Press release

OXFORD BIOMEDICA PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Oxford, UK – 17 September 2020: 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 2020.

FINANCIAL HIGHLIGHTS

- Revenue increased by 6% to £34.0 million (H1 2019: £32.1 million)
- Continued strong growth was seen in bioprocessing and commercial development, where revenues increased by 24% to £23.4 million (H1 2019: £18.8 million)
- Licences, milestones & royalties were £10.6 million (H1 2019: £13.3 million), a decline of 20% as the growing royalties and licence fee revenue from Juno/BMS in H1 2020 was not able to match the large £11.5 million ($15 million) milestone payment received from Axovant in H1 2019
- Operating expenses increased by 41% to £29.1million (H1 2019: £20.6 million)
- Operating EBITDA[1] loss and operating loss were £0.4 million and £5.8 million respectively (H1 2019 losses of £1.4 million and £6.1 million respectively)
- Gross proceeds of £40.0 million (£38.6m net of expenses) were raised from new and existing investors through a successful placing in June 2020. This provided additional funding to the Group in order to continue to leverage the significant opportunities in the growing cell and gene therapy market, both with current and future partners, and also provided additional resources for the Group manufacture of potential COVID-19 vaccine candidates
- Cash consumed during operations was £0.9 million compared to £1.3 million generated in H1 2019
- Cash at 30 June 2020 was £50.6 million (31 December 2019: £16.2 million), which included proceeds from the placing earlier in June
- The Group's capital expenditure decreased to £5.3 million (H1 2019: £14.9 million) following the completion of the first phase of construction of the Oxbox bioprocessing facility at the end of 2019

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[1]Operating EBITDA is defined as Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, Fair value adjustments of available-for-sale assets and share based payments. A reconciliation to GAAP measures is provided on page 9.

OPERATIONAL HIGHLIGHTS (including post period-end events)

Juno Therapeutics / Bristol Myers Squibb Partnership

- In March, a new licence and five-year clinical supply agreement was signed with Juno Therapeutics / Bristol Myers Squibb initially for multiple CAR-T and TCR-T programmes. A £7.8 million ($10 million) upfront payment was received by the Group and up to $217 million could be paid in development, regulatory and sales related milestones in addition to undisclosed process development, scale up and batch revenues and with an undisclosed royalty on sales

Novartis Partnership

- Post the extension of the Novartis partnership by a further five years announced in December 2019, the collaboration continues to strengthen with a sixth vector construct added in the first quarter of 2020
- 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 continues at pace, with more than 25 countries worldwide having approved reimbursement in at least one indication in over 250 qualified treatment centres

- In August, Novartis announced positive data from the Phase II ELARA trial of Kymriah® in patients with relapsed or refractory (r/r) follicular Lymphoma (FL), with filing for this indication anticipated in the US during 2021. Novartis received FDA Regenerative Medicine Advanced Therapy (RMAT) designation for r/r FL earlier this year

COVID-19 Vaccine and Agreement with AstraZeneca

- In April, the Group joined a consortium led by the Jenner Institute, Oxford University to rapidly develop, scale and manufacture a potential vaccine for COVID-19, ChAdOx1 nCOV-19. Subsequently, AstraZeneca entered into an agreement with Oxford University for the global development and distribution of the vaccine, renaming the programme AZD1222
- In May, the Group entered into a one year clinical and commercial supply agreement with AstraZeneca to GMP manufacture the adenoviral vector based COVID-19 vaccine candidate (AZD1222) with multiple batches to be produced through 2020
- In June, Oxford Biomedica signed a five-year agreement with VMIC (Vaccines Manufacturing and Innovation Centre) to enable the rapid manufacture of viral vector based vaccines and with VMIC to provide equipment for two GMP suites in Oxbox to further scale up AZD1222 or other viral vector vaccine candidates
- In September, the Group announced an 18-month supply agreement under a three-year Master Supply and Development Agreement with AstraZeneca for large-scale manufacture of AZD1222, for which the Group was paid a £15 million capacity reservation fee. The Group expects, subject to satisfactory scale up of the process and continuation of the vaccine programme, to receive additional revenues in excess of £35 million until the end of 2021

Other Partnership news and updates

- In July, the Group announced that it had signed a three-year Clinical Supply Agreement (CSA) with Axovant Gene Therapies for the manufacture and supply of Parkinson's disease gene therapy programme AXO-Lenti-PD. This CSA builds on the worldwide licence agreement signed between the two companies in June 2018
- In August, the Group signed a development, manufacture and licence agreement with Beam Therapeutics Inc. for next generation CAR-T programmes and put in place a three year clinical supply agreement. This now takes the total number of the Group's partner programmes to 20

Corporate Developments and Expansion

- Following completion of the building phase of the new 84,000 sqft manufacturing facility (Oxbox) at the end of 2019, the MHRA regulatory approval of the first two suites was received in May. The first partner batches were being produced within Oxbox by the end of the second quarter 2020
- In June, the Group welcomed Dr Roch Doliveux as Non-executive Chairman, following the retirement of prior Chairman Dr. Lorenzo Tallarigo

John Dawson, Oxford Biomedica's Chief Executive Officer, said:
"The first six months of the year, continuing into the second half of 2020, have probably been the busiest I have known in my time at Oxford Biomedica, set against the backdrop of one of the most unusual times in our working history. I am incredibly proud of all of the team for truly excelling in these challenging times. Oxford Biomedica's position as a world leading Lentiviral vector company continues to grow and since the onset of the COVID-19 pandemic, not only have we signed seven partner/collaboration agreements including a major new agreement with Juno Therapeutics, but we have also grown the underlying bioprocessing and commercial development revenues by 24% and signed two agreements with AstraZeneca for manufacture of their potential COVID-19 vaccine. The successful Placing in June allows us to continue to exploit the significant opportunities we see in the growing cell and gene therapy market and maximise the opportunities ahead. We look forward to what will be a busy second half of the year and thank our staff for their dedication and resilience during these unprecedented times."

Analyst briefing
Management will be hosting a briefing for analysts via conference call and webcast at 13:00 (8:00 ET) today, 17 September 2020.

Dial-in details are:

US Participant Toll Free Dial-In Number: (833) 922-1411
US Participant International US-Toll Dial-In Number: +1 (918) 922-6506
UK Participant Local Dial-In Number: (0) 20 3107 0289
UK Participant Toll-Free Dial-In Number: +44 (0) 80 0028 8438
Conference ID: 7266616

In order to join the call, all participants will be required to provide the Conference ID Number listed above

Webcast: https://www.lsegissuerservices.com/spark/OxfordBioMedicaUnitedKingdom/events/c16f5ab0-04d0-4d64-906a-a7a6c3b3b958

Enquiries:

Oxford Biomedica plc

John Dawson, Chief Executive Officer T: +44 (0)1865 783 000
Stuart Paynter, Chief Financial Officer T: +44 (0)1865 783 000
Catherine Isted, Head of Corporate Development & IR T: +44 (0)1865 954 161 / E: ir@oxb.com

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

Mary-Jane Elliott/Matthew Neal

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

James Steel
Dr. Christopher Golden

WG Partners (Joint Corporate Brokers): T: +44 (0)20 3705 9321

David Wilson
Claes Spång

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, ophthalmology, CNS disorders, liver diseases and respiratory disease. The Group has also entered into a number of partnerships, including with Novartis, Bristol Myers Squibb, Sanofi, Axovant Gene Therapies, Orchard Therapeutics, Santen, Beam Therapeutics, Boehringer Ingelheim, the UK Cystic Fibrosis Gene Therapy Consortium and Imperial Innovations, 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 550 people. Further information is available at www.oxb.com

OVERVIEW

The first half of 2020, despite the global COVID pandemic, has seen Oxford Biomedica make great strides forward. In March, Juno/BMS became the Group's second major cell and gene therapy partner, with four additional partner programmes added to the Group's partner pipeline. Juno/BMS also became the first company to sign a partnership agreement with Oxford Biomedica following the completion of Oxbox, which received approval for the first two manufacturing suites in May. Financially the Group has continued to post strong growth, with the underlying bioprocessing and commercial development revenues growing by 24% over first half 2019. This demonstrates the determination of our cell and gene therapy partners that the Group continues to process their programmes despite what was going on in the outside world.

Oxford Biomedica's involvement, initially with the Oxford Consortium and then with AstraZeneca, on their adeno-based COVID vaccine (AZD1222) highlights the Group's experience, flexibility and capabilities beyond the lentiviral vector space for which it is well known. With spare capacity in the new Oxbox manufacturing facility, the Group is delighted to be working with AstraZeneca on such a globally important programme. The Group ended the first half of the year with a significantly strengthened balance sheet with cash of over £50 million following a successful £40 million placing (£38.6 million net of expenses), which leaves the Group in a strong position to maximise the significant opportunities it sees ahead.

OPERATIONAL REVIEW

Juno Therapeutics / Bristol Myers Squibb Partnership

In March, the Group entered into a major new licence and five-year clinical supply agreement with Juno Therapeutics Inc. (a fully owned subsidiary of Bristol Myers Squibb Inc.) worth up to $227 million for initially multiple CAR-T and TCR-T programmes in oncology and other indications. There are currently four active programmes in development.

Under the terms of the agreement Oxford Biomedica received a £7.8 million ($10 million) upfront payment and will potentially receive up to $86 million in development and regulatory milestones and up to a further $131 million in sales-based milestone payments as well as undisclosed royalties on sales. In addition, the Group will receive undisclosed process development, scale up and batch revenues for these programmes. As part of the agreement Oxford Biomedica will provide Juno access to its new approved manufacturing facility, Oxbox. Of the £7.8 million ($10 million) upfront received, £6.2 million ($8 million) was recognised as license revenue in the period with £1.6m ($2m) deferred to be recognised no later than March 2021.

Novartis Partnership

Following the extension of the Novartis collaboration by a further five years in December 2019 and expansion of the number of vector constructs (including Kymriah®) from two to five, the partnership was further expanded with a sixth vector construct added in the first quarter of 2020. Oxford Biomedica continues to be Novartis' sole global supplier of lentiviral vector for Kymriah® (tisagenlecleucel, formerly CTL019) and has been able to fully meet their requirements during the course of the COVID crisis.

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 continues at pace with more than 25 countries worldwide having approved reimbursement in at least one indication in over 250 qualified treatment centres. Kymriah® continues to build momentum showing 27% growth in the second quarter of 2020, over the first quarter of 2020, reporting sales in the quarter of $118 million.

In August, Novartis announced positive data from the Phase II ELARA trial of Kymriah® in patients with relapsed or refractory follicular Lymphoma, with the filing in this indication anticipated in the US during 2021. Novartis received FDA Regenerative Medicine Advanced Therapy (RMAT) designation earlier in the year. The RMAT programme was created to expedite the development and review of regenerative medicine therapies intended to treat, modify, reverse or cure a serious disease.

COVID-19 Vaccine and Agreement with AstraZeneca

In April, the Group joined a consortium led by the Jenner Institute, Oxford University, to rapidly develop, scale and manufacture a potential vaccine for COVID-19, ChAdOx1 nCOV-19. Subsequently AstraZeneca entered into an agreement with Oxford University for the global development and distribution of the vaccine, renaming the programme AZD1222.

In May, the Group entered into a one year clinical and commercial supply agreement with AstraZeneca to GMP manufacture adenoviral vector based COVID-19 Vaccine candidate AZD1222. This initial agreement required Oxford Biomedica to manufacture multiple batches of the vaccine. These batches are now expected to be completed in the second half of 2020.

In June, Oxford Biomedica signed a five-year collaboration agreement with VMIC (Vaccines Manufacturing and Innovation Centre) to enable the rapid manufacture of viral vector based vaccines. As part of the agreement VMIC has provided equipment for two GMP manufacturing suites in Oxbox to further scale up AZD1222 or other potentially viral vector vaccine candidates. The agreement also provides a framework for a longer-term partnership between Oxford Biomedica and VMIC, whereby the Group could rapidly provide its commercial scale manufacturing capacity to supply other novel viral vector vaccine candidates for the UK population

In September, the Group announced an 18-month supply agreement under a three year Master Supply and Development Agreement with AstraZeneca for the large-scale manufacture of AZD1222 and was paid a £15 million capacity reservation fee. The Group expects, subject to satisfactory scale up and continuation of the programme, to receive additional revenue in excess of £35 million until the end of 2021.

Beam Therapeutics

Post the period end, in August, Oxford Biomedica signed a Development, Manufacture and License agreement with Beam Therapeutics (Beam), taking the number of the Group's partner programmes to 20. Beam is a biotech company developing precision genetic medicines through use of base editing. The agreement grants Beam a non-exclusive license to Oxford Biomedica's LentiVector® platform for its application in next generation CAR-T programmes in oncology and also puts in place a three-year Clinical Supply agreement.

Under the terms of the Agreement, Oxford Biomedica will receive an undisclosed upfront payment, as well as payments related to development and manufacturing of lentiviral vectors for use in clinical trials, and certain development and regulatory milestones. In addition, the Group will receive an undisclosed royalty on the net sales of products sold by Beam that utilise the Group's LentiVector® platform.

Existing partner updates

During the first half, the Group continued to make progress with its CDMO partnerships despite the turbulent external environment. This includes the Group's $105 million partnership with Sanofi (formally Bioverativ) for the development and manufacture of lentiviral vectors targeting the treatment of haemophilia, where Sanofi has recently stated that they expect to enter the clinic by 2022.

In May, Orchard Therapeutics (Orchard) announced a new strategic plan with an emphasis on neurometabolic disorder such as their MPS-IIIA (OLT-201) programme while reducing investment on other programmes such as ADA-SCID (OTL-101). OLT-201 is moving ahead in clinical trials with enrolment in their POC study now completed with Orchard expecting interim data to be released in 2021.

Other programmes with Santen and the UK Cystic Fibrosis Gene Therapy Consortium/ Boehringer Ingelheim have also continued to progress.

Proprietary Gene Therapeutics Development

Axovant Gene Therapies

Following on from the initial worldwide licence agreement signed in June 2018, in July this year the Group announced that it had now also signed a three-year Clinical Supply Agreement (CSA) with Axovant Gene Therapies for manufacture and supply of Parkinson's disease gene therapy programme AXO-Lenti-PD.

Under the terms of the CSA, Oxford Biomedica will manufacture GMP batches for Axovant to support the ongoing and future clinical development of AXO-Lenti-PD. Axovant is currently conducting a Phase 2 SUNRISE-PD trial with AXO-Lenti-PD. Dosing of all patients in the second cohort is completed with 6-month safety and efficacy data

expected in the fourth quarter of 2020 with Axovant expecting to initiate the sham-controlled part of the SUNRISE-PD Phase 2 study in 2021.

Sanofi – Ocular assets

In June, the Group announced it 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. Once returned the Group will undertake its own internal evaluation to determine the potential future for these programmes and decide whether to commit further resources to them.

Unencumbered proprietary pipeline programmes

In the first quarter the Group undertook an internal pipeline review to prioritise where preclinical investment will be made on its wholly-owned early-stage pipeline assets. The current portfolio consists of five programmes targeting a number of indications in ophthalmology, oncology, liver and CNS disorders.

OXB-302 (CART-5T4) is currently the Group's priority candidate and targets haematological tumours. The 5T4 antigen has been shown to be highly expressed on various haematological tumours as well as most solid tumours with restricted expression on normal tissues. The Group continues to advance preclinical work on OXB-302 as the Group gets the programme ready for entry into the clinic.

OXB-203, currently in preclinical studies, is targeting Wet AMD and uses our technology to deliver a gene to express afibercept (a VEGF-trap). This programme builds on the demonstrated long term gene expression data seen with its predecessor OXB-201. In addition, the Group is continuing preclinical work on OXB-204 (LCA10) and OXB-103 (ALS) and a new preclinical program, OXB-401 (liver indication) has been initiated.

Papyrus Therapeutics, Inc. research collaboration agreement

In August, the Group signed a research collaboration agreement with Papyrus Therapeutics Inc., an emerging biopharma company developing novel extracellular tumour suppressor therapies for the treatment of cancer. This early stage collaboration will assess what impact and potential therapeutic benefit Papyrus' PYTX-002, a potential first-in-class gene replacement therapy, may confer on a CAR-T cell therapy developed by Oxford Biomedica, initially in preclinical *in vivo* models of solid tumours.

Innovation and LentiVector® platform development

The Group's world leading LentiVector® platform is built on four pillars: expertise, IP (both patents and know-how), facilities and quality systems. The LentiVector® platform underpins not only the collaborations with Oxford Biomedica's partners but also Oxford Biomedica's own proprietary pipeline. The Group is continuing to innovate by adding new IP to its platform such as with the TRiPSystem™, SecNuc™, U1 / U2 in order to increase productivity and quality and LentiStable™ for packaging and producer cell lines.

Investment in automation and robotics is also enabling the continued development of the LentiVector® platform and the research and development collaboration signed with Microsoft to improve yield and quality of next generation vectors continues to progress well.

Expansion of capacity

Post completion of the building phase of the new 84,000 sqft manufacturing facility (Oxbox) at the end of 2019, MHRA regulatory approval of the first two suites and supporting areas such as warehouse, cold chain facilities and QC laboratories was received in May. First partner batches were being produced within Oxbox by the end of the second quarter. Following on from the agreement with VMIC for equipment for the two further suites, the first of these has now received MHRA approval and vaccine production commenced. The Group expects the second of these suites and therefore all four suites in the first phase of Oxbox development to be operational by early in the fourth quarter 2020. Additionally, the instalment of the equipment for the first fill/finish suite is progressing well and is expected to be completed by year end. This first phase of development fits out approximately 45,000 sqft with the remaining fallow area available for flexible expansion in the future.

Building work is also currently being undertaken at Windrush Court to convert office space into GMP laboratories to meet the expected near term demand in commercial development and analytics. The expansion of these GMP facilities is expected to be completed by the end of 2020. In conjunction with this, a lease has been taken on at a new site within the Oxford Business Park, close to Oxbox as a new Corporate Head Office to house the Senior Executive Team and various support functions.

Corporate and organisational development

In June 2020, Oxford Biomedica successfully completed a £40 million placing to new and existing investors, with net proceeds of £38.6 million. A total 5,000,000 new ordinary shares were issued at 800p a 3.5% discount to the prior day's closing price. The proceeds of the placing will provide funding to continue to exploit the significant opportunities in the growing cell and gene therapy market both with current and future partners. It will also provide additional resources for the Group's involvement in potential COVID-19 candidates. In addition, it will enable the Group to remain at the forefront of innovation of lentiviral technology as it continues to progress towards the Group's goal of industrialising lentiviral vectors and driving innovations to enable further scalable cost efficient manufacturing.

In June, the Group also announced the appointment of Dr. Roch Doliveux as Non-executive Chairman following retirement of former chairman Dr. Lorenzo Tallarigo. Dr. Doliveux was previously the Chief Executive Officer of UCB SA for ten years during which time he transformed the company from a diversified chemical group into a global biopharmaceutical leader and is currently the Chairman of the Board of Directors at Pierre Fabre S.A and a Non-Executive Director at Stryker Corporation and UCB SA.

Outlook

With the growth of the Group's partner programmes to 20, the Group expects the underlying lentivector based revenues to continue to grow from bioprocessing and commercial development activities and, as previously observed, the Group expects a stronger second half to the year. In addition, the partnership with AstraZeneca for their potential COVID-19 vaccine (AZD1222) is likely to boost revenues in the year in excess of £10 million subject to successful scale up and regulatory approval of the fourth bioprocessing suite within Oxbox early in the fourth quarter of 2020. Operating EBITDA for the Group is expected to be in the low to mid-single digit million range for the year on this basis.

Capex spend in the second half of the year will be higher than the spend in the first half with conversion of the office space within Windrush Court to GMP laboratories and final costs associated with the completion of the installation of the fill/finish line within Oxbox.

Head count is expected to rise from 584 as of the 30 June to over 650 by year end, as employees are recruited for the additional manufacturing suites within Oxbox as well as in supporting areas such as QA and engineering.

Discussions and feasibility studies are ongoing with various other potential gene and cell therapy partners and the Group aims to increase not only the number of partners but also the number of programmes worked on by existing partners and reconfirms that three new lentiviral vector-based CDMO partnership agreements are expected to be signed during 2020. Additionally, the Group is targeting the spin out / out-licence of one in-house product candidate during 2020 and potential partnership discussions are ongoing, although timings of these transactions are less predictable than those in the CDMO area.

Looking further ahead, with a strengthened balance sheet and with an ever increasing number of partners working with the Group, Oxford Biomedica has never been in a stronger position to capitalise on its world-leading position and to deliver value to shareholders as the Group takes advantage of the opportunities ahead.

Financial Review

The first half of 2020 has been a period of operational resilience and revenue growth for the Group. Whilst the spread of the Coronavirus pandemic saw adjustments to the Group's operating methods and employees working from home where possible, the Group was able to continue bioprocessing product and perform commercial development activities in its laboratories throughout the period. A great achievement which allowed us to generate revenue growth during a very difficult period for businesses across the world. From first joining the Oxford University Jenner institute consortium in April, the Group ultimately signed an agreement with AstraZeneca in May to develop and bioprocess batches of their COVID vaccine. This, together with the new commercial agreements entered into with Juno/BMS and Beam, should see the Group continue to deliver increased commercial activity through the remainder of 2020 if it is able to continue without its operations being interrupted.

The Group also raised £40 million of new equity (£38.6 million net of expenses) in June 2020 in order to refurbish its Windrush Innovation Centre, exploit new opportunities in the cell and gene therapy market, and also provide additional resources for the work the Group is involved with relating to potential COVID-19 candidates.

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

- Revenue (£34.0 million) increased by 6% over H1 2019 (£32.1 million) as a result of the 24% increase in bioprocessing and commercial development revenues and £10.6 million of Licence fees, consisting mainly of the Juno/BMS license fee and Novartis royalties
- Operational results (Operating loss and Operating EBITDA[1]loss) of £5.8 million and £0.4 million respectively improved compared to prior year due to higher revenues partly offset by an investment in its bioprocessing operations and people due to the Oxbox bioprocessing facility coming online in H1 2020
- Operating activities used cash of £0.9 million compared to generating £1.3 million in H1 2019 as increased revenues in H1 2020 were not yet sufficient to offset the additional investment in our operations
- Capital expenditure decreased as expected from £14.9 million in H1 2019 to £5.3 million in H1 2020 mainly as a result of the completion of construction of the Oxbox bioprocessing facility
- Cash burn[2] decreased from a net outflow of £16.9 million in H1 2019 to an outflow of £4.2 million due to the reasons explained above
- Cash at 30 June 2020 was £50.6 million compared to £26.1 million at 30 June 2019

KEY FINANCIAL INDICATORS (£ m)		**H1 2020**	**H1 2019**
Revenues	Bioprocessing/commercial development	23.4	18.8
	Licence fees, milestones & royalties	10.6	13.3
	Total	**34.0**	**32.1**
Operating loss		(5.8)	(6.1)
Operating EBITDA[1]		(0.4)	(1.4)
Cash (consumed)/generated from operating activities		(0.9)	1.3
Capital expenditure		(5.3)	(14.9)
Cash burn[2]		(4.2)	(16.9)
Period end cash	Cash	50.6	26.1
Headcount	Period end	584	480
	Average	575	465

1 Operating EBITDA (Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, Fair value adjustments of available-for-sale assets 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 9.

2 Cash burn is net cash generated from operating activities and less net finance costs paid plus capital expenditure. A reconciliation to GAAP measures is provided on page 12.

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 £34.0 million in H1 2020, 6% above the £32.1 million achieved in H1 2019.

£m	H1 2020	H1 2019
Bioprocessing/commercial development	23.4[1]	18.8[1]
Licence fees, milestones & royalties	10.6	13.3
Revenue	**34.0**	**32.1**

Revenues from bioprocessing/commercial development were 24% higher in H1 2020 as compared to H1 2019, with increased commercial development revenues driven by a greater volume of development activity from customers, Juno/BMS, Beam, and the Cystic Fibrosis Consortium. Revenues generated from bioprocessing clinical and commercial batches increased due to a higher number of batches bioprocessed for Orchard, Juno/BMS and Axovant.

Revenues from licence fees, milestones and royalties, including the £6.2 million ($8 million) Juno milestone achieved in H1 2020, represented a decrease of 20% when compared to the prior year due to £11.5 million ($15 million) Axovant milestone achieved in H1 2019.

1 Included within H1 2019 bioprocessing/commercial development revenues is £0.4m of revenues, recognised as a result of the customer process development claim issue identified in the 2019 Annual report, which was reversed in H2 2019 when the issue was identified by the Group. In H1 2020 after further investigations it was subsequently identified that a portion of the development work was unaffected by the issue and thus the £0.4m revenues was re-recognised in H1 2020. Refer note 15 page 27 for further information.

Operating EBITDA

£m	H1 2020	H1 2019
Revenue	34.0	32.1
Other operating income	0.3	0.5
Total expenses[1]	(34.7)	(34.0)
Operating EBITDA[2]	**(0.4)**	**(1.4)**
Depreciation, amortisation, share option charge and fair value adjustments of available-for-sale assets	(5.4)	(4.7)
Operating (loss)/profit	**(5.8)**	**(6.1)**

[1] Cost of goods plus research, development and bioprocessing costs excluding depreciation, amortisation and share option charge. A reconciliation to GAAP measures is provided on page 10.
[2] Operating EBITDA is defined as Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, Fair value adjustments of available-for-sale assets and share based payments.

Total expenses in H1 2020 were £34.7 million, compared with £34.0 million in H1 2019, a 2% increase on the H1 2019. The increase was driven by the investment in additional bioprocessing capacity required in bringing online the Oxbox bioprocessing facility in H1 2020.

As a result of the increased expenses, the Operating EBITDA loss in H1 2020 was £0.4 million. In H1 2019, the Group generated an Operating EBITDA loss of £1.4 million, the difference being £1.0 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 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 2020	H1 2019
Research and development costs	15.2	12.5
Bioprocessing costs[1]	9.2	4.1
Administrative expenses	4.7	4.0
Operating expenses	**29.1**	**20.6**
Depreciation, amortisation & share option charge	(4.7)	(3.5)
Adjusted operating expenses	**24.4**	**17.1**
Cost of Sales	10.3	16.9
Total expenses	**34.7**	**34.0**

[1] Bioprocessing costs have increased from the prior period due to additional facility costs, headcount and related spend incurred due to the Group's investment in additional bioprocessing capacity at Oxbox.

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

£m	H1 2020	H1 2019
Raw materials, consumables and other external bioprocessing costs	6.4	7.7
Personnel-related	21.2	17.9
External R&D expenditure	3.1	3.9
Other costs	4.0	4.5
Total expenses	**34.7**	**34.0**

Raw materials, consumables and other external bioprocessing costs have decreased as a result of a lower number of batches bioprocessed in H1 2020 as compared to H1 2019, with all the batches in H1 2020 have been produced using our more efficient lower cost bioreactor process. Personnel related costs are higher due to average employee numbers increasing from 465 in H1 2019 to 575 in H1 2020. External R&D expenditure was lower due to lower levels of research and clinical development spend due to the impact of COVID-19. Other costs were in line with prior year as the recognition of a liability from a customer regarding certain process development work performed in 2019 was offset by a higher large company research and development tax credit.

Operating loss and net loss

£m	H1 2020	H1 2019
Operating EBITDA[1]	**(0.4)**	**(1.4)**
Depreciation, amortisation and share option charge	(4.7)	(3.5)
Change in fair value of assets at fair value through profit & loss	(0.7)	(1.2)
Operating loss	**(5.8)**	**(6.1)**
Interest	(0.4)	(5.0)
Foreign exchange revaluation	-	(1.0)
Taxation	(0.5)	1.9
Net loss	**(6.7)**	**(10.2)**

[1] Operating EBITDA is defined as Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, Fair value adjustments of available-for-sale assets and share based payments.

In arriving at the Operating loss, the Operating EBITDA loss of £0.4 million was further impacted by additional depreciation, amortisation and the share option charge; as well as the change in fair value of assets at fair value through profit & loss.

Depreciation increased by £0.8 million mainly due to depreciation on the increased asset base including the Oxbox manufacturing facility and related bioprocessing assets. The share option charge increased by £0.4 million due to the increased employee headcount.

In H1 2020 a £0.7 million (2019: £1.2m loss) change in fair value was recognised on the Orchard Therapeutics asset held at fair value through profit and loss based on the share price at the date the shares were sold, as well as the value at 30 June 2020 for those shares still held by the Group.

The impact of these charges resulted in an operating loss of £5.8 million compared to a loss of £6.1 million in 2019.

The interest charge decreased by £4.6 million compared to H1 2019 as a result of the early repayment of the Oaktree loan, with only interest arising on the IFRS 16 leases remaining as compared to £0.3m in H1 2019.

As the Oaktree loan was repaid in June 2019 there was no gain or loss on revaluation of the loan in 2020.

The tax credit in H1 2020 reverted to a liability of £0.5m as the Group ceased being eligible to claim a research and development tax credit under the Government's small company scheme. The £0.5m liability represents a liability on the large company research and development taxation credit included under Other costs which the Group is still able to claim.

As a consequence of the above, the net loss for H1 2020 was £6.7 million, as compared to a loss of £10.2 million in H1 2019.

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 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)

H1 2019

£m	Platform	Product	Total
Revenues	19.3	12.8	32.1
Operating EBITDA[1]	(11.0)	9.6	(1.4)
Operating (loss)/profit	(15.4)	9.3	(6.1)

1 A reconciliation to GAAP measures is provided on page 9.

Revenues from the platform segment were higher than H1 2019 due to an increase in bioprocessing and commercial development revenues, as well as £6.2m of Juno/BMS license fee recognised. Operating results were improved mainly due to the revenue increase of £14.4 million.

Results from the product segment were lower as the £11.5 million ($15 million) Axovant milestone achieved in H1 2019 on dosing of the first patient in the second cohort did not recur.

Cash flow

£m	H1 2020	H1 2019
Operating loss	(5.8)	(6.1)
Depreciation, amortisation and share option charge	4.7	3.5
Revaluation of equity investments	0.7	1.2
Operating EBITDA	**(0.4)**	**(1.4)**
Working capital	(0.5)	2.7
Cash (consumed)/generated from operations	**(0.9)**	**1.3**
Capital expenditure	(5.3)	(14.9)
Sale of available-for-sale assets	2.5	-
Interest paid, less received	(0.5)	(3.3)
Cash burn	**(4.2)**	**(16.9)**

As discussed above, the Operating EBITDA loss for the first six months of 2020 was £1.0 million higher than the £1.4 million loss achieved in H1 2019. The negative inflow from working capital was mainly as a result of the increased cost base due to investment in increasing our bioprocessing capacity. Capital expenditure decreased from £14.9 million in H1 2019 to £5.3 million in H1 2020 as the construction of the first phase of the Oxbox bioprocessing facility came to an end.

Interest paid of £0.5 million in H1 2020 was £2.8 million lower than in H1 2019 mainly due to the repayment of the Oaktree loan at the end of June 2019.

Statement of financial position

Non-current assets – Property, plant and equipment increased from £61.9 million to £66.1 million due to the £5.3 million of capital expenditure incurred as part of the construction and fit-out of the Oxbox bioprocessing facility, and £2.4 million of right-of-use assets recognised upon signing of the corporate office lease in Oxford.

Current assets – Assets at fair value through profit & loss decreased by £2.4m as a result of the sale of Orchard shares, and the devaluation of the Orchard investment based on the quoted Orchard share price at year end. Trade and other receivables and Contract assets increased from £30.0 million to £31.4 million mainly due to the increased large company research and development tax credit in H1 2020. Inventories increased to £3.2 million from £2.6 million at 31 December 2019 due to increased raw material balances as a result of forecasted increased bioprocessing activities and Brexit and COVID-19 stock building. Current tax assets have decreased by £0.5 million due to the notional tax charge on the large company research and development tax credit.

Current liabilities – Trade and other payables have increased from £14.3 million at the start of the year to £16.4 million due to increased employee headcount and operational activities. Contract liabilities have increased by £0.2 million due to the recognition of income received in advance in relation to commercial development activities. Deferred income decreased due to the recognition of Innovate grant income. Lease liabilities increased by £0.3 million due to the recognition of an IFRS 16 liability with regards to the new corporate office.

Non-current liabilities – A £0.6m provision was recognised as a result of the recognition of a liability due to a customer regarding an aspect of certain process development work performed in 2019 being the main contributor to the £0.7 million increase in provisions. Lease liabilities increased by £1.9 million due to the recognition of an IFRS 16 liability with regards to the new corporate office. Contract liabilities decreased by £0.6 million as the liabilities became current. Deferred tax decreased due to the sale of shares and the change in fair value of the Orchard asset held at fair value through profit and loss.

The Group's cash resources at 1 January 2020 were £16.2 million. Cash outflows from operations were £0.9 million. Other significant cash flows were £38.6 million of net cash received from equity issued and £2.5 million from the sale of Orchard shares, offset by capital expenditure of £5.4 million. The cash balance at 30 June 2020 was £50.6 million.

Financial outlook

The Group continues to target improved financial performance in 2020. The contracts signed in 2020 with Juno/BMS, AstraZeneca, Beam and Axovant, together with continued bioprocessing and commercial development activities performed for existing customers have driven the growth in revenues in H1 2020. Additive commercial development and bioprocessing revenues are expected from these partnerships in the future with the Group expecting to continue growing it commercial development activities and to also start filling up the new capacity generated through bringing Oxbox online in May 2020.

As before, the Group continues to recognise the importance of focusing on building and maintaining its commercial relationships with its customers, old and new. The success of our customers is seen as key to driving growth in new customer relationships in the rest of 2020 and 2021.

The Group continues to develop its proprietary pipeline, in preparation for further discussions regarding out-licensing or spinout of these programmes, but also to determine which programmes it would focus on in preclinical development to potentially take through into early stage clinical studies in the coming 12-18 months.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are unchanged, other than as set out below, from those set out in the 2019 Annual Report & Accounts which is available on the Group's website at www.oxb.com.

UK's departure from European Union ("Brexit")

The impact of the UK's departure from the European Union is not yet clear but it may significantly affect the fiscal, monetary and regulatory landscape in the UK, and could have a material impact on the UK's economy and the future growth of its industries, including the pharmaceutical and biotechnology industries.

Depending on the free trade agreement terms negotiated between EU Member States and the UK following Brexit, the UK could lose access to the single European Union market and to the global trade deals negotiated by the European Union on behalf of its members. Although it is not possible at this point in time to predict fully the effects of the free trade agreement with the European Union, it could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, it may impact the Group's ability to comply with the extensive government regulation to which it is subject and impact the regulatory approval processes for its product candidates.

COVID-19

As a result of the COVID-19 pandemic, the Group conducted an assessment of the potential financial and operational risks to the business. While the Group is yet to experience any significant impact from the virus, there may be an impact on revenue, supply chain and operating facilities if the situation worsens. Management continues to constantly monitor the ongoing situation.

The Group has implemented a daily senior management working group to monitor current COVID-19 developments and GOV.UK guidance, to risk assess the Group's supply chain and to direct the Group's phased response. The Group is working with staff, customers and suppliers to monitor any potential disruption and, so far, the Group has not experienced any, and does not currently expect to experience, significant supply issues or any changes in overall customer demand.

The Group continues to monitor the potential impact on the supply chain, with a particular focus on key manufacturing and process development inventories. To date we have not seen any impact but we are aware there is the potential for shortages in certain inventories globally.

The Group has a duty of care towards all employees, and therefore we expect some of our staff to be required to self-isolate to prevent the possible spread of infection. The Group has taken action to mitigate the spread of infection at our facilities through enhanced cleaning processes, staggering of shifts and the provision of hand sanitiser in common areas. The Group continually assesses the risks for employees, regularly communicates with staff on the ongoing situation, and has implemented steps to contain any spread such as publicising good personal hygiene practices, enforcing a travel management prevention strategy and encouraging people to work from home.

As part of the 2020 strategy, the Group has increased the level of finished goods held in warehouses which will mitigate the risk in the short term against labour shortages and subsequent production delays at our key suppliers.

Going concern

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

Notwithstanding a loss for the half year ended 30 June 2020 of £6.7 million and operating cash outflows for the year of £0.9 million, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Group has raised an additional £40 million in cash through a successful equity placement during June 2020 and including this have £50 million in cash and cash equivalents as at 30 June 2020.

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 which indicate that, taking account of severe but plausible downsides, including the impacts of COVID-19, the Group will have sufficient funds, through cash balances and operational activities, to meet its liabilities as they fall due for that period.

Consequently, 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.

Although the UK's decision to leave the European Union may significantly affect the fiscal, monetary and regulatory landscape in the UK, the Group has assessed the future impact of Brexit on its operations to be minor.

Therefore, the Directors have continued to adopt the going concern basis of preparation in the interim financial statements.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2020

	Notes	**Six months ended 30 June 2020 Unaudited £'000**	Six months ended 30 June 2019 Unaudited £'000
Revenue		33,979	32,101
Cost of sales		(10,314)	(16,831)
Gross profit		23,665	15,270
Bioprocessing costs		(9,195)	(4,116)
Research and development costs		(15,168)	(12,484)
Administrative expenses		(4,692)	(4,028)
Other operating income		327	463
Change in fair value of available-for-sale asset	8	(703)	(1,166)
Operating loss		(5,766)	(6,061)
Finance income		13	70
Finance costs	6	(373)	(6,122)
Loss before tax		(6,126)	(12,113)
Taxation		(553)	1,945
Loss and total comprehensive expense for the period		(6,679)	(10,168)
Basic and diluted loss per ordinary share	5	(8.69p)	(14.83p)

The notes on pages 19 to 27 form part of this financial information.

Consolidated statement of financial position

as at 30 June 2020

	Notes	**30 June 2020 Unaudited £'000**	31 December 2019 Audited £'000
Assets			
Non-current assets			
Intangible assets		84	95
Property, plant and equipment	7	66,094	61,932
Trade and other receivables	10	3,605	3,605
Deferred tax assets		-	359
		69,783	65,991
Current assets			
Inventory	9	3,174	2,579
Assets held for sale	8	366	2,719
Trade and other receivables	10	14,209	16,639
Contract assets	11	17,185	13,406
Current tax assets		4,858	5,351
Cash and cash equivalents	12	50,619	16,243
		90,411	56,937
Current liabilities			
Trade and other payables	13	16,391	14,297
Contract liabilities		13,394	13,156
Deferred income		647	1,006
Lease liabilities	14	827	482
		31,259	28,941
Net current assets		59,152	27,996
Non-current liabilities			
Lease liabilities	14	9,789	7,907
Provisions	15	5,806	5,086
Contract liabilities		1,063	1,695
Deferred income		3,373	3,310
Deferred tax liability		61	359
		20,092	18,357
Net assets		108,843	75,630
Shareholders' equity			
Share capital	16	40,967	38,416
Share premium	16	258,701	222,618
Other reserves		2,291	2,291
Accumulated losses		(193,116)	(187,695)
Total equity		108,843	75,630

The notes on pages 19 to 27 form part of this financial information.

Consolidated Statement of Cash Flows

for the six months ended 30 June 2020

	Notes	**Six months ended 30 June 2020 Unaudited £'000**	Six months ended 30 June 2019 Unaudited £'000
Cash flows from operating activities			
Cash (consumed in)/generated from operations	17	**(938)**	1,305
Cash flows from investing activities			
Purchases of property, plant and equipment	7	**(5,350)**	(14,928)
Proceeds on disposal of property, plant and equipment		**-**	2
Proceeds on disposal of investments	8	**2,523**	148
Interest received		**13**	49
Net cash used in investing activities		**(2,814)**	(14,729)
Cash flows from financing activities			
Interest paid		**-**	(3,352)
Proceeds from issue of ordinary share capital		**40,167**	55,306
Costs of share issues		**(1,533)**	(640)
Payment of lease liabilities		**(506)**	(471)
Loans repaid		**-**	(43,589)
Net cash generated from financing activities		**38,128**	7,254
Net increase/ (decrease) in cash and cash equivalents		**34,376**	(6,170)
Cash and cash equivalents at 1 January 2020		**16,243**	32,244
Cash and cash equivalents at 30 June 2020	12	**50,619**	26,074

The notes on pages 19 to 27 form part of this financial information.

Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 30 June 2020 (Unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant reserve £'000	Accumulated Losses £'000	Total £'000
At 1 January 2019	**33,034**	**172,074**	**2,291**	**1,218**	**(173,876)**	**34,741**
Six months ended 30 June 2019:						
Profit for the period	-	-	-	-	(10,168)	(10,168)
Total comprehensive income for the period	-	-	-	-	(10,168)	(10,168)
Transactions with owners:						
Share options						
Proceeds from shares issued	112	374	-	-	-	486
Value of employee services	-	-	-	-	965	965
Issue of shares excluding options	3,875	49,600	-	-	-	53,475
Costs of share issues	-	(640)	-	-	-	(640)
Exercise of warrants	1,345	1,218	-	(1,218)	-	1,345
At 30 June 2019	38,366	222,626	2,291	-	(183,079)	80,204
Six months ended 31 December 2019:						
Profit for the period	-	-	-	-	(5,898)	(5,898)
Total comprehensive income for the period	-	-	-	-	(5,898)	(5,898)
Transactions with owners:						
Share options						
Proceeds from shares issued	50	121	-	-	-	171
Value of employee services	-	-	-	-	1,282	1,282
Costs of share issues	-	(129)	-	-	-	(129)
At 31 December 2019	**38,416**	**222,618**	**2,291**	**-**	**(187,695)**	**75,630**
At 1 January 2020						
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
Cost of share issues	-	(1,533)	-	-	-	(1,533)
At 30 June 2020	**40,967**	**258,701**	**2,291**	**-**	**(193,116)**	**108,843**

The notes on pages 19 to 27 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 2020 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 2019.

The financial information set out above does not constitute the Company's Statutory Accounts. Statutory accounts for the year ended 31 December 2019 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 a material uncertainty related to going concern, but no other 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 2019 Annual Report.

These condensed consolidated interim financial statements were approved by the Board of Directors on 17 September 2020. 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 2020 and no material change in related-party transactions from those described in the last annual report.

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 financial statements.

Notwithstanding a loss for the half year ended 30 June 2020 of £6.7 million and operating cash outflows for the year of £0.9 million, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Group has raised an additional £40 million in cash through a successful equity placement during June 2020 and including this have £50 million in cash and cash equivalents as at 30 June 2020.

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 which indicate that, taking account of severe but plausible downsides, including the impacts of COVID-19, the Group will have sufficient funds, through cash balances and operational activities, to meet its liabilities as they fall due for that period.

Consequently, 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.

Although the UK's decision to leave the European Union may significantly affect the fiscal, monetary and regulatory landscape in the UK, the Group has assessed the future impact of Brexit on its operations to be minor.

Therefore, the Directors have continued to adopt the going concern basis of preparation in the interim financial statements.

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 2019, as described in those financial statements, subject to the implementation of IFRS 16 (Leases) as discussed in notes 1 and in note 3 below.

Judgements

Going concern

Management and the Directors have had to make estimates and important judgements when assessing the going concern status of the Group. The conclusions of these estimates and judgements are reported in several places in these condensed consolidated interim financial statements including the Financial Review (page 8) and Note 2 to the financial statements (page 19).

Contract revenues: Identification of performance obligations, allocation of revenue and timing of revenue recognition

The Group has identified three key areas of judgement within the collaboration agreements entered into during the period. Firstly, in relation to the number of distinct performance obligations contained within each collaboration agreement; secondly the fair value allocation of revenue to each performance obligation; and thirdly the timing of revenue recognition based on the achievement of the relevant performance obligation. The sales royalties contained within the collaboration agreements qualify for the royalty exemption available under IFRS 15 and will only be recognised as the underlying sales are made.

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

Lease liability discount rate

Since the rates implicit in our leases are not readily determinable, we use the Group's incremental borrowing rates (the rate of interest that we would have to pay to borrow on a collateralised basis over a similar term for an amount equal to the lease payments in a similar economic environment) based on the information available at commencement date in determining the discount rate used to calculate the present value of lease payments. The rates have been determined using previously available information on borrowing rates as well as indicative borrowing rates that would be available to us based on the value, currency and borrowing term provided by financial institutions, adjusted for Group and market specific factors. Although we do not expect our estimates of the incremental borrowing rates to generate material differences within a reasonable range of sensitivities, judgement is involved in selecting an appropriate rate, and the rate selected for each lease will have an impact on the value of the lease liability and corresponding right-of-use (ROU) asset in the Consolidated Statement of financial positions.

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 £13,020,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £1,302,000 higher or lower.

Percentage of completion of fixed price process development revenues

As it satisfies its performance obligations the Group recognises revenue and the related contract asset with 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 £5,521,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £552,000 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 four and a half years, and has applied the percentage of out of specification batches to total batches produced across the assessed period to the revenue recognised on batches which have not yet completed the bioprocessing process at year end. This estimate, based on the historical percentage, may be significantly higher or lower depending on the number of bioprocessing batches actually going out of specification in future. If the historical percentage had been 10% higher or lower, the estimate would be £92,000 higher or lower. The estimate will increase or decrease based on the number of bioprocessing batches which go out of specification over the historic assessment period, but also the number of bioprocessing batches which have not yet completed the bioprocessing process at year end.

Consequently, bioprocessing revenue of £0.9 million (2019: £1.5 million) has not been recognised during 2020 with the corresponding credit to contract liabilities. This unrecognised revenue will be recognised as the batches complete bioprocessing, although batches bioprocessed in 2020 and beyond will be included in the estimate as they progress through the bioprocessing process.

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, Chief Medical Officer, General Counsel and Chief People 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 (loss)/profit by segment
Operating EBITDA and Operating (loss)/profit 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 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)/profit	(3,117)	(2,649)	(5,766)
Net finance cost			(360)
Loss before tax			(6,126)

H1 2019	Platform £'000	Product £'000	Total £'000
Revenue	19,338	12,763	32,101
Other operating income	463	-	463
Operating EBITDA[1]	(11,025)	9,615	(1,410)
Depreciation, amortisation and share based payment	(3,127)	(358)	(3,485)
Change in fair value of available-for-sale asset	(1,166)	-	(1,166)
Operating (loss)/profit	(15,318)	9,257	(6,061)
Net finance cost			(6,052)
Loss before tax			(12,113)

[1] Operating EBITDA is defined as Earnings Before Net Finance Costs, Tax, Depreciation, Amortisation, Change in fair value of available-for-sale assets and share based payments

Other operating income of £0.3 million (2019: £0.5 million) includes grant income of £0.3 million (2018: £0.5 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 (loss)/profit 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 6 months ended 30 June

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**

2019	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	17,585	1,253	18,838
Licence fees, Milestones & Royalties	1,753	11,510	13,263
Total	**19,338**	**12,763**	**32,101**

Revenue by geographical location

Revenue by customer location	30 June 2020 £'000	30 June 2019 £'000
Europe	18,972	16,662
Rest of world	15,007	15,439
Total revenue	33,979	**32,101**

In the first half of 2020 Novartis and Juno/BMS each generated more than 10% of the Group's revenue.

5. Basic earnings and diluted earnings per ordinary share

The basic loss per share of (8.69p) (2019: 14.83p) has been calculated by dividing the loss for the period by the weighted average number of shares in issue during the six months ended 30 June 2020 (76,859,131; 2019: 68,558,129).

The Group made a loss for the period ended 30 June 2020. There is therefore no difference between the basic loss per ordinary share and the diluted loss per ordinary share in the period.

6. Finance costs

Finance costs of £0.4 million (2019: £6.1 million) consist of lease liability interest recognised as part of the implementation of IFRS 16 (Leases) of £0.4 million (2019: £0.3m). 2019 also included interest on the Oaktree loan of £4.8 million and a foreign exchange revaluation loss on the loan of £1.0 million, this facility was repaid on 28 June 2019.

7. Property, plant & equipment

	Freehold property £'000	Leasehold improvements[1] £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right-of-use assets £'000s	Total £'000
Cost						
At 1 January 2020	21,427	21,908	7,395	20,174	11,400	82,304
Additions at cost	177	2,392	779	2,002	2,461	7,811
Reclassifications	212	461	210	(883)	-	-
Disposals	-	-	-	-	-	-
At 30 June 2020	21,816	24,761	8,384	21,293	13,861	90,115
Depreciation						
At 1 January 2020	8,360	1,679	3,054	6,440	839	20,372
Charge for the period	1,031	387	500	1,146	585	3,649
Disposals	-	-	-	-	-	-
At 30 June 2020	9,391	2,066	3,554	7,586	1,424	24,021
Net book amount at 30 June 2020	**12,425**	**22,695**	**4,830**	**13,707**	**12,437**	**66,094**
Net book amount at 31 December 2019	13,067	20,229	4,341	13,734	10,561	61,932

8. Assets held at fair value through profit and loss

Reconciliation of opening and closing balances:

	30 June 2020 £'000	31 December 2019 £'000
At 1 January 2020	2,719	-
Reclassification of investment as available-for-sale asset	873	10,966
Costs to sell available-for-sale asset	-	(94)
Change in fair value of available-for-sale asset	(703)	(1,883)
Sale of shares	(2,523)	(6,270)
At 30 June 2020	**366**	**2,719**

During the first half of 2019 the Group determined that the equity held in Orchard Therapeutics met the definition of an Asset at fair value through profit & loss under IFRS 5. As such, the equity investment was reclassified from Investments held at fair value through profit and loss (non-current assets) to Assets at fair value through profit & loss (current assets).

9. Inventory

	30 June 2020 £'000	31 December 2019 £'000
Raw materials	**3,174**	2,579
Inventory	**3,174**	2,579

Inventories constitute raw materials held for commercial bioprocessing purposes.

During 2020, the Group wrote down £4,000 (2019: £83,000) of inventory which is not expected to be used in production or sold onwards.

10. Trade and other receivables

Current	30 June 2020 £'000	31 December 2019 £'000
Trade receivables	**8,398**	12,766
Other receivables	**539**	563
Other tax receivable	**3,388**	1,537
Prepayments	**1,884**	1,773
Total trade and other receivables	**14,209**	16,639

Non-current	30 June 2020 £'000	31 December 2019 £'000
Other receivables	**3,605**	3,605

11. Contract Assets

	30 June 2020 £'000	31 December 2019 £'000
Contract assets	**17,185**	13,406

12. Cash and cash equivalents

	30 June 2020 £'000	31 December 2019 £'000
Cash at bank and in hand	**50,619**	16,243

13. Trade and other payables

	30 June 2020 £'000	31 December 2019 £'000
Trade payables	**5,843**	7,311
Other taxation and social security	**1,063**	1,042
Accruals	**9,485**	5,944
Total trade and other payables	**16,391**	14,297

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	**Total £'000**
Balance at 1 January 2020	10,419	-	142	10,561
Additions	2,324	137	-	2,461
Depreciation charge for the period	(533)	(22)	(30)	(585)
Balance at 30 June 2020	12,210	115	112	12,437

The additions in the period related to the inception of a Corporate head office lease (2019: nil)

Lease liabilities

	30 June 2020 £'000
Maturity analysis – contractual undiscounted cash flows	
Less than one year	1,508
One to five years	5,765
More than five years	8,393
Total undiscounted cash flows at 30 June 2019	15,666

	30 June 2020 £'000
Lease liabilities included in the Statement of Financial Position	
Current	827
Non-current	9,789
Total lease liabilities at 30 June 2019	**10,616**

Amounts recognised in the statement of comprehensive income

	30 June 2020 £'000
Interest on lease liabilities	**367**
Expense relating to short-term leases	**72**

Amounts recognised in the statement of cash flows

	30 June 2020 £'000
Total cash outflow for leases	**506**

15. Provisions

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 the restoration costs of £105,000.

The dilapidations provisions relate to the anticipated costs of restoring the leasehold Oxbox, Yarnton, 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 2019. The provisions will be utilised at the end of the leases if they are not renewed.

Customer process development claim

As disclosed in the 2019 Annual report, the Group identified an issue regarding an aspect of certain process development work performed on behalf of a customer in 2018 and 2019 which potentially gave rise to a material claim against the Group. The Group has been in communication with the third party and has recognised a provision for a customer claim with an expected settlement value of £609,000. The Group has insurance cover, which they intend to use, however the Group cannot be confident to a highly probable level that the full extent of any potential claim would be covered, therefore no contingent asset has been recognised.

As at 31 December 2019, the Group had assessed the performance obligations for which the revenue had been recognised, and had reversed all affected revenues relating to those work packages, with the liability recognised within Contract liabilities due within one year. Subsequent investigations during the first half of 2020 have identified that certain of the work packages for which revenue was reversed at year end, were not affected, and thus the revenue relating to those unaffected work packages of £0.8 million has been recognised in H1 2020.

16. Share capital and Share premium

At 31 December 2019 and 30 June 2020 Oxford Biomedica had an issued share capital of 76,859,131 and 82,046,996 ordinary 50 pence shares respectively.

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.

187,865 shares were created as a result of the exercise of options by employees during the period.

17. Cash flows from operating activities

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

	Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
Continuing operations		
Operating loss	(5,766)	(6,061)
Adjustment for:		
Depreciation	3,649	2,782
Amortisation of intangible assets	11	11
Loss on disposal of property, plant and equipment	-	6
Charge in relation to employee share scheme	1,257	965
Change in fair value of available-for-sale asset	703	1,166
Costs to sell available-for-sale asset	-	97
Changes in working capital:		
Increase in contract assets and trade and other receivables	(2,216)	(5,169)
Increase in trade and other payables	2,094	1,844
(Decrease)/ increase in contract liabilities and deferred income	(690)	4,522
Increase in provisions	615	8
(Increase)/ decrease in inventories	(595)	1,134
Net cash (used in)/ generated from operations	(938)	1,305

18. Statement of Directors' responsibilities

The Directors of Oxford Biomedica plc are set out on page 29 of this report.

The condensed consolidated interim financial statements are the responsibility of, and have been prepared by, the Directors. The Directors confirm that they 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 and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months 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 financial year; and
- Material related party transactions in the first six months and any material change in related-party transactions described in the last annual report.

By order of the Board

John Dawson
Chief Executive Officer
17 September 2020

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 2020 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
33 Forbury Road
Reading
RG1 3AD
17 September 2020

Shareholder Information

Directors
Roch Doliveux
(Non-executive Chairman)

John Dawson
(Chief Executive Officer)

Stuart Paynter
(Chief Financial Officer)

Stuart Henderson
(Deputy Chairman and Senior Independent Director)

Martin Diggle
(Non-executive Director)

Andrew Heath
(Non-executive Director)

Heather Preston
(Independent Non-executive Director)

Robert Ghenchev
(Non-executive Director)

Financial adviser and joint broker
Peel Hunt
Moor House
120 London Wall
London EC2Y 5ET

Financial adviser and joint broker
WG Partners
85 Gresham Street
London EC2V 7NQ

Financial and Corporate Communications
Consilium Strategic Communications
41 Lothbury
London EC2R 7HG

Registered Auditor
KPMG LLP
Arlington Business Park
Reading
RG7 4SD

Solicitor
Covington & Burling LLP
265 Strand
London WC2R 1BH

Registrars
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

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