Press release

OXFORD BIOMEDICA PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Oxford Biomedica delivers record first half results

Oxford, UK – 22 September 2021: 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 2021.

John Dawson, Oxford Biomedica's Chief Executive Officer, said:

"Everyone at Oxford Biomedica can be truly proud of what they have continued to achieve in 2021. The tireless commitment of the whole team has helped to save thousands of lives, in line with our mission, whilst gaining global recognition for our role in the fight against COVID-19. The exceptional financial results that we have reported reflect our strong progress across the business as we continue to demonstrate our world leading expertise in gene and cell therapy. As we move from strength to strength, and with rapid growth in the cell and gene therapy market, we are in a great position to maximise on the opportunities ahead, both in lentiviral vectors as well as other viral vector types and look forward to the remainder of 2021 and beyond with considerable confidence."

FINANCIAL HIGHLIGHTS

- Revenue increased by 139% to £81.3 million (H1 2020: £34.0 million)
- Exceptional growth was seen in bioprocessing and commercial development, where revenues increased by 223% to £75.6 million (H1 2020: £23.4 million) largely driven by the highly successful COVID-19 vaccine agreement with AstraZeneca
- Licences, milestones & royalties were £5.7 million (H1 2020: £10.6 million), the reduction of 47% resulting from no significant licence fees arising in H1 2021, whilst H1 2020 saw the £6.2 million Juno licence fee
- Operating expenses decreased by 19% to £23.6 million (H1 2020: £29.1 million) due to the higher recovery of batch manufacturing costs which is reflected in increased cost of goods
- Operating EBITDA[1] and operating profit were £27.1 million and £19.7 million respectively (H1 2020 losses of £0.4 million and £5.8 million respectively)
- Cash generated from operations was £22.2 million compared to £0.9 million consumed in H1 2020
- Cash at 30 June 2021 was £61.3 million (31 December 2020: £46.7 million), an increase of £14.6 million due to operational cash flow generated
- The Group's capital expenditure of £3.5 million (H1 2020: £5.3 million) consisted mainly of purchases of equipment required for the manufacturing and laboratory facilities

[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-end events)

COVID-19 Vaccine and Agreement with AstraZeneca

- Oxford Biomedica continues large-scale commercial manufacture of AstraZeneca's adenovirus vector-based COVID-19 vaccine, running three manufacturing suites at 1000L scale
- In May, the Group announced that AstraZeneca had committed to an increase in the number of batches required from Oxford Biomedica in the second half of the 2021. This resulted in the Group raising its expectation for cumulative revenues from the contract to be in excess of £100 million by the end of 2021
- In the period, the Group agreed to purchase equipment provided to Oxford Biomedica by VMIC (Vaccines Manufacturing and Innovation Centre) for vaccine manufacture for £3.8 million, to enable longer term use

Boehringer Ingelheim

- In April, Oxford Biomedica announced a new three year Development and Supply agreement with Boehringer Ingelheim for the manufacture and supply of a range of viral vectors and the Group intends to manufacture GMP batches for Boehringer Ingelheim to support the development of viral vectors and viral vector products, further demonstrating growing expertise beyond lentiviral vectors

Novartis

- The Group continues its strong relationship with Novartis with global roll out of Kymriah® continuing to build momentum with more than 330 qualified treatment centres in 30 countries having coverage for at least one indication
- Indication expansion of Kymriah® continues to progress and Novartis plans to file for use in relapsed or refractory follicular lymphoma in the second half of 2021 in the US and EU

Other Partnership news and strategic updates

- The Group continues to successfully progress its collaborations signed in 2020 with Juno / Bristol Myers Squibb and Beam Therapeutics with the combined revenues from these two partnerships meaningfully contributing toward the total commercial development revenues expected in the year
- In the period the Group announced that Sanofi had given notice that they intend to terminate their collaboration and licence agreement for the process development and manufacturing of lentiviral vectors to treat haemophilia. The Group expects the impact on revenues will be negligible over the coming 24 months period.
- Additionally, Orchard Therapeutics announced it would be returning the rights to its OTL-101 programme to the academic originators of that programme
- Post period end, the Group decided to extend its scope of work to all types of viral vectors. In addition, an internal review of the Group's proprietary pipeline is nearing completion with the focus being on OXB-302, a 2nd generation CAR-T product, and liver gene therapy

Corporate Governance and Organisational Progress

- Oxford Biomedica remains committed to best practice corporate governance as it continues to grow and the evolution of the Board of Directors is a key part of this
- The Group has welcomed two new Board members in the year to date. In March, Professor Dame Kay Davies, a world-renowned geneticist and Professor Emeritus at Oxford University, was appointed as an Independent Non-Executive Director. Additionally, post period end, Dr. Michael Hayden, with decades of industry defining contributions and achievements, was appointed to the Group's Board as a Non-Executive Director.
- During the period, two long standing Board members also stepped down from the board. Martin Diggle, a Partner at Vulpes Investment Management stepped down in February after nearly nine years and Dr. Andrew Heath, retired from the Board at the AGM in May, after more than eleven years of service to the Group

Analyst briefing

Management will be hosting a briefing for analysts at 13:00 BST / 8:00 EST on 22 September at 85 Gresham Street London, EC2R 7HE. There will a simultaneous live conference call with Q&A and 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 follow this link to register and receive dial-in details.

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About Oxford Biomedica

Oxford Biomedica (LSE:OXB) is a leading, fully integrated, gene and cell therapy group focused on developing life changing treatments for serious diseases. Oxford Biomedica and its subsidiaries (the "Group") have built a sector leading lentiviral vector delivery platform (LentiVector®), which the Group leverages to develop *in vivo* and *ex vivo* products both in-house and with partners. The Group has created a valuable proprietary portfolio of gene and cell therapy product candidates in the areas of oncology, CNS disorders and liver diseases. The Group has also entered into a number of partnerships, including with Novartis, Bristol Myers Squibb, Sio Gene Therapies, Orchard Therapeutics, Santen, Beam Therapeutics and Boehringer Ingelheim, through which it has long-term economic interests in other potential gene and cell therapy products. Additionally, the Group has signed a 3-year master supply and development agreement with AstraZeneca for large-scale manufacturing of the adenoviral based COVID-19 vaccine candidate, AZD1222. Oxford Biomedica is based across several locations in Oxfordshire, UK and employs more than 740 people. Further information is available at www.oxb.com

OVERVIEW

The first half of 2021 has produced an exceptional set of financial results with a very strong operating performance largely driven by the Group's work with AstraZeneca on the highly successful manufacture of the COVID-19 vaccine. Outside of the vaccine work, the Group has further developed its relationship with Boehringer Ingelheim, signing a new three-year agreement to manufacture and supply a range of viral vectors, further highlighting Oxford Biomedica's growing expertise beyond lentiviral vectors. Existing partnerships with Novartis, Juno / BMS and Beam continue to progress well in the period as the various partner programmes continue through development.

In the period the Group received the news that Sanofi would no longer be taking forward the development of its haemophilia programmes, although the Group still believes there is much merit in a lentivector-based approach to this disease. It was also announced that Orchard would be handing back the rights for its ADA SCID programme to the academic originators of the programme, following its decision to deprioritise that programme in a prior portfolio review.

Following a strategic review, the Group is extending its scope to all types of viral vectors, building on its world leading position in lentiviral vectors and success in the adenovirus vector-based AstraZeneca COVID-19 vaccine. Additionally an internal review of the Group's proprietary pipeline is nearing completion with the focus being on OXB-302 and liver gene therapy.

Since the start of the year several Board changes have occurred, in line with the commitment to best practice corporate governance, strengthening Oxford Biomedica's science and translational expertise. The Group has been pleased to welcome to the Board Professor Dame Kay Davies, a world-renowned geneticist and Professor Emeritus at Oxford University and Dr. Michael Hayden with decades of industry defining contributions and achievements.

Oxford Biomedica ended the period with £61.3 million in cash on the balance sheet and 744 employees. With the business development pipeline looking stronger than ever, the Group looks forward to a busy second half of 2021 and maximising the many opportunities ahead.

OPERATIONAL REVIEW

COVID-19 Vaccine and Agreement with AstraZeneca

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

Oxford Biomedica has an 18 month supply agreement under a three-year Master Supply and Development Agreement with AstraZeneca for large-scale commercial manufacture of the adenovirus vector-based COVID-19 vaccine, announced in September 2020. This follows on from an initial one year clinical and commercial supply agreement with AstraZeneca, announced in May 2020.

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

Boehringer Ingelheim

Oxford Biomedica has continued to build on its partnership with Boehringer Ingelheim, which started in 2018. In April 2021, the Group announced a new three-year Development & Supply Agreement with Boehringer Ingelheim for the manufacture and supply of various types of viral vectors.

Under the terms of the agreement, Oxford Biomedica intends to manufacture GMP batches for Boehringer Ingelheim to support the development of viral vectors. The agreement also allows for the Group to manufacture and supply viral vector products in the future, demonstrating the Group's growing expertise beyond lentiviral vectors.

Novartis Partnership

The Group continues its strong relationship with Novartis as its sole global supplier of lentiviral vector for Kymriah® (tisagenlecleucel, formerly CTL019). Global roll out of Kymriah® in both relapsed or refractory B-cell acute lymphoblastic leukaemia (r/r ALL) and relapsed or refractory diffuse large B-cell lymphoma (r/r DLBCL) indications continued to build momentum with more than 330 qualified treatment centres in 30 countries having coverage for at least one indication. Kymriah® continued to see double-digit growth showing 41% growth in the first half of 2021, over the first half of 2020, reporting sales in H1 2021 of $298 million.

Indication expansion of Kymriah® in relapsed or refractory follicular lymphoma continues to progress well and in June at ASCO, Novartis presented robust data from the Phase II ELARA trial of Kymriah® in this indication with the filing anticipated in the US and EU in the second half of 2021.

The Group continues to progress other partner programmes with Novartis and will update the market when further data is available.

Other existing partner updates

The Group continues to actively progress its exciting collaborations signed in 2020 with Juno Therapeutics Inc. (a wholly owned subsidiary of Bristol Myers Squibb Inc.) and Beam Therapeutics with the combined revenues from these two partnerships meaningfully contributing toward the total commercial development revenues expected in the year. The Group will look to update the market with further data / progress when able to do so.

Sanofi Partnership

In March 2021, the Group announced that Sanofi had given notice that they intend to terminate the 2018 collaboration and licence agreement for the process development and manufacturing of lentiviral vectors to treat haemophilia. The Group expects the impact on revenue will be negligible over the coming 24-month period. The Group continues to believe that a lentivector-based approach to haemophilia is a very attractive opportunity.

Orchard Therapeutics

In May 2021, Orchard Therapeutics (Orchard) announced it would be returning the rights to their OTL-101 programme for ADA-SCID to the academic originators of the programme, University of California at Los Angeles (UCLA) and University College London (UCL). This follows on from Orchard's May 2020 announcement on their new strategic plan with an emphasis on neurometabolic disorders, such as their MPS-IIIA (OLT-201) programme, with a reduction in investment on other programmes such as ADA-SCID (OTL-101). While this news means that Oxford Biomedica will no longer be working with Orchard on the OTL-101 programme, the Group awaits further information on whether it can be of assistance to the academic partners at UCLA and UCL.

The MPS-IIIA (OLT-201) partner programme with Orchard is currently being evaluated in an ongoing proof-of-concept clinical trial, with interim data from this study expected to be released in the second half of 2021 and 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 lentivectors but across all viral vector classes. By industrialising viral vector production and reducing the cost through innovation, the Group will open up therapeutic indications that are currently inaccessible in the field of cell and gene therapy due to the amount (and therefore cost) of the vector needed to address these targets. In addition, the reduction in cost will help drive adoption by payors into indications where there are far larger numbers of patients, by potentially bringing down the overall cost per patient treated.

Multiple elements of IP and innovation are relevant across all viral vector classes. Development of technologies such as TRiPSystem™, SecNuc™, LentiStable™ and U1 and U2, along with the corresponding IP, continue to move ahead. In addition, the Group is utilising automation and the use of robotics, artificial intelligence and machine learning to further drive productivity improvements.

Process C, which incorporates U1, U2 and perfusion in to the manufacturing process is developing well with general roll out expected in the first half of 2022, with process D utilising LentiStable™ expected to come on stream a year later.

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

Proprietary Gene Therapeutics Development

Sio Gene Therapies

The Group continues to progress work on its clinical supply agreement with Sio Gene Therapies (Sio) for the manufacture and supply of Parkinson's disease gene therapy programme AXO-Lenti-PD. Following prior third-party fill/finish issues, two batches have been manufactured using the updated suspension-based process and have now completed fill/finish. Certification of at least one batch of clinical trial material is expected in the fourth quarter of 2021 with enrolment of patients into the AXO-Lenti-PD clinical programme expected to resume in 2022.

Unencumbered proprietary pipeline programmes

A review of the in-house proprietary pipeline is currently ongoing with the review expected to be finalised in the fourth quarter of 2021.

The lead programme is OXB-302 which targets 5T4, this is currently being investigated in Acute Myeloid Leukaemia with clinical trial expected to be initiated in 2023. 5T4 is an oncofoetal antigen specifically expressed of the cell surface of most cancers including AML. The restricted expression profile of 5T4 on normal tissues combined with its broad expression on tumour cells (including cancer stem cells) makes 5T4 an attractive target.

OXB-302 is a 2nd generation CAR-T product generated via an optimised lentiviral vector transduction protocol and expression process to generate more potent cells. OXB-302 has demonstrated potent *in vitro* and *in vivo* activity against a panel of human solid and liquid tumour cell line and the Group believes it has high commercial potential for the treatment of multiple liquid and solid tumours.

Separately, the potential of lentiviral vectors in liver gene therapy is seen as a highly promising area due to the potential of one-off therapies giving long term benefits. The Group intends to provide further information about this work post completion of the internal review.

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

Sanofi – Ocular assets

As previously announced in June 2020, the Group had been informed by Sanofi that it intended to return the rights to ophthalmology programmes SAR422459 for Stargardt's disease and SAR421869 for Usher Syndrome type 1b. This process and review of the programmes has now been completed with the decision that the Group will not commit further resources into these programmes internally at this time.

Expansion of capacity

In January 2021, the Group was delighted to host the Prime Minister, the Rt. Hon Boris Johnson MP, to formally open the Oxbox manufacturing facility following MHRA approval of four manufacturing suites during 2020, three of which are running at 1000L scale for AstraZeneca COVID-19 vaccine production with the fourth suite dedicated to 200L lentiviral vector manufacturing.

The final step of this first phase of development within Oxbox is the completion of the first fill/finish suite. The instalment of the equipment for this suite is progressing well and is expected to be completed during 2021, with approval for use expected in the first half of 2022. This first phase of development fits out approximately 45,000 sq. ft. with the remaining fallow area (39,000 sq. ft) available for flexible expansion in the future.

In June 2021, the Group was granted planning permission for redevelopment of the Windrush Innovation Centre (WIC) site. The scope of the re-development of the site has increased from that originally communicated at the time of the capital raise in June 2020, with now a new dedicated building being built, rather than a refurbishment of the existing building. This new dedicated building will be the key hub of both innovation for the platform as well as proprietary product development and has been specifically designed with these goals in mind. Work will start

during 2021 and will continue into the first half of 2023, with an increase in Capex spend of approximately £15 million over the original c.£15 million set aside at the time of the capital raise.

Building work continues at Windrush Court to convert office space into GMP laboratories to meet the expected near-term demand in commercial development and analytics, with a further area within Windrush Court expected to be converted during the course of 2021.

Corporate and organisational development

A number of Board changes occurred during the period, which further augment the Group's science and translational expertise and strengthen Oxford Biomedica's position as a leading gene and cell therapy company.

On 1st March, Professor Dame Kay Davies, a world-renowned geneticist and Professor Emeritus at Oxford University, was appointed to the Board as an Independent Non-Executive Director. Additionally, post period end, in July, Dr. Michael Hayden was appointed to the Group's Board as a Non-Executive Director. Dr. Hayden has decades of industry defining scientific contributions and achievements, including developing the world's first approved gene therapy treatment.

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

The Board intends to continue to strengthen and diversify the Board having initiated a search for an additional independent Non-Executive Director, targeting the selection of female and ethnically diverse candidates.

Post period end, on 1st August, Matthew Treagus, Chief Information Officer (CIO) joined the Senior Executive team as a permanent member, having worked with Oxford Biomedica on the development and implementation of its digital strategy since 2019. This announcement reflects the Group's commitment to driving its digitalisation agenda.

The wider Oxford Biomedica team has continued to grow, reflecting the expansion of the business and the extra employees recruited as part of the scale of vaccine manufacture for AstraZeneca. Headcount increased by 27% reaching 744 at the end H1 2021, compared with 584 at the end of H1 2020.

Environmental, Social and Governance

The Group remains committed to its role as a responsible business and continued work on 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. A Diversity and Inclusion project has commenced and a working group established, in line with the Group's 2021 ESG People objective to create an action plan for Equality, Inclusion and Diversity. Wellbeing initiatives for employees also continued throughout the period, focusing on topics of mental health and resilience with a variety of events delivered, alongside the introduction of two new wellbeing benefits.

On the Community pillar, including the Group's commitment to provide support to a local charity, fundraising efforts for charity SeeSaw continued during the year. In addition, a Payroll giving scheme was introduced for regular salary charity donations.

The Group's Windrush Court facility moved to renewable energy, showing good progress in achieving its 2021 ESG Environmental objective to reduce greenhouse gas emissions by optimising the Group's energy usage.

On the Innovation pillar, the Group continued to provide further support for In2Science, an organisation that helps children from disadvantaged backgrounds enter STEM subjects in higher education. Work also continues to progress in achieving the Group's 2021 ESG Supply Chain objectives, which include the launch of a code of conduct for suppliers. Full details on our ESG pillars can be found on our newly created ESG webpage at www.oxb.com.

The Group's commitment to responsible business practices was recognised with Prime status by ISS ESG on 25 June 2021. ISS ESG is the responsible investment arm of ISS and one of the world's leading rating agencies for sustainable investments. Prime status is awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.

Outlook

Traditionally the Group has seen higher revenues in the second half of the year due to the annual clean and recalibration of all the manufacturing suites that occurs at the start of the year. However, with vaccine production in three suites continuing at pace, not only through Christmas and New Year but also through the full first half of the year, clean down and recalibration will now occur in these suites in the second half of the year. The Group is therefore targeting revenue for the second half to be similar to the first half.

For the second half of the year, outside of revenue growth expected from AstraZeneca, other new customer partnerships such as with Juno/ BMS and Beam are expected to drive growth in bioprocessing and commercial development versus the same period in 2020. The Group is confident of further announcements with new/existing partnerships during the course of the second half leading to additional revenue streams.

Group Operating EBITDA for the second half, while anticipated to be above the level achieved in H2 2020, is expected to be below the first half figure as a result of an increase in research and development, administrative and bioprocessing costs.

Capex will also accelerate in the second half of the year with the commencement of work relating to the redevelopment of the Windrush Innovation Center (WIC) as well as continued laboratory expansion work being undertaken at Windrush Court. Capex for the full year is expected to be similar to 2020 levels.

The pipeline of opportunities for the Group has never looked stronger with the business development team increasing in size and includes the Group's first permanent US based employee, with more additions to the US team expected during the coming months. The Group expects to be able to announce further updates on partnering progress and new partnerships during the remainder of 2021.

Financial Review

The first half of 2021 has been a period of exceptional revenue growth but especially an outstanding operational performance in terms of vaccine manufacture. Although the impact of the COVID-19 pandemic continued to be felt in terms of the Group's operating methods, the Group was able to continuously manufacture vaccine in three of its manufacturing suites for the whole period in order to meet its customer obligations. Bioprocessing and commercial development activities continued as normal, albeit with some continued adjustments in terms of social distancing, mask wearing and employees working from home where possible.

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

In March 2021 the Group was disappointed to note that Sanofi had terminated the Collaboration and License Agreement originally signed in 2018 for the process development and manufacturing of lentiviral vectors to treat haemophilia. The collaboration ended on good terms and certainly does not preclude working together in the future if an opportunity arose.

Other commercial highlights include that, as part of its 18-month supply agreement with AstraZeneca, the Group received a commitment from AstraZeneca for the Group to manufacture additional vaccine batches during the second half of 2021 and into the first quarter of 2022.

Building on from the very strong results of 2020, the Group has had an exceptionally good half year in terms of both a strong increase in commercial activities, as well as revenues. Bioprocessing and commercial development revenue increased by 223%, and the Group achieved an Operating EBITDA profit of £27.1 million, with growth driven largely by the bioprocessing activities undertaken for AstraZeneca.

The ongoing vaccine manufacture, together with recent commercial agreements entered into, but also expected in the second half of 2021, should see the Group continue to deliver the increased revenues and operational success in the second half of 2021 which has been seen during the period under review.

The Group continued to strengthen its balance sheet position, generating a cash inflow of £18.7 million in additional cash since the 2020 year-end. The Group intends to start work on refurbishing its Windrush Innovation Centre in the second half of 2021 which is expected to negatively impact cash generated over the period of the refurbishment.

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

- Revenue (£81.3million) increased by 139% over H1 2020 (£34.0 million) as a result of the 223% exceptional growth in bioprocessing and commercial development revenues as a result of the volume of vaccine batches manufactured for AstraZeneca
- Operational results (Operating EBITDA[1] and Operating profit) of £27.1 million and £19.7 million respectively, were very significantly improved compared to prior year due to the higher bioprocessing revenues generated
- Operational activities generated cash of £22.2 million compared to consuming £0.9 million in H1 2020 as the significant revenue growth was successfully converted into operational cash flows
- Capital expenditure decreased from £5.3 million in H1 2020 to £3.5 million with H1 2021 capital expenditure consisting mainly of purchases of equipment required for the manufacturing and laboratory facilities
- Cash inflow[2] was £18.7 million in H1 2021 (H1 2020 Cash Burn of £3.7 million) due mainly to the operational cash generation from high volume vaccine manufacture
- Cash at 30 June 2021 was £61.3 million compared to £50.6 million at 30 June 2020

KEY FINANCIAL INDICATORS (£ m)		**H1 2021**	**H1 2020**
Revenues	Bioprocessing/commercial development	75.6	23.4
	Licence fees, milestones & royalties	5.7	10.6
	Total	**81.3**	**34.0**
Operating profit/(loss)		19.7	(5.8)

Operating EBITDA[1]		27.1	(0.4)
Cash generated from/(consumed by) operating activities		22.2	(0.9)
Capital expenditure		(3.5)	(5.3)
Cash inflow/(burn)[2]		18.7	(3.7)
Period end cash	Cash	61.3	50.6
Headcount	Period end	744	584
	Average	716	575

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 Cash inflow/(burn) is net cash generated from operating activities less net finance costs paid and capital expenditure. A reconciliation to GAAP measures is provided on page 13.

The Group evaluates its performance by making use of alternative performance measures as part of its Key Financial Performance Indicators (refer 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 £81.3 million in H1 2021, 139% above the £34.0 million achieved in H1 2020.

£m	H1 2021	H1 2020
Bioprocessing/commercial development	75.6	23.4
Licence fees, milestones & royalties	5.7	10.6
Revenue	**81.3**	**34.0**

Revenues from bioprocessing/commercial development were 223% higher in H1 2021 as compared to H1 2020, due largely to the volume of vaccine batches manufactured for AstraZeneca. Bioprocessing and commercial development activities performed on behalf of the Group's other customers have overall decreased mainly due to the cessation of the Sanofi and Orchard ADA SCID programmes, as well as the natural cycle of certain development programmes. The Group does expect an increase in commercial activity from existing customers in the second half of the year which is expected to continue into 2022.

Revenues from licence fees, milestones and royalties decreased by 47% when compared to the prior year as there were no significant license fees achieved in H1 2021 when compared to H1 2020 (£6.2 million ($8 million) Juno license fee recognised).

Operating EBITDA

£m	H1 2021	H1 2020
Revenue	81.3	34.0
Other operating income	0.4	0.3
Total expenses[1]	(54.6)	(34.7)
Operating EBITDA[2]	**27.1**	**(0.4)**
Depreciation, amortisation, share option charge and fair value adjustments of available-for-sale assets	(7.4)	(5.4)
Operating profit/(loss)	**19.7**	**(5.8)**

[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 11.

[2] 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.

Total expenses in H1 2021 were £54.6 million, compared with £34.7 million in H1 2020, a 57% increase on the H1 2020. The increase was driven by increased raw material costs on batches of vaccine produced as well as increased headcount compared to the comparative period.

As a result of the increased revenues which more than offset the increase in expenses, the Operating EBITDA in H1 2021 was £27.1 million (H1 2020 Operating EBITDA loss of £0.4 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 2021	H1 2020
Research and development costs	14.7	15.2
Bioprocessing costs[1]	2.9	9.2
Administrative expenses	6.0	4.7
Operating expenses	**23.6**	**29.1**
Depreciation, amortisation & share option charge	(7.4)	(4.7)
Adjusted operating expenses	**16.2**	**24.4**
Cost of Sales	38.4	10.3
Total expenses	**54.6**	**34.7**

[1] Bioprocessing costs have decreased from the prior period due to the higher recovery of batch manufacturing costs which is reflected in increased cost of goods in H1 2021.

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

£m	H1 2021	H1 2020
Raw materials, consumables and other external bioprocessing costs	18.8	6.4
Personnel-related	27.2	21.2
External R&D expenditure	2.0	3.1
Other costs	6.6	4.0
Total expenses	**54.6**	**34.7**

Raw materials, consumables and other external bioprocessing costs have increased substantially as a result of the much higher number of batches manufactured in H1 2021 as compared to H1 2020. Personnel related costs are higher due to average employee numbers increasing from 575 in H1 2020 to 716 in H1 2021. External R&D expenditure was lower due to due to the cessation of certain customer programmes, as well as the natural cycle of other customer development programmes. Other costs had increased compared to prior year due to increased facility costs and foreign exchange losses on dollar balances, offset by an insurance payment received with regards to a previous customer claim.

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

£m	H1 2021	H1 2020
Operating EBITDA[1]	**27.1**	**(0.4)**
Depreciation, amortisation and share option charge	(7.4)	(4.7)
Change in fair value of assets held at fair value through profit & loss	-	(0.7)
Operating profit/(loss)	**19.7**	**(5.8)**
Interest	(0.5)	(0.4)
Taxation	(1.1)	(0.5)
Net profit/(loss)	**18.1**	**(6.7)**

[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.

In arriving at the Operating profit, the Operating EBITDA of £27.1 million was further impacted by depreciation and the share option charge.

Depreciation increased by £2.4 million mainly due to an increased asset base including the Oxbox manufacturing facility, conversion of one of the Windrush facility floors into laboratories; and then also due to additional bioprocessing equipment obtained to allow vaccine manufacturing. The share option charge increased by £0.1 million due to the increased employee headcount.

There was no change in the fair value recognised on the Orchard Therapeutics asset held at fair value through profit and loss (2020: £0.7 million loss).

The impact of these charges resulted in an operating profit of £19.7 million in the first half of 2021 compared to a loss of £5.8 million in the prior year corresponding period.

The interest charge increased slightly by £0.1 million due to IFRS 16 interest on a lease liability related to bioprocessing equipment obtained for vaccine manufacture.

The corporation tax expense in H1 2021 increased slightly due to a corporation tax charge expected on the taxable profits made by the Group during the period.

As a consequence of the above, the net profit for H1 2021 was £18.1 million, as compared to a loss of £6.7 million in H1 2020.

Segmental analysis

Reflecting the way the business is being managed by the Senior Executive Team, 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 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

H1 2020

£m	Platform	Product	Total
Revenues	33.7	0.3	34.0
Operating EBITDA[1]	1.8	(2.2)	(0.4)
Operating loss	(3.1)	(2.7)	(5.8)

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 more than doubled from H1 2020 due to the volume of vaccine batches manufactured for AstraZeneca as part of the Covid-19 pandemic efforts. Operating results were improved due to the revenue increase of £47.3 million.

Revenues from the product segment were lower due to a lower level of clinical development activities for customers. Operating expenses were higher due to increased clinical and pre-clinical product expenditure, and also manpower costs.

Cash flow

£m	H1 2021	H1 2020
Operating profit/ (loss)	19.7	(5.8)
Depreciation, amortisation and share option charge	7.4	4.7
Revaluation of equity investments	-	0.7
Operating EBITDA	**27.1**	**(0.4)**
Working capital	(5.9)	(0.5)
R&D tax credit received	1.0	-
Cash generated from/(consumed in) operations	**22.2**	**(0.9)**
Capital expenditure	(3.5)	(5.3)
Sale of available-for-sale assets	-	2.5
Cash inflow/(burn)	**18.7**	**(3.7)**

Operating profit for the first six months of 2021 was £25.5 million higher than the £5.8 million loss achieved in H1 2020. The negative inflow from working capital was mainly as a result of the decrease in contract liabilities and deferred income as income received in advance was recognised as the goods and services were provided by the Group. An SME R&D tax credit was received in H1 2021 related to a prior period claim. Capital expenditure decreased by £1,8 million in H1 2020 as the construction of phase 1 of the Oxbox bioprocessing facility came to an end in H1 2020, with mainly equipment being purchased in H1 2021.

Statement of financial position

Non-current assets – Property, plant and equipment decreased from £72.3 million to £70.1 million due to £3.5 million of capital expenditure incurred not quite offsetting depreciation of £6.0 million.

Current assets – Inventories increased to £8.5 million from £6.9 million at 31 December 2020 due to increased raw material balances required in order to ensure sustained supply of materials for forecasted bioprocessing activities COVID-19 shortages have created some uncertainty around the ability to obtain key raw material items within the normal lead times. Trade and other receivables and Contract assets remained consistent at £53.9 million due to the 2020 research and development tax credit not being received at the end of in H1 2020, offset by a lower level of Trade debtors and Contract assets receivable as compared to the year end. Current tax assets of £0.1 million at year end have converted to being a tax liability of £2.0 million due the taxable profits generated by the Group in 2021 and receipt of the SME R&D tax credit related to prior years.

Current liabilities – Trade and other payables have increased from £19.7 million at the start of the year to £23.3 million due to increased employee headcount and operational activities. Contract liabilities have decreased by £7.0 million to £20.2 million due to the recognition of income received in advance as the goods and services were provided by the Group. Lease liabilities decreased by £3.7 million to £0.8 million due to lease payments made with

regards to bioprocessing equipment leased for purposes of vaccine manufacturing. Deferred income decreased due to the recognition of Innovate grant income.

Non-current liabilities – Provisions increased by £0.3m as a result of the recognition of an increased liability for the costs of restoring leased properties to their original state at the end of the lease term. Contract liabilities, lease liabilities and deferred income decreased from their year end balances as those portions of the liability became current.

The Group's cash resources at 1 January 2021 were £46.7 million. Cash generated from operations was £22.2 million. Other significant cash flows were £3.5 million of capex and £4.6 million of lease liability payments. The cash balance at 30 June 2021 was £61.3 million.

Financial outlook

After the more than doubling of revenues in the first half of 2021, the Group will target to maintain similar levels of total revenues in the second half of 2021 as has been achieved in the first half. More specifically, the Group is also targeting new customer relationships and the broadening out of existing customer relationships over the next 12 months.

Existing customer relations with AstraZeneca, Juno Therapeutics/Bristol Myers Squibb, and Beam Therapeutics are expected to continue to drive growth in bioprocessing and commercial development activities, and the resultant revenues in 2021, assisted by an expanded Oxbox facility being in use throughout the year. Additive bioprocessing and commercial development revenues are also expected from new future partnerships with the Group focusing on continuing to expand its commercial customer base.

Maintaining our position as a key strategic partner to our customers remains core to our beliefs and motivations, and drives our philosophy in terms cultivating new partnerships and maintaining strong existing customer relationships. One of our core values is to bring about better solutions for patients and we look to partner with customers who we can assist in making this happen.

Group Operating EBITDA for the second half of the year, whilst anticipated to be above the level achieved in H2 2020, is expected to be below the first half figure as a result of an increase in operating expenditure levels. The level of research and development spend for the full year is expected to be above that in 2020 as the Group looks to accelerate investment into not only its platform research but also its own proprietary product development. Bioprocessing costs are also likely to be higher in the second half due to the planned staggered maintenance shutdowns of all three vaccine manufacturing suites in the period. Manpower costs across research and development, bioprocessing and administrative costs are expected to increase, although the growth in headcount is anticipated to be at lower levels than that seen in 2020.

Capex for 2021 is expected to be at similar levels to 2020 due to the laboratory expansions being undertaken at both Windrush Court and the Windrush Innovation Centre. The Group continues to look to make selective strategic investments in its products and enabling technologies where the opportunity exists to improve patient outcomes and increase shareholder value.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are unchanged from those set out in pages 70 to 77 of the 2020 Annual Report & Accounts which is available on the Group's website at www.oxb.com.

Going concern

The Group made a profit for the period ended 30 June 2021 of £18.1 million, and generated net cash flows from operating activities for the year of £22.2 million. The Group ended the period with cash and cash equivalents of £61.3 million.

In considering the basis of preparation of these 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 interim financial statements, based in

the first instance on the Group's most recent forecasts for 2021 and 2022. These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

- A substantial revenue downside affecting the core viral vector platform business,
- Vaccine batches brought down by a third to volumes for which there is some form of minimum financial commitment from AstraZeneca,
- Very limited revenues from new customers,
- Significant decreases in forecasted existing customer milestone and royalty revenues,
- The continued impact of COVID-19 on the Group and its customers including expected revenues from existing customers under long term contracts.

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 £61.3 million at the end of June 2021 and £55.9 million at the end of August 2021,
- The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary,
- A reasonable proportion of the forecasted revenues are covered by binding customer commitments which give additional certainty to cash flows over the next 12 months,
- The Group has key worker status which allows continuity of providing services to the Group's financially stable customer base throughout any further lockdown period,
- The Group's history of being able to access capital markets.

Taking account of the matters described above, the Directors are 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 interim financial statements on a going concern basis.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2021

	Notes	**Six months ended 30 June 2021 Unaudited £'000**	Six months ended 30 June 2020 Unaudited £'000
Revenue		81,252	33,979
Cost of sales		(38,372)	(10,314)
Gross profit		42,880	23,665
Bioprocessing costs		(2,947)	(9,195)
Research and development costs		(14,708)	(15,168)
Administrative expenses		(6,009)	(4,692)
Other operating income		441	327
Change in fair value of available-for-sale asset	8	1	(703)
Operating profit/(loss)		19,658	(5,766)
Finance income		31	13
Finance costs	6	(472)	(373)
Profit/(loss) before tax		19,217	(6,126)
Taxation		(1,148)	(553)
Profit/(loss) and total comprehensive income/(expense) for the period		18,069	(6,679)
Basic profit/(loss) per share	5	21.92p	(8.69p)
Diluted profit/(loss) per share	5	21.36p	n/a

The notes on pages 20 to 28 form part of this financial information.

Consolidated statement of financial position

as at 30 June 2021

	Notes	**30 June 2021 Unaudited £'000**	31 December 2020 Audited £'000
Assets			
Non-current assets			
Intangible assets		63	73
Property, plant and equipment	7	70,127	72,304
Trade and other receivables	10	3,585	3,605
		73,775	75,982
Current assets			
Inventory	9	8,466	6,912
Assets held for sale	8	240	239
Trade and other receivables	10	31,184	37,418
Contract assets	11	22,746	16,508
Current tax assets		-	126
Cash and cash equivalents	12	61,275	46,743
		123,911	107,946
Current liabilities			
Trade and other payables	13	23,290	19,716
Current tax liabilities		2,016	-
Contract liabilities		20,237	27,258
Deferred income		894	1,006
Lease liabilities	14	818	4,475
		47,255	52,455
Net current assets		76,656	55,491
Non-current liabilities			
Lease liabilities	14	8,915	9,370
Provisions	15	6,127	5,839
Contract liabilities		599	1,003
Deferred income		2,186	2,515
		17,827	18,727
Net assets		132,604	112,746
Shareholders' equity			
Share capital	16	41,307	41,161
Share premium	16	258,474	258,017
Other reserves		2,291	2,291
Accumulated losses		(169,468)	(188,723)
Total equity		132,604	112,746

The notes on pages 20 to 28 form part of this financial information.

Consolidated Statement of Cash Flows

for the six months ended 30 June 2021

	Notes	**Six months ended 30 June 2021 Unaudited £'000**	Six months ended 30 June 2020 Unaudited £'000
Cash flows from operating activities			
Cash generated from/(consumed in) operations	17	**21,205**	(938)
Tax credit received		**994**	-
Net cash generated from/(used in) operating activities		**22,199**	(938)
Cash flows from investing activities			
Purchases of property, plant and equipment	7	**(3,548)**	(5,350)
Proceeds on disposal of property, plant and equipment		**9**	-
Proceeds on disposal of investments	8	**-**	2,523
Interest received		**-**	13
Net cash used in investing activities		**(3,539)**	(2,814)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**483**	40,167
Costs of share issues		**-**	(1,533)
Payment of lease liabilities		**(4,611)**	(506)
Net cash (used in)/generated from financing activities		**(4,128)**	38,128
Net increase in cash and cash equivalents		**14,532**	34,376
Cash and cash equivalents at 1 January 2021		**46,743**	16,243
Cash and cash equivalents at 30 June 2021	12	**61,275**	50,619

The notes on pages 20 to 28 form part of this financial information.

Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 30 June 2021 (Unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant reserve £'000	Accumulated Losses £'000	Total £'000
At 1 January 2020	**38,416**	**222,618**	**2,291**	**-**	**(187,695)**	**75,630**
Six months ended 30 June 2020:						
Loss for the period	-	-	-	-	(6,679)	(6,679)
Total comprehensive expense for the period	-	-	-	-	(6,679)	(6,679)
Transactions with owners:						
Share options						
Proceeds from shares issued	51	116	-	-	-	167
Value of employee services	-	-	-	-	1,258	1,258
Issue of shares excluding options	2,500	37,500	-	-	-	40,000
Costs of share issues	-	(1,533)	-	-	-	(1,533)
At 30 June 2020	40,967	258,701	2,291	-	(193,116)	108,843
Six months ended 31 December 2020:						
Profit for the period	-	-	-	-	434	434
Total comprehensive income for the period	-	-	-	-	434	434
Transactions with owners:						
Share options						
Proceeds from shares issued	194	725	-	-	(26)	893
Value of employee services	-	-	-	-	2,494	2,494
Deferred tax on share options	-	-	-	-	273	273
Costs of share issues	-	(191)	-	-	-	(191)
Transfer of share premium related to warrants	-	(1,218)	-	-	1,218	-
At 31 December 2020	**41,161**	**258,017**	**2,291**	**-**	**(188,723)**	**112,746**
At 1 January 2021						
Six months ended 30 June 2020:						
Profit for the period	-	-	-	-	18,069	18,069
Total comprehensive income for the period	-	-	-	-	18,069	18,069
Transactions with owners:						
Share options						
Proceeds from shares issued	146	457	-	-	(120)	483
Value of employee services	-	-	-	-	1,306	1,306
At 30 June 2021	**41,307**	**258,474**	**2,291**	**-**	**(169,468)**	**132,604**

The notes on pages 20 to 28 form part of this financial information.

Notes to the Financial Information

1. General information and basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

The financial information set out above does not constitute the Company's Statutory Accounts. Statutory accounts for the year ended 31 December 2020 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 2020 Annual Report.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 September 2021. 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 2021 and no material change in related parties from those described in the last annual report.

2. Going concern

The Group made a profit for the period ended 30 June 2021 of £18.1 million, and generated net cash flows from operating activities for the year of £22.2 million. The Group ended the period with cash and cash equivalents of £61.3 million.

In considering the basis of preparation of these 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 interim financial statements, based in the first instance on the Group's most recent forecasts for 2021 and 2022. These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

- A substantial revenue downside affecting the core viral vector platform business,
- Vaccine batches brought down by a third to volumes for which there is some form of minimum financial commitment from AstraZeneca,
- Very limited revenues from new customers,
- Significant decreases in forecasted existing customer milestone and royalty revenues,
- The continued impact of COVID-19 on the Group and its customers including expected revenues from existing customers under long term contracts.

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 £61.3 million at the end of June 2021 and £55.9 million at the end of August 2021,
- The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary,
- A reasonable proportion of the forecasted revenues are covered by binding customer commitments which give additional certainty to cash flows over the next 12 months,
- The Group has key worker status which allows continuity of providing services to the Group's financially stable customer base throughout any further lockdown period,
- The Group's history of being able to access capital markets.

Taking account of the matters described above, the Directors are 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 interim 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 2020, as described in those financial statements:

Judgements

Customer contract with varying bioprocessing batch prices

During 2020 the Group entered into a supply agreement with a customer for the supply of bioprocessing batches where the batch price will vary across the period of the contract. The Group has deemed that the series guidance within IFRS 15 applies and has therefore recognised revenue based on averaging the batch price over the period of the contract where the series guidance applies. If the revenue had been recognised based on an actual batch price, cumulative revenues would have been £2.4 million higher (2020: £2.4 million higher) with a corresponding increase in revenues of £2.4 million in the second half of 2021.

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 £20,144,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £2,014,400 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 £4,423,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £405,000 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 £41,000 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 £3.1 million (31 December 2020: £1.4 million) has not been recognised during the six months ended 30 June 2021 with the corresponding credit to contract liabilities. This revenue will be recognised as the batches complete bioprocessing.

Stock and equipment received in lieu of cash payment for bioprocessing and development services

During 2020, as part of its supply and development agreements with customers, the Group received certain stock items and fixed assets in partial lieu of cash payments from customers. As required by IFRS 15, the Group has valued the commercial development services and bioprocessing batches it has provided at their market value for revenue recognition purposes, with a corresponding entry being passed within cost of goods and operating lease payments to account for the cost of these items. The value of revenue recognised during 2021 related to these items amounts to £1.0 million (H1 2020: 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 Scientific Officer, Chief Business 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 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

H1 2020	Platform £'000	Product £'000	Total £'000
Revenue	33,724	255	33,979
Other operating income	327	-	327
Operating EBITDA[1]	1,807	(2,205)	(398)

Depreciation, amortisation and share based payment	(4,221)	(444)	(4,665)
Change in fair value of available-for-sale asset	(703)	-	(703)
Operating loss	(3,117)	(2,649)	(5,766)
Net finance cost			(360)
Loss before tax			(6,126)

[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 £0.4 million (2020: £0.3 million) includes grant income of £0.4 million (2020: £0.3 million) which is used to develop the Group's supply chain capabilities 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.

A geographical split of operating profit/(loss) is not provided because this information is not received or reviewed by the chief operating decision-maker and the origin of all revenues is the United Kingdom.

A segmental or geographical split of assets and liabilities is not provided because this information is not received or reviewed by the chief operating decision-maker. All assets are located within the United Kingdom.

Disaggregation of revenue

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

For the six months ended 30 June

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**

2020	**Platform £'000**	**Product £'000**	**Total £'000**
Bioprocessing/Commercial development	23,083	255	23,338
Licence fees, Milestones & Royalties	10,641	-	10,641
Total	**33,724**	**255**	**33,979**

Revenue by geographical location

Revenue by customer location	**30 June 2021 £'000**	30 June 2020 £'000
Europe	70,252	18,972
Rest of world	11,000	15,007
Total	**81,252**	**33,979**

In the first half of 2021 AstraZeneca generated more than 10% of the Group's revenue.

5. Basic earnings and diluted earnings per ordinary share

The basic profit per share of 21.92p (2020: 8.69p loss) has been calculated by dividing the profit for the period by the weighted average number of shares in issue during the six months ended 30 June 2021, being 82,430,408 (2020: 76,859,131).

The diluted earnings per share of 21.36p has been calculated by dividing the earnings for the period by the weighted average number of shares in issue during the period after adjusting for the dilutive effect of the share options outstanding at 30 June 2021 (84,599,862).

The Group made a loss in the prior period. There were no potentially dilutive options in the prior period. There is therefore no difference between the basic loss per ordinary share and the diluted loss per ordinary share in the prior period.

6. Finance costs

Finance costs of £0.5 million (2020: £0.4 million) consists of lease liability interest recognised as part of the implementation of IFRS 16 (Leases).

7. Property, plant & equipment

	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right-of-use assets £'000s	Total £'000
Cost						
At 1 January 2021	23,331	27,219	9,106	24,606	18,012	102,274
Additions at cost	352	530	650	2,016	37	3,585
Change of Estimate	-	-	-	-	275	275
At 30 June 2021	23,683	27,749	9,756	26,622	18,324	106,134
Depreciation						
At 1 January 2020	10,444	3,519	4,610	9,177	2,220	29,970
Charge for the period	1,112	1,355	1,081	1,584	905	6,037
At 30 June 2021	11,556	4,874	5,691	10,761	3,125	36,007
Net book amount at 30 June 2021	**12,127**	**22,875**	**4,065**	**15,861**	**15,199**	**70,127**
Net book amount at 31 December 2020	12,887	23,700	4,496	15,429	15,792	72,304

8. Assets held at fair value through profit and loss

Reconciliation of opening and closing balances:

	30 June 2021 £'000	31 December 2020 £'000
At 1 January	239	2,719
Additions	-	874
Change in fair value of available-for-sale asset	1	(831)
Sale of shares	-	(2,523)
At 30 June/31 December	**240**	239

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.

Additions in 2020 relate to a contract milestone which was met in 2019 with the shares received in 2020 as part of a non-cash consideration.

9. Inventory

	30 June 2021 £'000	31 December 2020 £'000
Raw materials	**8,466**	6,912
Inventory	**8,466**	6,912

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

During 2021, the Group wrote down £290,000 (2020: £134,000) of inventory which is not expected to be used in production or sold onwards.

10. Trade and other receivables

Current	30 June 2021 £'000	31 December 2020 £'000
Trade receivables	**20,577**	27,214
Other receivables	**927**	4,163
Other tax receivable	**6,793**	3,412
Prepayments	**2,887**	2,629
Total trade and other receivables	**31,184**	37,418

Non-current	30 June 2021 £'000	31 December 2020 £'000
Other receivables	**3,585**	3,605

11. Contract Assets

	30 June 2021 £'000	31 December 2020 £'000
Contract assets	**22,746**	16,508

12. Cash and cash equivalents

	30 June 2021 £'000	31 December 2020 £'000
Cash at bank and in hand	**61,275**	46,743

13. Trade and other payables

	30 June 2021 £'000	31 December 2020 £'000
Trade payables	**10,254**	7,777
Other taxation and social security	**2,598**	1,585
Accruals	**10,438**	10,354
Total trade and other payables	**23,290**	19,716

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	Equipment £'000	IT Equipment £'000	**Total £'000**
Balance at 1 January 2021	12,261	3,442	89	15,792
Additions	-	37	-	37
Depreciation charge for the period	(569)	(310)	(26)	(905)
Change in Estimate	275	-	-	275
Balance at 30 June 2021	**11,967**	**3,169**	**63**	**15,199**

The additions in the period related to manufacturing equipment assets (2020: £2,461,000 on inception of the Corporate office lease).

Lease liabilities

	30 June 2021 £'000
Maturity analysis – contractual undiscounted cash flows	
Less than one year	1,590
One to five years	5,947
More than five years	6,696
Total undiscounted cash flows at 30 June 2021	**14,233**

	30 June 2021 £'000
Lease liabilities included in the Statement of Financial Position	
Current	818
Non-current	8,915
Total lease liabilities at 30 June 2021	**9,733**

Amounts recognised in the statement of comprehensive income

	30 June 2021 £'000
Interest on lease liabilities	**467**
Expense relating to short-term leases	**251**

Amounts recognised in the statement of cash flows

	30 June 2021 £'000
Total cash outflow for leases	**4,611**

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 2020. The provisions will be utilised at the end of the leases if they are not renewed
In 2020 the Group signed a lease on a new corporate office in Oxford, UK that is near its other sites. The new facility is 11,000 sq. ft. (1,027 sqm). This new facility has estimated restoration costs of £105,000.

16. Share capital and Share premium

At 31 December 2020 and 30 June 2021 Oxford Biomedica had an issued share capital of 82,320,585 and 82,591,804 ordinary 50 pence shares respectively.

271,219 shares were created as a result of the exercise of options by employees during the period.

On 19 June 2020, the Group announced a placement of 5,000,000 new ordinary shares at a price of £8.00 per share. Gross proceeds from the placing were £40.0 million; net proceeds were £38.6 million.

17. Cash flows from operating activities

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

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000
Continuing operations		
Operating profit/(loss)	19,658	(5,766)
Adjustment for:		
Depreciation	6,037	3,649
Amortisation of intangible assets	11	11
Gain on disposal of property, plant and equipment	(10)	-
Charge in relation to employee share scheme	1,343	1,257
Change in fair value of available-for-sale asset	(1)	703
Changes in working capital:		
Increase in contract assets and trade and other receivables	11	(2,216)
Increase in trade and other payables	3,581	2,094
Decrease in contract liabilities and deferred income	(7,871)	(690)
Increase in provisions	-	615
(Increase)/ decrease in inventories	(1,554)	(595)
Net cash generated from/ (used in) operations	21,205	(938)

18. Statement of Directors' responsibilities

The Directors of Oxford Biomedica plc are set out on page 30 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

John Dawson
Chief Executive Officer
22 September 2021

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 2021 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 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board 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.

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 18, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. 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 by the EU.

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**.**

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
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Reading
RG1 3AD
22 September 2021

Shareholder Information

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(Non-executive Chairman)

John Dawson
(Chief Executive Officer)

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
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