,069
Non-controlling interests		**(2,151)**	-
		(27,634)	18,069
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(17,419)**	18,069
Non-controlling interests		**610**	-
		(16,809)	18,069
Basic (loss)/profit per share	5	**(27.29p)**	21.92p
Diluted (loss)/profit per share	5	**-**	21.36p

The notes on pages 24 to 38 form part of this financial information.

Consolidated statement of financial position

as at 30 June 2022

	Notes	**30 June 2022 Unaudited £'000**	31 December 2021 Audited £'000
Assets			
Non-current assets			
Intangible assets & Goodwill	7	**123,919**	52
Property, plant and equipment	8	**136,266**	69,728
Trade and other receivables	11	**3,605**	3,605
		263,790	73,385
Current assets			
Inventory	10	**13,853**	9,521
Assets held for sale	9	**36**	74
Trade and other receivables	11	**32,587**	31,200
Contract assets		**37,923**	13,547
Current tax assets		**-**	558
Cash and cash equivalents	12	**118,510**	108,944
		202,909	163,844
Current liabilities			
Trade and other payables	13	**26,283**	19,058
Contract liabilities		**12,660**	12,502
Deferred income		**894**	894
Lease liabilities	14	**2,046**	853
Loans	16	**68,405**	-
Deferred tax liabilities		**525**	-
		110,813	33,307
Net current assets		**92,096**	130,537
Non-current liabilities			
Lease liabilities	14	**37,046**	8,488
Provisions	15	**8,869**	6,244
Contract liabilities		**84**	92
Deferred income		**1,404**	1,760
Put option liability	17	**41,286**	-
Deferred tax liabilities		**7,183**	-
		95,872	16,584
Net assets		**260,014**	187,338
Shareholders' equity			
Share capital	18	**48,038**	43,088
Share premium	18	**379,950**	307,765
Other reserves		**(27,900)**	2,291
Accumulated losses		**(178,056)**	(165,806)
Equity attributable to owner of the Company		**222,032**	187,338
Non-controlling interests	21	**37,982**	-
Total equity		**260,014**	187,338

The notes on pages 24 to 38 form part of this financial information.

Consolidated Statement of Cash Flows

for the six months ended 30 June 2022

	Notes	**Six months ended 30 June 2022 Unaudited £'000**	Six months ended 30 June 2021 Unaudited £'000
Cash flows from operating activities			
Cash (consumed in)/generated from operations	19	**(25,069)**	**21,205**
Tax credit received		**558**	**994**
Net cash (used in)/generated from operating activities		**(24,511)**	**22,199**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**(99,206)**	**-**
Purchases of property, plant and equipment	8	**(6,009)**	**(3,548)**
Proceeds on disposal of property, plant and equipment		**35**	**9**
Interest received		**50**	**-**
Net cash used in investing activities		**(105,130)**	**(3,539)**
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**80,082**	**483**
Costs of share issues		**(2,952)**	**-**
Interest paid		**(1,732)**	**-**
Loan arrangement fees		**(2,205)**	**-**
Payment of lease liabilities		**(1,484)**	**(4,611)**
Loans received		**64,866**	**-**
Net cash generated from /(used in) financing activities		**136,575**	**(4,128)**
Net increase in cash and cash equivalents		**6,934**	**14,532**
Cash and cash equivalents at 1 January 2022		**108,944**	**46,743**
Movement in foreign currency balances		**2,632**	**-**
Cash and cash equivalents at 30 June 2022	12	**118,510**	**61,275**

The notes on pages 24 to 38 form part of this financial information.

Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 30 June 2022 (Unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other Equity £'000	Translation reserve £'000	Accumulated Losses £'000	Total £'000	Non-Controlling Interest £'000	Total Equity £'000
At 1 January 2021	**41,161**	**258,017**	**2,291**	**-**	**-**	**(188,723)**	**112,746**	**-**	**112,746**
Six months ended 30 June 2021:									
Profit for the period	-	-	-	-	-	18,069	**18,069**	-	18,069
Total comprehensive income for the period	-	-	-	-	-	18,069	**18,069**	-	18,069
Transactions with owners:									
Share options									
Proceeds from shares issued	146	457	-	-	-	(120)	**483**	-	483
Value of employee services	-	-	-	-	-	1,306	**1,306**	-	1,306
At 30 June 2021	41,307	258,474	2,291	-	-	(169,468)	**132,604**	-	132,604
Six months ended 31 December 2021:									
Profit for the period	-	-	-	-	-	942	**942**	-	942
Total comprehensive income for the period	-	-	-	-	-	942	**942**	-	942
Transactions with owners:									
Share options									
Proceeds from shares issued	90	982	-	-	-	45	**1,117**	-	1,117
Value of employee services	-	-	-	-	-	2,217	**2,217**	-	2,217
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									
Six months ended 30 June 2022:									
Loss for the period	-	-	-	-	-	(25,483)	**(25,483)**	(2,151)	(27,634)
Other comprehensive income	-	-	-	-	8,064	-	**8,064**	2,761	10,825
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**8,064**	**(25,483)**	**(17,419)**	**610**	**(16,809)**
Transactions with owners:									
Share options									
Proceeds from shares issued	12	75	-	-	-	(4)	**83**	-	83
Value of employee services	-	-	-	-	-	1,959	**1,959**	233	2,192
Issue of shares excluding options	4,938	75,062	-	-	-	-	**80,000**	-	80,000
Costs of share issues	-	(2,952)	-	-	-	-	**(2,952)**	-	(2,952)
Total contributions	**4,950**	**72,185**	**-**	**-**	**-**	**1,955**	**79,090**	**233**	**79,323**
Changes in ownership interests:									
Acquisition of subsidiary with NCI (Note 19)	-	-	-	-	-	-	**-**	48,418	**48,418**
Acquisition of NCI without change in control	-	-	-	-	-	11,279	**11,279**	(11,279)	**-**
Recognition of put option	-	-	-	(38,996)	-	-	**(38,997)**	**-**	(38,996)
Revaluation of put option	-	-	-	740	-	-	**740**	**-**	740
At 30 June 2022	**48,038**	**379,950**	**2,291**	**(38,256)**	**8,064**	**(178,055)**	**222,032**	**37,982**	**260,014**

The notes on pages 24 to 38 form part of this financial information.

Notes to the Financial Information

1. General information and basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The financial information set out above does not constitute the Company's Statutory Accounts. Statutory accounts for the year ended 31 December 2021 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The report of the auditor (i) was unqualified, (ii) included no references to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006

These interim financial statements have been prepared applying consistent accounting policies to those applied by the Group in the 2021 Annual Report.

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 September 2022. They have not been audited.

Oxford Biomedica plc, the parent company in the Group, is a public limited company incorporated and domiciled in the UK and is listed on the London Stock Exchange.

There have been no material related party transactions in the first six months of 2022 and no material change in related parties from those described in the last annual report other than Homology Medicines which became a new related party post the Group's acquisition of 80% of the voting interests of Oxford Biomedica Solutions, with Homology Medicines retaining the remaining 20%.

Concurrently with the Oxford Biomedica Solutions transaction, Oxford Biomedica Solutions entered into a manufacturing and supply agreement with Homology Medicines which generated revenues of £7 million in the period. Homology Medicines is Oxford Biomedica Solutions' first customer, and under the terms of the agreement will contribute minimum revenues of circa £21 million ($25 million) in the period to March 2023.

2. Going concern

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

The Group made a loss for the period ended 30 June 2022 of £27.6 million, and consumed net cash flows from operating activities for the year of £24.5 million. The Group also raised £77.0 million in cash from an equity fundraise in January and March 2022. The Group ended the period with cash and cash equivalents of £118.5 million. In considering the basis of preparation of the Interim financial statements, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2022 latest view and forecasts for 2023. The Directors have undertaken a rigorous assessment of the forecasts in a base case scenario and assessed identified downside risks and mitigating actions.

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

- A substantial manufacturing and development revenue downside affecting the core LentiVector® platform business,
- Vaccine manufacturing revenues only included to the extent contracted,
- No revenues from new customers,
- Significant decreases in forecasted existing customer milestone and royalty revenues, and
- The potential impacts of the current ongoing war in Ukraine on the Group and its customers including expected revenues from existing customers under long term contracts.

The Group entered into an $85 million (£63 million) loan facility with Oaktree Capital Management as part of the Group's acquisition of an 80% stake in Oxford Biomedica Solutions in March 2022. The facility has been drawn down in full and the Group is required to repay this one-year facility in March 2023. The Group is in the process of considering its options for the above loan. The Group is considering potential part repayment from cash balances held and part refinancing the loan facility through a combination of proceeds from a sale and leaseback of its owned premises and rolling the remainder, or securing replacement loan finance. There are a number of potential lenders and the sale and leaseback transaction is expected to be completed by the end of December 2022. Given the amount of cash available to the group the refinancing is not critical to the going concern assumption. On this basis in both the Group's cash flow forecast and the mitigated downside scenario, the Group is able to refinance this loan before the repayment term.

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

- As noted above the Group has cash balances of £118.5 million at the end of June 2022 and £115.8 million at the end of August 2022;
- More than 90% of 2022 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give confidence in the level of revenues forecast over the next 12 months; and
- The Group's history of being able to access capital markets including raising £80 million of equity during the last six months;
- The Group's history of being able to obtain loan financing when required for purposes of both capital expenditure and operational purposes, as recently evidenced by the $85 million one-year facility obtained with Oaktree Capital Management;
- The Group is also reviewing its gene therapeutics pipeline, including strategic options to externally fund an appropriate future pipeline of products and other novel opportunities.
- The Group's ability to continue to be successful in winning new customers and building its brand as demonstrated by successfully entering into new customer agreements with Astra Zeneca, Juno (a wholly owned subsidiary of Bristol Myers Squibb Company), Homology Medicines and two unnamed new partners over the last 6 months;
- The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary.

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

3. Accounting policies

The accounting policies, including the classification of financial instruments, applied in these interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those financial statements, except for the new policies detailed below:

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 fair value at the date of acquisition.

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.

Goodwill & Intangible assets

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Developed technology	The developed technology was acquired by the Group (see note 20) and has a finite useful life. It 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.

ii. 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.

iii. 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

iv. 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.

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 exists on their equity interests, a liability for the fair value of the exercise price of the option is recognised. The corresponding entry under the present access method 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.

Judgements

Estimations

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The nature of estimation means that actual outcomes could differ from those estimates.

Percentage of completion of bioprocessing batch revenues

Bioprocessing of clinical/commercial product for partners is recognised on a percentage of completion basis over time as the processes are carried out. Progress is determined based on the achievement of verifiable stages of the bioprocessing process. Revenues are recognised on a percentage of completion basis and as such require judgement in terms of the assessment of the correct stage of completion including the expected costs of completion for that specific bioprocessing batch. The value of the revenue recognised and the related contract asset raised with regards to the bioprocessing batches which remain in progress at period end is £9,207,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £920,700 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 judgement in terms of the assessment of the correct percentage of completion for that specific process development work package. The value of the revenue recognised and the related contract asset raised with regards to the work packages which remain in progress at period end is £3,972,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £397,000 higher or lower.

Provision for out of specification bioprocessing batches

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

As the Group has now been bioprocessing product across a number of years, and also in a commercial capacity, the Group has assessed the need to include an estimate of bioprocessed product for which revenue has previously been recognised and which may be reversed should the product go out of specification during the remaining period over which the product is bioprocessed. In calculating this estimate the Group has looked at historical rates of out of specification batches across the last five 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. The Group makes specific provisions for product batches where it is considered that the average overall historical failure rate does not adequately cover the perceived risk of revenue recognised on those specific batches having to be subsequently reversed.

This estimate, based on the historical average percentage as well as certain specific provisions, 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 £100,000 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 £1.0 million (31 December 2021: £0.7 million) has not been recognised during the six months ended 30 June 2022 with the corresponding credit to contract liabilities. This revenue will be recognised as the batches complete bioprocessing.

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 six months ended 30 June 2022 would be £1.2 million higher (2021: £nil); whilst, if the estimated useful life of the assets had been 20 years, the estimated amortisation for the six months ended 30 June 2022 would be £0.6 million lower (2021: £nil).

4. Segmental analysis

The chief operating decision-makers have been identified as the Senior Executive Team (SET), comprising the Executive Directors, Chief Technical Officer, Chief Medical Officer, Chief Scientific Officer, Chief Business and Corporate Development Officer, Chief Operations Officer, General Counsel, Chief People Officer and Chief Information Officer. 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. It also includes internal technology developments and the costs involved in developing platform related intellectual property;
(ii) Product – this segment consists of the clinical and preclinical development of in vivo and ex-vivo gene and cell therapy products which are owned by the Group.

Revenues, other operating income and operating profit/(loss) by segment
Operating EBITDA and Operating profit/(loss) represent the Group's measures of segment profit & loss as they are a primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments.

H1 2022	Platform £'000	Product £'000	Total £'000
Revenue	64,024	3	64,027
Other operating income	925	-	925
Operating EBITDA[1]	(780)	(5,005)	(5,785)
Depreciation, amortisation and share based payment	(12,350)	(984)	(13,334)
Change in fair value of available-for-sale asset	(38)	-	(38)
Operating loss	(13,168)	(5,989)	(19,157)
Net finance cost			(8,227)
Loss before tax			(27,384)

H1 2021	Platform £'000	Product £'000	Total £'000
Revenue	81,202	50	81,252
Other operating income	441	-	441
Operating EBITDA[1]	31,216	(4,124)	27,092
Depreciation, amortisation and share based payment	(6,777)	(658)	(7,435)
Change in fair value of available-for-sale asset	1	-	1
Operating profit/(loss)	24,440	(4,782)	19,658
Net finance cost			(441)
Profit before tax			19,217

[1] Operating EBITDA (Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, fair value adjustments of assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. A reconciliation to GAAP measures is provided on page 12.

Other operating income of £0.9 million (2021: £0.4 million) includes grant income of £0.4 million (2021: £0.4 million) and £0.5m (2021: £nil) of income for the provision of support services to Homology Medicines and is included within the Platform segment. No grant income to fund clinical and preclinical development is included within the Product segment.

Costs are allocated to the segments on a specific basis as far as is possible. Costs which cannot readily be allocated specifically are apportioned between the segments using relevant metrics such as headcount or direct costs.

The acquired business of Oxford Biomedica Solutions has been included in the Platform Segment.

Disaggregation of revenue
Revenue is disaggregated by the type of revenue which is generated by the commercial arrangement. Revenue shown in the table below is denominated in sterling and is generated in the UK and US.

For the six months ended 30 June

2022	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	57,301	3	57,304
Licence fees, Milestones & Royalties	6,723	-	6,723
Total	**64,024**	**3**	**64,027**

2021	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	75,559	50	75,609
Licence fees, Milestones & Royalties	5,643	-	5,643
Total	**81,202**	**50**	**81,252**

Revenue by geographical location

Revenue by customer location	30 June 2022 £'000	30 June 2021 £'000
Europe	43,160	70,252
Rest of world	20,867	11,000
Total	**64,027**	**81,252**

In the first half of 2022 AstraZeneca and Homology Medicines generated more than 10% of the Group's revenue.

5. Basic earnings and diluted earnings per ordinary share

The basic loss per share of 27.29p (2021: 21.92p profit) has been calculated by dividing the profit for the period attributable to the owners of the company by the weighted average number of shares in issue during the six months ended 30 June 2022, being 93,371,295 (2021: 82,430,408).

As the Group made a loss in the period, there were no potentially dilutive options therefore there is no difference between the basic loss per ordinary share and the diluted loss per ordinary share. The diluted earnings per share in the prior period was 21.36p 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 30 June 2021 (84,599,862).

6. Finance Costs

Finance costs of £8.3 million (2021: £0.5 million) consists of loan interest (£2.3 million), foreign exchange losses relating to loans (£4.9 million) and lease liability interest recognised in accordance with IFRS 16 (Leases) (£1.1million).

.

7. Intangible assets & goodwill

	Note	Goodwill £'000	Developed technology £'000	Patents £'000s	Total £'000
Cost					
At 1 January 2022		-	-	5,636	5,636
Acquisitions through business combinations	20	14,386	102,869	-	117,255
Retirements		-	-	(3,825)	(3,825)
Effects of movements in exchange rates		1,118	7,995	-	9,113
At 30 June 2022		15,504	110,864	1,811	128,179
Amortisation and impairment					
At 1 January 2022		-	-	5,584	5,584
Charge for the period		-	2,309	11	2,320
Effects of movements in exchange rates		-	153	-	153
Retirements		-	-	(3,797)	(3,797)
At 30 June 2022		-	2,462	1,798	4,260
Net book amount at 30 June 2022		**15,504**	**108,402**	**13**	**123,919**
Net book amount at 31 December 2021		-	-	52	52

The Cash-generating unit (CGU) identified is the manufacturing and process development operation of Oxford Biomedica Solutions located at the Bedford, Massachusetts site in the United States. The CGU was not tested for impairment because there were no impairment indicators at 30 June 2022.

Due to a tax deduction not being available on a portion of the developed technology intangible asset, a deferred tax liability of £7.3 million was recognised at the acquisition date, with the liability expected to unwind in line with the 15 year useful life of the developed technology intangible asset.

8. Property, plant & equipment

	Freehold property £'000	Leasehold Improve-ments £'000	Office equipment and computers £'000	Bio-processing and Laboratory equipment £'000	Right-of-use assets £'000s	Total £'000
Cost						
At 1 January 2022	25,409	28,145	10,663	29,505	18,411	112,133
Additions at cost	102	527	660	4,719	3,609	9,617
Acquisitions through business combinations	-	22,747	788	10,436	24,974	58,945
Disposals	-	-	(45)	(127)	-	(172)
Change of Estimate	-	-	-	-	2,373	2,373
Effects of movements in exchange rates	-	1,768	61	871	1,941	4,641
At 30 June 2022	25,511	53,187	12,127	45,404	51,308	187,537
Depreciation						
At 1 January 2022	12,652	6,226	6,863	12,519	4,145	42,405
Charge for the period	1,020	2,323	1,102	2,339	2,033	8,817
Effects of movements in exchange rates	-	10	13	79	63	165
Disposals	-		(27)	(89)	-	(116)
At 30 June 2022	13,672	8,559	7,951	14,848	6,241	51,271
Net book amount at 30 June 2022	**11,839**	**44,628**	**4,176**	**30,556**	**45,067**	**136,266**
Net book amount at 31 December 2021	12,757	21,919	3,800	16,986	14,266	69,728

9. Assets held at fair value through profit and loss

Reconciliation of opening and closing balances:

	30 June 2022 £'000	31 December 2021 £'000
At 1 January	74	239
Change in fair value of available-for-sale asset	(38)	(165)
At 30 June/31 December	**36**	**74**

The Asset at fair value through profit & loss under IFRS 5 is represented by the equity held in Orchard Therapeutics Plc, a company listed on the Nasdaq stock exchange. The financial asset is classified as level 1 in the hierarchy.

10. Inventory

	30 June 2022 £'000	31 December 2021 £'000
Raw materials	**13,853**	9,521
Inventory	**13,853**	9,521

Inventories constitute raw materials held for bioprocessing, research and development purposes.

During 2022, the Group wrote down £304,000 (2021: £290,000) of inventory which is not expected to be used in production or sold onwards.

11. Trade and other receivables

Current	**30 June 2022 £'000**	31 December 2021 £'000
Trade receivables	**18,592**	22,398
Other receivables	**2,955**	365
Other tax receivable	**7,098**	5,227
Prepayments	**3,942**	3,210
Total trade and other receivables	**32,587**	31,200

Non-current	**30 June 2022 £'000**	31 December 2021 £'000
Other receivables	**3,605**	3,605

12. Cash and cash equivalents

	30 June 2022 £'000	31 December 2021 £'000
Cash at bank and in hand	**118,510**	108,944

13. Trade and other payables

	30 June 2022 £'000	31 December 2021 £'000
Trade payables	**9,487**	5,260
Other taxation and social security	**1,888**	1,899
Accruals	**14,908**	11,899
Total trade and other payables	**26,283**	19,058

14. Leases

The Group leases many assets including land and buildings, equipment and IT equipment. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

	Property £'000	Bioprocessing and Laboratory equipment £'000	Office equipment and computers £'000	Total £'000
Balance at 1 January 2022	11,450	2,780	36	14,266
Additions	3,624	-	-	3,624
Acquisitions through business combinations	24,410	-	-	24,410
Depreciation charge for the period	(1,633)	(372)	(27)	(2,032)
Change in Estimate	2,357	-	-	2,357
Effects of movements in exchange rates	2,442	-	-	2,442
Balance at 30 June 2022	**42,650**	**2,408**	**9**	**45,067**

The additions in the period related to the Wallingford lease entered into in the first half of 2022 (2021: £37,000 manufacturing equipment assets).

Lease liabilities

	30 June 2022 £'000
Maturity analysis – contractual undiscounted cash flows	
Less than one year	4,926
One to five years	17,532
More than five years	23,026
Total undiscounted cash flows at 30 June 2022	**45,484**

	30 June 2022 £'000
Lease liabilities included in the Statement of Financial Position	
Current	2,046
Non-current	37,046
Total lease liabilities at 30 June 2022	**39,092**

Amounts recognised in the statement of comprehensive income

	30 June 2022 £'000
Interest on lease liabilities	**1,043**
Expense relating to short-term leases	**-**

Amounts recognised in the statement of cash flows

	30 June 2022 £'000
Total cash outflow for leases	**1,484**

15. Provisions

The dilapidations provisions relate to the anticipated costs of restoring the leasehold Oxbox, Yarnton, Corporate office and Windrush Innovation Centre properties in Oxford, UK, to their original condition at the end of the lease terms in 2024 and 2028 respectively, discounted using the rate per the Bank of England nominal yield curve. The equivalent rate was used in 2021. The provisions will be utilised at the end of the leases if they are not renewed In 2022 the Group signed a lease on a new Warehouse in Wallingford, UK that is near its other sites. The new facility is 28,000 sq. ft. (2,601 sqm). This new facility has estimated restoration costs of £255,000.

16. Loans

On 10 March 2022 the Group drew down an $85 million loan facility with Oaktree Capital Management under a 1 year facility agreement maturing in 2023 with a nominal interest rate on the loan of 8.5%.

	30 June 2022 £'000	31 December 2021 £'000
Balance at 1 January	**-**	-
New loan	**62,661**	
Interest accrued	**2,286**	-
Interest paid	**(1,732)**	-
Foreign exchange movement	**4,925**	-
Amortised fees	**265**	-
Closing balance	**68,405**	-

17. Put option liability

	30 June 2022 £'000	31 December 2021 £'000
Balance at 1 January	**-**	-
Recognised at fair value	**42,026**	-
Revaluation	**(740)**	-
Closing balance	**41,286**	-

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 £42 million.

At 30th June 2022 the fair value of the Put option liability was £41.3 million (Dec 2021: £nil). The lower liability valuation was due to increases in borrowing rates over the period to 30 June 2022 leading to a higher discount rate applied at 30 June 2022 and a resultant lower put option liability.

18. Share capital and Share premium

At 31 December 2021 and 30 June 2022 Oxford Biomedica had an issued share capital of 86,175,055 and 96,074,841 ordinary 50 pence shares respectively.

23,242 shares were created as a result of the exercise of options by employees during the period.

Between January and March 2022, the Group issued 9,876,544 new ordinary shares at a price of £8.10 per share. Gross proceeds from the placing were £80.0 million; net proceeds were £77.0 million.

19. Cash flows from operating activities

Reconciliation of operating (loss)/profit to net cash (used in)/generated from operations

	Six months ended 30 June 2022 £'000	Six months ended 30 June 2021 £'000
Continuing operations		
(Loss)/profit before tax	**(27,384)**	19,217
Adjustment for:		
Depreciation	**8,816**	6,037
Amortisation of intangible assets	**2,320**	11
Loss on disposal of property, plant and equipment	**27**	(10)
Loss on disposal of intangible assets	**23**	-
Amortisation of loan fees	**283**	-
Net finance costs	**8,227**	441
Charge in relation to employee share scheme	**2,202**	1,343
Change in fair value of available-for-sale asset	**38**	(1)
Changes in working capital:		
(Decrease)/increase in contract assets and trade and other receivables	**(26,365)**	11
Increase in trade and other payables	**7,282**	3,581
Decrease in contract liabilities and deferred income	**(6)**	(7,871)
Increase in inventories	**(532)**	(1,554)
Net cash (used in)/generated from operations	**(25,069)**	21,205

20. Acquisition of subsidiary

On 10 March 2022, the Group acquired 74% of the shares and voting interests in Oxford Biomedica Solutions LLC. 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 (refer note 21).

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 ability to create revenue. The Group has concluded that the acquired inputs and processes constitute a business.

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 transferred:	**99,206**

B. Acquisition related expenses:

The Group incurred acquisition related legal and due diligence expenses of £5.1 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 and 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 customer 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.

Fair values measured on a provisional basis

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

D. Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	£'000
Consideration transferred	99,206
Fair value of non-controlling interests	48,418
Fair value of identifiable assets:	(133,238)
Goodwill	**14,386**

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.

21. Non-controlling interest ("NCI")

The following table summarises the information relating to the Group's subsidiary that has material NCI:

	2022	2021
	£'000	£'000
NCI percentage	**20%**	0%
Non-current assets	185,736	-
Current assets	44,040	-
Non-current liabilities	(525)	-
Current liabilities	(39,342)	-
Net assets	189,909	-
Net assets attributable to NCI	**37,982**	**-**
Revenue	**7,273**	**-**
Loss	(10,753)	-
Other comprehensive income	13,801	-
Total comprehensive income	**3,048**	**-**
Loss allocated to NCI	**(2,151)**	**-**
Other comprehensive income allocated to NCI	**2,760**	**-**
Cash flows from operating activities	(3,308)	-
Cash flows from investment activities	37,672	-
Cash flow from financing activities (dividends to NCI: nil)	265	-
Net increase in cash and cash equivalents	**34,629**	**-**

22. Acquisition of Non-controlling interest

On 10 March 2022, the Group acquired an additional 6% interest in Oxford Biomedica Solutions from Homology Medicines, increasing its ownership from 74% to 80%, with Homology Medicines holding the remaining 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	**11,279**
Consideration paid to NCI	**-**
Increase in equity attributable to owners of the Company	**11,279**

The increase in equity attributable to owners of the Company comprised solely an increase to retained earnings.

23. Capital commitments

At 30 June 2022, the Group had commitments of £4,752,000 for capital expenditure for leasehold improvements, plant and equipment not provided in the financial statements (Dec 2021 £3,974,000).

24. Related party transactions

	Transactions for the six months ended		Balance outstanding	
	30 June 2022 £ '000s	30 June 2021 £ '000s	**30 June 2022 £ '000s**	31 December 2021 £ '000s
Sales of goods and services				
Homology Medicines, Inc.	**7,273**	-	**7,273**	-
Purchase of services				
Homology Medicines, Inc.	**1,661**	-	**1,661**	-
Other				
Homology Medicines, Inc. – rental income	**568**	-	**568**	-

All outstanding balances with related parties are to be settled in cash within six months of the reporting date. None of the balances is secured.

25. Statement of Directors' responsibilities

The Directors of Oxford Biomedica plc are set out on page 41 of this report. We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.
- the interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Roch Doliveux
Chair of the Board and Interim Chief Executive Officer
15 September 2022

INDEPENDENT REVIEW REPORT TO OXFORD BIOMEDICA PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Statement of Changes in Equity Attributable to Owners of the Parent and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our

conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

William Smith
for and on behalf of KPMG LLP
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

15 September 2022

Shareholder Information

Directors
Roch Doliveux
(Chair & Interim Chief Executive Officer)

John Dawson
(Director until 27 May 2022)

Stuart Paynter
(Chief Financial Officer)

Stuart Henderson
(Deputy Chairman and Senior Independent Director)

Michael Hayden
(Non-executive Director)

Siyamak Rasty
(Independent Non-executive Director)

Heather Preston
(Independent Non-executive Director)

Robert Ghenchev
(Non-executive Director)

Kay Davies
(Independent Non-executive Director)

Catherine Moukheibir
(Independent Non-executive Director)

Namrata P. Patel
(Independent Non-executive Director from 13 April 2022)

Financial adviser and joint broker
Peel Hunt
7th Floor
100 Liverpool Street
London EC2M 2AT

Financial adviser and joint broker
J.P. Morgan Cazenove
60 Victoria Embankment
London
EC4Y 0JP

Financial and Corporate Communications
Consilium Strategic Communications
85 Gresham St
London EC2V 7NQ

Registered Auditor
KPMG LLP
2 Forbury place
33 Forbury Road
Reading
RG1 3AD

Solicitor
Covington & Burling LLP
265 Strand
London WC2R 1BH

Registrars
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Company Secretary and Registered Office
Natalie Walter
Windrush Court
Transport Way
Oxford OX4 6LT

Tel: +44 (0) 1865 783 000
Fax: +44 (0) 1865 783 001

enquiries@oxb.com
www.oxb.com