Oxford Biomedica

Saving lives

Annual report and accounts 2020

Oxford Biomedica in brief

Oxford Biomedica is a leading, fully integrated, cell and gene therapy group focused on developing life changing treatments for serious diseases. Cell and gene therapy is the treatment of disease by the delivery of therapeutic DNA into a patient's cells. This can be achieved either *in vivo* (referred to as gene therapy) or *ex vivo* (referred to as cell therapy), the latter being where the patient's cells are genetically modified outside the body before being re-infused.

Oxford Biomedica and its subsidiaries (the "Group") have built a sector leading lentiviral vector delivery system, LentiVector® platform, 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 cell and gene therapy product candidates in the areas of oncology, ophthalmology, CNS disorders and liver diseases.

The Group has also entered into a number of partnerships, including with Novartis, Juno Therapeutics/Bristol Myers Squibb, SIO 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 cell and gene therapy products.

Additionally the Group has signed a three-year master supply and development agreement with AstraZeneca for large-scale manufacturing of the adenoviral based COVID-19 vaccine the ("Oxford AstraZeneca COVID-19 vaccine") Oxford Biomedica is based across several locations in Oxfordshire, UK and employs more than 670 people.

Oxford Biomedica

We are Oxford Biomedica.

A life-saving healthcare company at the leading edge of cell and gene therapy medicine.

Q&A

Our new Chair, Dr. Roch Doliveux, responds to the FAQs of the moment.

Q: What attracted you to the role of Chair at Oxford Biomedica?

A: I am fascinated by the cell and gene therapy space, which is poised to deliver the next wave of breakthroughs in medicine. OXB has a clear leadership position in lentiviral vectors on which to build, with the potential to save and improve the lives of so many more people. Also, OXB enjoys a collegial culture both amongst the management team and the Board. This spirit of winning together is quite special and I particularly thrive in this environment.

"I am fascinated by the cell and gene therapy space, which is poised to deliver the next wave of breakthroughs in medicine."

Q: What impressed you most once you joined?

A: When I joined, I knew there was great depth in the scientific knowledge around lentiviral vectors at OXB. Having spent time with our scientists, I am now even more impressed. I am equally impressed by the Chemistry, Manufacturing and Controls (CMC), knowhow and ability to deliver all the way through particularly competitive manufacturing: these are impressive combined strengths which differentiates OXB in the marketplace.

"When I joined, I knew there was great depth in the scientific knowledge around lentiviral vectors at OXB. Having spent time with our scientists, I am now even more impressed."

Q: What surprised you most once you joined?

A: The biggest surprise was what OXB has been able to achieve and deliver with the Oxford AstraZeneca COVID-19 vaccine in such a short period of time. The team promptly applied its expertise to work with a new viral vector, a different process and scaling up to levels we have not worked at before. Using our knowhow in technology, CMC and manufacturing, OXB has become one of the main manufacturers for the Oxford AstraZeneca COVID-19 vaccine in the UK with amazing performance and a sense of urgency.

"OXB has become one of the main manufacturers for the Oxford AstraZeneca COVID-19 vaccine in the UK with amazing performance and a sense of urgency."

Q: How have the first 9 months in the role been?

A: Busier than I thought! With the COVID-19 crisis, it has been an unusual time to join an organisation, as I have only met John Dawson, our CEO, in person. However, the culture and collegiality of OXB, combined with frequent interactions, have made it possible to achieve a lot. As I joined, the Group achieved a successful fundraise quickly followed by the decision and successful implementation of the manufacturing of the Oxford AstraZeneca COVID-19 vaccine. A major concern for us was preventing COVID-19 in our workplace. Thankfully, our manufacturing staff were vaccinated in February with the vaccine we are manufacturing and the risk and worry that COVID-19 could disrupt that important work dissipated. Perhaps more importantly for the long term, the Board committed to our strategy to grow our Contract Development and Manufacturing organisation (CDMO) leadership position and build our portfolio of medicines targeting severe diseases.

"A major concern for us was preventing COVID-19 in our workplace. Thankfully, our manufacturing staff were vaccinated in February with the vaccine we are manufacturing and the risk and worry that COVID-19 could disrupt that important work dissipated."

Q: What has your experience as CEO of UCB and in other roles, allowed you to bring to the OXB Board?

A: Having been the CEO of an innovative biopharma company as well as mentoring many CEOs, there are certainly many experiences that could be relevant for OXB on the delivery of our services and new medicines. I bring to OXB my whole drive, purpose and my energy. The purpose drives the strategy and focus on implementation drives performance. I believe these involve both organic and inorganic developments and partnerships. I also trust that the connections I have built over the years will help future partnerships and therefore help enable OXB to maximise its full potential.

Dr. Roch Doliveux, Chair
A biography detailing Dr. Roch's extensive experience in the sector can be found on page 78.

Questions and answers

Q: What drives you?

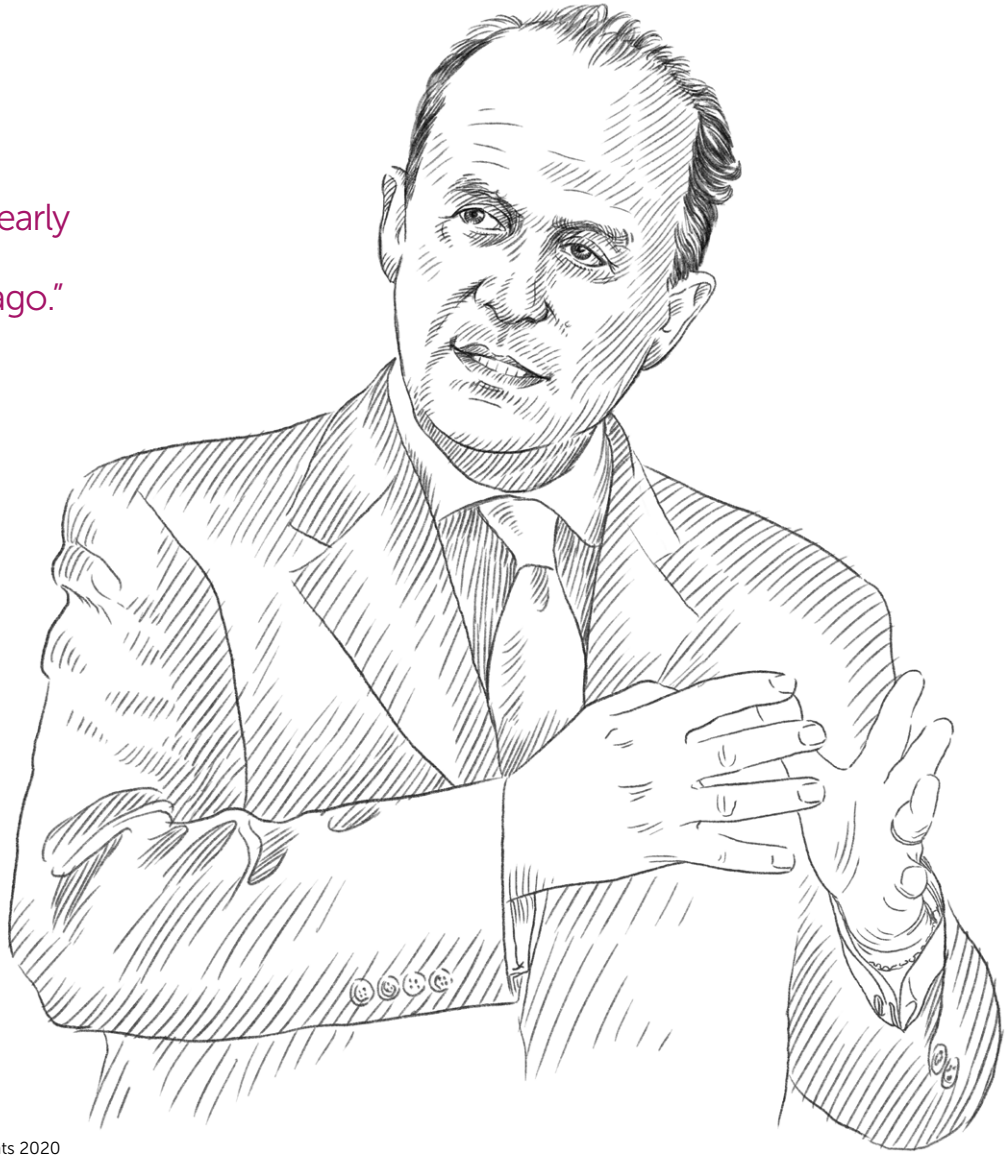
A: I am driven mostly by three things. Firstly saving lives and making the lives of those that are suffering better. This is done through hard and smart work. The second dimension that drives me is talent, and maximising the potential of talent and teams. The third area is the need to perform, for example, performance in revenues, market share, profitability, IP, share price and performance in bringing life-saving medicines to patients.

"I am driven mostly by saving lives and making the lives of those that are suffering better."

Q: How do you see the cell and gene therapy field in the coming years and OXB's opportunity to capitalise on this?

A: Monoclonal antibodies and other large molecules have been an amazing source of innovative medicines and have made many companies successful, including UCB. Cell and gene therapy is clearly the next wave, just like antibodies were 20 years ago; many of the same key success factors will apply, including great technology platforms, the right disease targets, performant CMC and manufacturing, solid development and regulatory skills, customer centric commercialisation, strong IP, access to knowledge, long term capital and great talent.

"Cell and gene therapy is clearly the next wave, just like antibodies were 20 years ago."



Q: You were known for being acquisitive in your time at UCB, do you see growth being mainly organic or inorganic?

A: Both; however the most important part is to build on strengths and combining strengths which could be through technology partnerships not just via a traditional acquisition route. I am not driven by acquisitions but by continuously building strengths to maximise the potential of the company, whether it was for UCB as CEO, and now for OXB as Chair.

"In such a complex and rapidly moving world, we need diversity of thought, talent and experiences around the Board table and within the wider Group to help make the right decisions."

Q: Are you committed to OXB being a CDMO as well as developing its own portfolio of medicines?

A: Of course. We have a strong CDMO business and will build on this under my leadership. We are also committed to bringing our own new medicines to patients, this may also be done via partnerships as I have discussed above.

Q: How important is good corporate governance for a FTSE250 company like OXB?

A: Good corporate governance is a must in the same way as good auditing of the accounts and regulatory compliance. This includes the importance of building a strong and diverse Board. In such a complex and rapidly moving world, we need diversity of thought, talent and experiences around the Board table and within the wider Group to help make the right decisions. An area of focus for the Board is science and technology and its translation into patients' needs. To this end, we are delighted to have attracted Professor Dame Kay Davies and Dr. Sam Rasty to join the Board.

"The cash generated by the CDMO part of the business will allow us to reinvest in our technology, enabling growth of our lentiviral vector based leadership and invest in our own portfolio of medicines."

Q: What do you see as the most important objectives for OXB?

A: Obviously, we need to continue to deliver on our commitments to partners – both around the Oxford AstraZeneca COVID-19 vaccine and with all of our cell and gene therapy partners on our manufacturing and CMC commitments. We will continue to focus on expanding our CDMO business, building on our strengths, gaining market share and growing CDMO profitability. The cash generated by the CDMO part of the business will allow us to reinvest in our technology, enabling growth of our lentiviral vector based leadership and invest in our own portfolio of medicines. As we continue to expand our work we need to continually build and expand our teams and continue to recruit the right talent that fits into our Company culture – as together we will all be stronger. This is indeed a very exciting time for Oxford Biomedica.

We are saving lives. Right now.

We are the experts of choice
When AstraZeneca needed a trusted partner to urgently manufacture large amounts of their COVID-19 vaccine in a race to save lives and economies, it was us they called. Our know-how and reputation is highly regarded in the industry.

World leading science making healthcare work
Our lentiviral vector delivery system, LentiVector®, is enabling our customers to bring next generation treatments for serious diseases to market. For example, Novartis' Kymriah® product for blood cancer; it's the real thing, an available gene therapy that's out there saving people's lives.

The Group's COVID-19 vaccine journey

"I have been truly proud of the Group's achievements over the period. We not only secured major new partnerships, brought the Oxbox manufacturing facility online in record time and responded to the challenges of the pandemic, but the team has also been able to rapidly work with AstraZeneca to provide a vaccine solution for COVID-19. This is a true testament to the world-class calibre and dedication of our staff"

John Dawson, CEO

"When people ask me what I want to achieve in life or in my job I explain that what really matters to me is 'to make a difference'

All my career I have worked in the pharmaceutical industry, but since I have joined OXB I feel that what I do directly contributes to life changing treatments. The work we have done on the vaccine in the last year has made this so real... on the day the MHRA approved the use of the Oxford AstraZeneca COVID-19 vaccine for use in the UK it was such a strong feeling that what we do at OXB is making such difference. It is so real and has got such an impact. It is a great feeling and gives me a sense of purpose to be part of this"

Aude Cazenave, Senior Director, Head of MSAT

29 January 2020
First COVID-19 case reported in the UK

08 April 2020
The Group joined a consortium, led by the Jenner Institute at Oxford University, to rapidly develop, scale-up and manufacture a potential vaccine for COVID-19, ChAdOx1 nCOV-19

23 April 2020
Oxford University begins Phase I/II trial for ChAdOx1 nCOV-19 in the UK

30 April 2020
AstraZeneca licensed ChAdOx1 nCOV-1 from Oxford University to enable development, manufacture and distribution of the candidate vaccine globally, and it was renamed AZD1222 (Oxford AstraZeneca COVID-19 vaccine)

13 May 2020
The Group receive UK Medicines & Healthcare products Regulatory Agency (MHRA) approval for the first two manufacturing suites in Oxbox

28 May 2020
The Group signs initial one-year clinical and commercial supply agreement with AstraZeneca at 200L scale. At this point, AZD1222 is in phase II of clinical trials

08 June 2020
The Group signs five-year agreement with VMIC to enable the rapid manufacture of viral vector based vaccines and provides equipment for two GMP suites in Oxbox to further scale up AZD1222 or other viral vector vaccine candidates

"We can't overstate the complexity involved in getting us ready for 1000 litre production in such a short time. It's not just about the equipment needed. We needed to recruit and train new members of the team, understand and manage the impact on logistics and the teams' working hours. Plus, Process R&D have been working hard to simplify and streamline the 1000 litre downstream process. All of this reinforces why this is such a significant achievement for OXB"

Simon Simpkins, Head of Manufacturing

"We're so proud of Oxford Biomedica for being a vital part of the fight to save lives and keep us all safe. And we are so grateful to them for supporting our work with bereaved families in Oxfordshire. This is a real shot in the arm for our fundraising – and how apt"

Judith Mulligan, Director of SeeSaw

"Today my parents received their first dose of the Oxford AstraZeneca COVID-19 vaccine. I never imagined that my parents would one day receive a therapy that my partner helped develop and my employer manufactures. What a year this has been. Feeling proud"

Rachael Nimmo, Group Lead – Cell Technology Group (Feb 2021)

"The tireless work of your 250-strong team has helped accelerate our vaccine rollout, meaning millions of life-saving jabs are already in arms across the UK. You should be hugely proud of the role you've played in protecting the vulnerable, whilst creating a domestic manufacturing capability in months that would usually take years. I urge you all to keep up your vital work in ensuring the strong supply of vaccines to the frontline, and help deliver the biggest inoculation programme in British history"

Prime Minister Rt Hon Boris Johnson MP

01 September 2020
The Group signs 18-month supply agreement under a three-year master services agreement with AstraZeneca scaling up to 1000L production

02 September 2020
The Group receives MHRA approval for third manufacturing suite in Oxbox

30 December 2020
Oxford AstraZeneca COVID-19 vaccine vaccine has been authorised for emergency supply in the UK

December 2020
A very different festive period for the Oxbox team. 210 people worked over the festive period giving up their Christmas break with their families to make sure the supply of the Oxford AstraZeneca COVID-19 vaccine would continue without disruption

04 January 2021
Dialysis patient Brian Pinker, 82, becomes the first person to receive the Oxford AstraZeneca COVID-19 vaccine

18 January 2021
Prime Minister Rt Hon Boris Johnson MP formally opens Oxbox

28 January 2021
Changing more lives for the better. For every extra man-day worked over the festive period, the Group committed to donate £100 to OXB's chosen local charity SeeSaw. For the extra 210 extra man-days worked a donation of £21,000 was made to the charity in January

14 February 2021
UK government confirms 15 million people have received the first dose of a COVID-19 vaccine

Developing new, in-house treatments
Our own promising drug development pipeline is aimed at healthcare's biggest unmet needs; cancer, blindness, neurological disorders and liver diseases.

We all know someone who has been affected by conditions like these. We have them squarely in our sights and are determined to make a difference for humans everywhere by pushing them towards approval.

Developing new ways to save lives.

Developing and partnering pharma's next big breakthroughs

Our work with and for others both as a technology enabler and Contract Development Manufacturing Organisation (CDMO) provides an increasing revenue stream from fees and royalties. We share our expertise to help pharma find new ways to save, and improve lives for people suffering from disease.

Drug development companies wanting to drive gene therapy products through trials to market, want to work with a leading partner who has already successfully done it. Someone like us.

The Group is an organisation at the heart of the fast growing cell and gene therapy market.

The next wave of medical breakthroughs

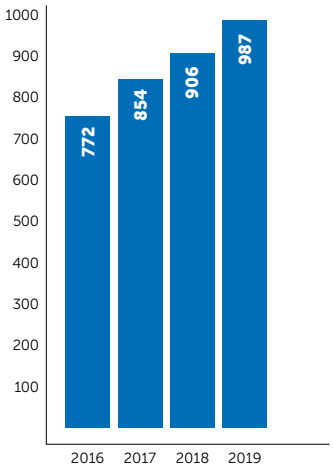
It took over 20 years to launch the first CAR-T cell therapy in 2017 and hail the arrival of the sector of medicine known as cell and gene therapy. This type of therapy differs from earlier medicines in that they are a one-time only treatment that changes the body's own cells to treat a disease. This area looks poised to revolutionise a multiple of medical treatments. The approvals seen in the cell and gene therapies market over the last three years are seen by many as akin to the key product launches that catalysed the antibody markets in the late 1990's and the start of a multibillion dollar market in the years that followed.

The potential of the cell and gene therapy market was highlighted in a comment from the former FDA Commissioner, Scott Gottlieb, who said in 2019 that 'by 2025, we predict the FDA will be approving 10 to 20 cell and gene therapy products a year'.

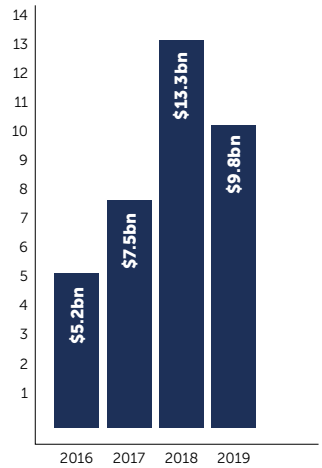
The number of companies in the cell and gene therapy sector has reached around 1,000, with the sector having attracted c.$35 billion from venture capital in addition to internally funded R&D, in the period 2016–2019.

"We anticipate that by 2020 we will be receiving more than 200 INDs (in cell and gene therapy products) per year, building upon our total of more than 800 active cell-based or directly administered gene therapy INDs currently on file with the FDA. And by 2025, we predict that the FDA will be approving 10 to 20 cell and gene therapy products a year."

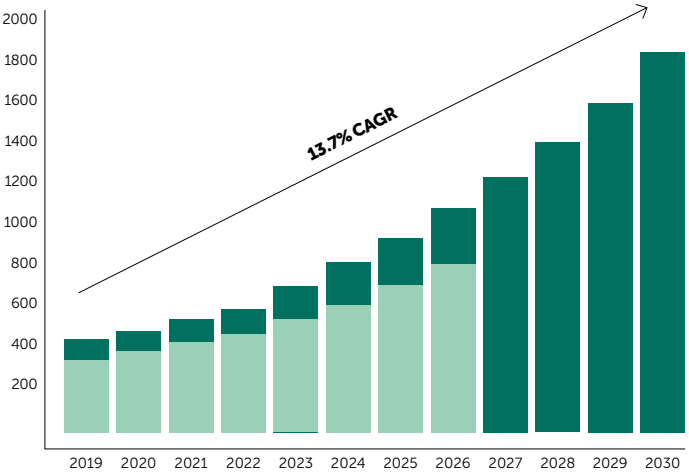
Scott Gottlieb M.D.
Former FDA Commissioner
15 January 2019



Number of companies in gene/cell therapy and tissue engineering
Source: ARM Annual Reports



Total global financings ($bn)
Source: ARM Annual Reports



Global integrating vector supply forecast
New Company estimates (dark green) as of March 2020 and based on clinical trial data in Journal of Gene Medicine to December 2018 and Company supply and forecast figures. Old forecasts (light green) calculated October 2017

The Group's LentiVector® platform – maximising the global opportunity

The Group's LentiVector® platform focuses on lentiviral vectors. In the period of 2014–2019 this sector has seen a 19.8% Compound Annual Growth Rate (CAGR) in clinical trial initiations. The number of clinical trials are seen as a leading indicator of future potential CDMO deal flow as following pre-clinical/early clinical work undertaken with research grade lentiviral vectors. Indeed, companies need to make the decision on how to achieve commercial scale up. At this stage,companies have the option of working with a commercial scale lentiviral vector manufacturer such as Oxford Biomedica who can also develop an efficient manufacturing scale up process, as well as produce commercial batches, or look to scale up the production of viral vectors in-house.

During 2020, the Group has increased its number of lentiviral vector partner programmes from 13 to 19, adding leaders in the field such as Juno Therapeutics/Bristol Myers Squibb and Beam Therapeutics to their list of partners. In addition, due to the Group's expertise in viral vector manufacture they were able to partner with AstraZeneca on production of the Oxford AstraZeneca COVID-19 vaccine, taking the total number of partner programmes by year end to 20.

In 2017, the Group looked at the number of programmes in the clinic and their indications and from this forecasted that the global market for integrating vector supply was estimated to be $800 million by 2026. On the back of this analysis the new manufacturing facility Oxbox was commissioned and was brought online during 2020. With the increase in the number of programmes in development, this analysis was updated in March 2020 and shows a vector supply market estimated to be worth in excess of $1 billion by 2026 growing to $1.8 billion by 2030, a CAGR of 13.7%. The Group, however, believes that if any of the large *in vivo* indications such as cystic fibrosis or haemophilia reach the market (neither of which are included in the estimates in the chart below), due to the amount of vector needed, the size of the market will be significantly higher than currently forecast.

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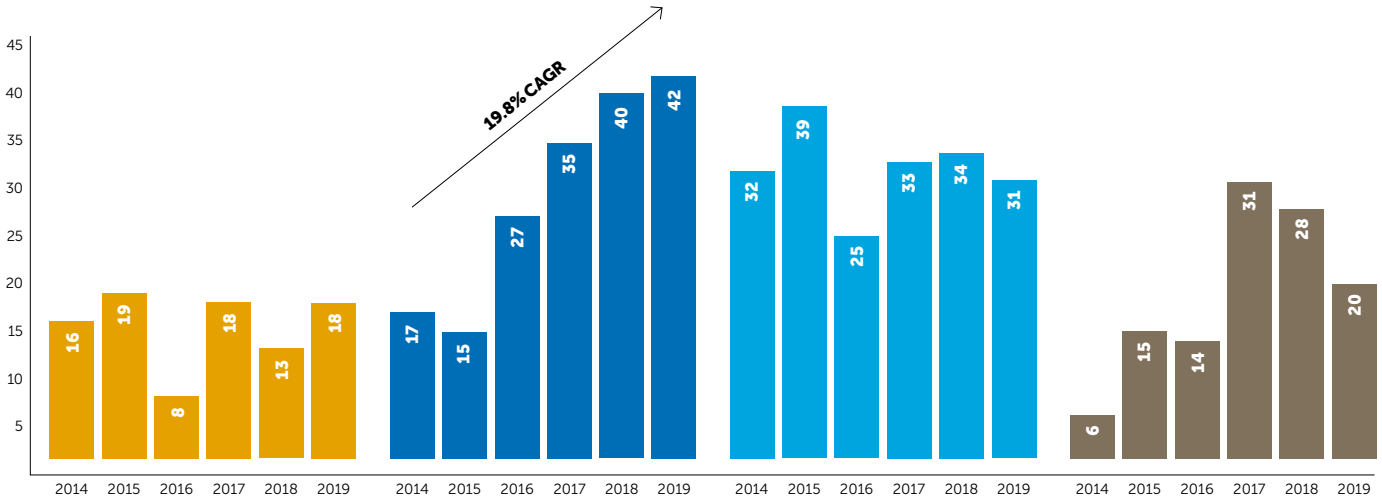
The Group has increased their number of lentiviral vector partner programmes from 13 to 19

$1.8bn

The vector supply market estimated to be worth in excess of $1 billion by 2026 growing to $1.8 billion by 2030



Clinical trial initiations by vector type
Source: Clinicaltrials.gov

Retroviral vectors
Lentiviral vectors
Adenoviral vectors
Adeno-associated vectors (AAV)

Enabling gene therapy to save lives.

Together we've got this.

Group at a glance

Who is the Group?

- The Group is a leading global lentiviral vector specialist in the fast growing cell and gene therapy market
- Large scale manufacturer of Oxford AstraZeneca's adenovirus based COVID-19 vaccine
- Industry leading know-how in multiple therapeutic areas: Gene modified cell therapies, ocular, liver, respiratory diseases and CNS disorder
- Multiple partnerships with leading companies with rapidly increasing number of partner programmes
- The Group's CDMO revenues provide a growing financial foundation with significant additional upside from the Group's proprietary pipeline

Key stats*

FTSE 250
FTSE250 Biotech company

$1bn
Market capitalisation in excess of $1bn

20
20 partner programmes

>670
Over 670 staff

6
Six proprietary programmes

6
Six facilities over five sites in Oxford, UK

* as of 31 December 2020

Partners and customers include

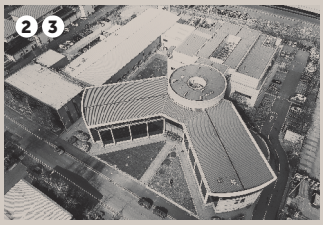
NOVARTIS
SIO GENE THERAPIES
Orchard therapeutics
Bristol Myers Squibb
Boehringer Ingelheim
Beam THERAPEUTICS
Santen
AstraZeneca
gtcc UK CYSTIC FIBROSIS GENE THERAPY CONSORTIUM

Where is the Group based?

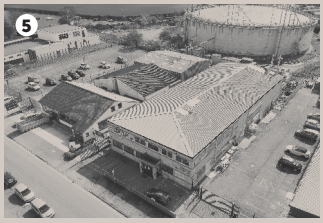
The Group has six facilities spread over five sites, all based in Oxford, UK. Oxford is one of main centres of scientific excellence in Europe and is less than an hour from Heathrow.

Oxbox, Oxford, UK (1)
The Group's 84,000 sq. ft. manufacturing facility, Oxbox, was constructed during 2019. The first phase of development, totalling 45,000 sq. ft., consisted of four GMP manufacturing suites, two fill and finish suites and supporting areas such as warehouse, cold chain facilities and QC laboratories. All four GMP suites and supporting areas were approved by the MHRA during 2020 and by the fourth quarter of 2020 all four suites were in production. The first of the fill and finish suites is expected to be approved during 2021. The remaining 39,000 sq. ft. remains fallow and is available for flexible expansion in the future.

Windrush Court, Oxford, UK (2)
The Group's registered office is at Windrush Court. The building has 32,000 sq. ft. of laboratories as well as extensive office space. Following the move of the Senior Executive Team and support functions to a new corporate office in 2020, development is underway to convert some of the existing office area in Windrush Court into further laboratory space. This is to meet the growing demand for commercial development work and analytics from both current and potential future partners.



Windrush Innovation Centre, Oxford, UK (3)
Adjoining Windrush Court is the Windrush Innovation Centre, which has a further 32,000 sq. ft. of laboratory space and is currently in the process of being refurbished. Once completed this will become the Group's dedicated innovation centre; working on both platform as well as proprietary product innovation.



Yarnton, Oxford, UK (4)
The GMP manufacturing facility at Yarnton has both FDA and MHRA approval. It has around 6,000 sq. ft. of manufacturing space, including one clean room suite.

Harrow House and Chancery Gate, Oxford, UK (5)
The Group's Harrow House facility first received MHRA approval to manufacture in 2012. It has around 4,000 sq. ft. of manufacturing space with two GMP clean room suites. Harrow House and Chancery Gate are located directly opposite Windrush Court.

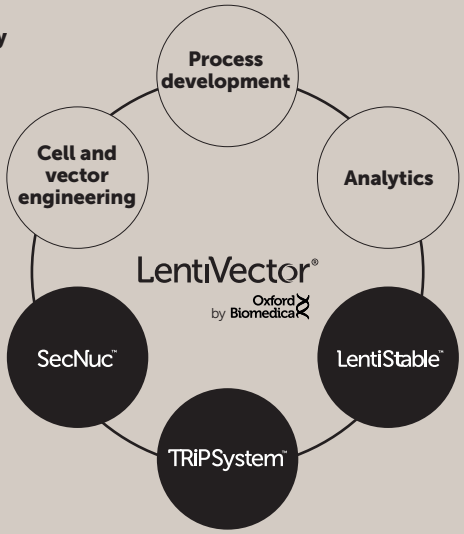
Corporate Head Office, Oxford, UK (6)
During 2020, the Group took a new lease on a new 11,000 sq. ft. site within the Oxford Business Park, close to Oxbox, as a new Corporate Head Office. This new site houses the Senior Executive Team and various support functions.

What does the Group do?

Platform[1] – Innovation-centric

- Driving industrialisation of lentiviral vectors
- All IP, patents and knowhow that the Group use to aid discovery, development and manufacturing of gene therapies; and all of the facilities, quality systems and expertise that makes it happen
- Revenue generated via licensing and royalties on sales of products incorporating the Group's IP/Know-how

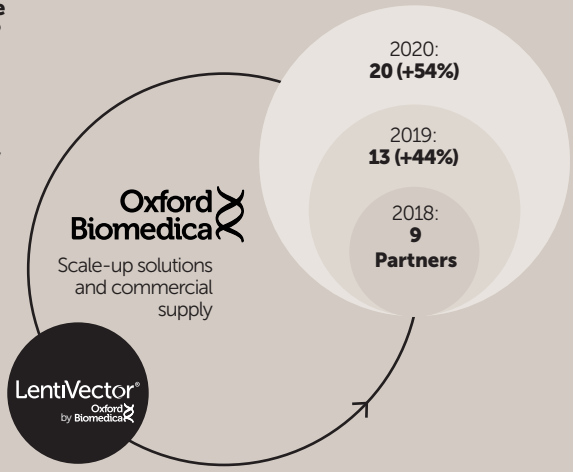
LentiVector® is the Group's lentiviral vector technology platform
- Early clinical and commercial manufacturing
- Proprietary manufacturing technologies



CDMO[1] – Customer-centric

- Leading provider of scale-up solutions and commercial supply
- Expert professionals use the Group's laboratories and manufacturing suites to apply the Group's Platform technologies to develop and manufacture commercially scalable products for partners
- Revenue generated from commercial development fees, bioprocessing activities and milestones

Expert professionals use the Group and the LentiVector® platform to develop and manufacture commercially scaleable products
The Group generates revenue from commercial development fees, bioprocessing activities and milestones.

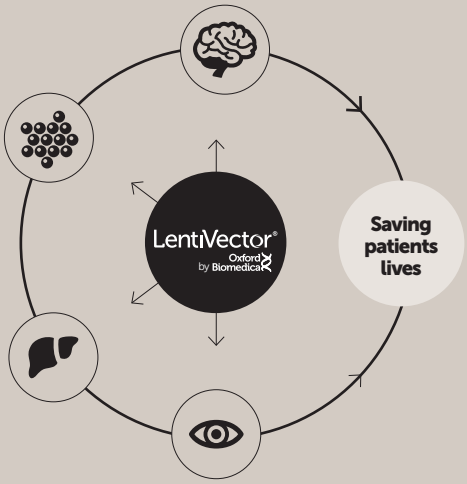


Gene Therapeutics[1] – Patient-centric

- Leveraging the Group's expertise to deliver innovative new lentiviral vector-based gene therapies
- Activities leading to the development of an OXB originated (and IP protected) marketable drug product which the Group benefit from through direct sales, or licences, milestones and royalty payments
- LentiVector® based and supported by the Group's Platform and CDMO

New lentiviral vector based gene therapies driven by Oxford Biomedica's LentiVector® platform
The Group is playing a front and centre role in the development of new cell and gene therapy treatments targeting unmet healthcare need.

Our current proprietary and partner programmes target:
- Gene modified cell therapies
- CNS disorders
- Liver diseases
- Ocular diseases



1 For the purposes of financial reporting the Platform and CDMO both sit within the 'Platform' segment for segmental reporting. Gene Therapeutics sits within the 'Product' segment within segmental reporting

Product pipeline

By December 2020 the Group had 20 partner programmes and six active proprietary programmes.

CDMO pipeline

By the end of 2020 the Group was working on 20 partner programmes, a 54% increase over the prior year. The Group receives multiple revenue streams from work with partners including licence fees, process development fees and milestones, bioprocessing revenues and royalties on sales once a therapy has reached the market.

Read more about the Group's CDMO pipeline on pages 31 and 32.

1 In March 2021, Sanofi gave notice of their intention to terminate the development of their Factor VIII and Factor IX programmes in Haemophilia A and B
2 Potential scale up and vaccine manufacturing revenues

Gene therapeutics pipeline

The Group has six programmes in its gene therapeutics pipeline. Revenues from out-licensed programmes come in the form of licence, milestone and royalty payments.

Product/indication	Pre-clinical	Phase I	Phase I/II	Phase II	Phase III	Approved

Oxford Biomedica partnered products[1]

AXO-Lenti-PD[2]
Parkinson's disease — Sio ❺

Oxford Biomedica proprietary unencumbered products

OXB-302
Haematological malignancies — Oxford Biomedica ❷

OXB-203[3]
Wet AMD — Oxford Biomedica ❻

OXB-204
LCA10 — Oxford Biomedica ❻

OXB-103
ALS — Oxford Biomedica ❽

OXB-401
Liver indication — Oxford Biomedica ❿

Read more about the Group's gene therapeutics pipeline on pages 33 and 34.

Pipeline indications

❶ Oncology
❷ Haematology
❸ Immunology
❹ Metabolic
❺ Neurology
❻ Ophthalmology
❼ Respiratory
❽ Central Nervous System (CNS)
❾ Infectious Disease
❿ Hepatology
① Approved in multiple geographies (28 countries)
⑨ Approved in multiple geographies

1 SAR4224592 (Stargardt disease) and SAR421869 (Usher syndrome 1B) were out-licensed to Sanofi in 2009. In June 2020, Sanofi informed OXB of its intention to return these programmes
2 AXO-LENTI-PD formerly known as OXB-102, which OXB out-licensed to Sio gene therapies(formerly Axovant Gene Therapies)
3 Builds on RetinoStat/OXB-201 – Phase I clinical trial in USA (NCT01301443), Campochiaroet al., LentiviralVector Gene Transfer of Endostatin/Angiostatinfor Macular Degeneration (GEM) Study. Hum Gene Ther. 2017

The Group's business model

❶ LentiVector® platform

The Platform, through it's innovation, is driving the industrialisation of lentiviral vectors. By industrialising lentiviral vector production and bringing down the cost per dose through IP innovation, it will open up therapeutic markets currently inaccessible to cell and gene therapy due to the amount (and therefore costs) of the vector required. In addition, the reduction in cost will help drive adoption by payors into indications where there are far larger numbers of patients, by bringing down the overall cost per patient treated.

The Platform innovations and hence arising IP are built into agreements with partners with the aim of having many royalty bearing agreements which, once the products receive regulatory approval, will mean royalty streams flowing through to the Group.

The Group's LentiVector® platform is at the heart of the Group. The IP, patents and know-how, along with the Group's 20 plus years of expertise in applying its lentiviral vector technology for both *in vivo* and *ex vivo* therapies has made the Group not only a pioneer in the field but also the global leader that it is today.

Link to risks ⒶⒸⒺ

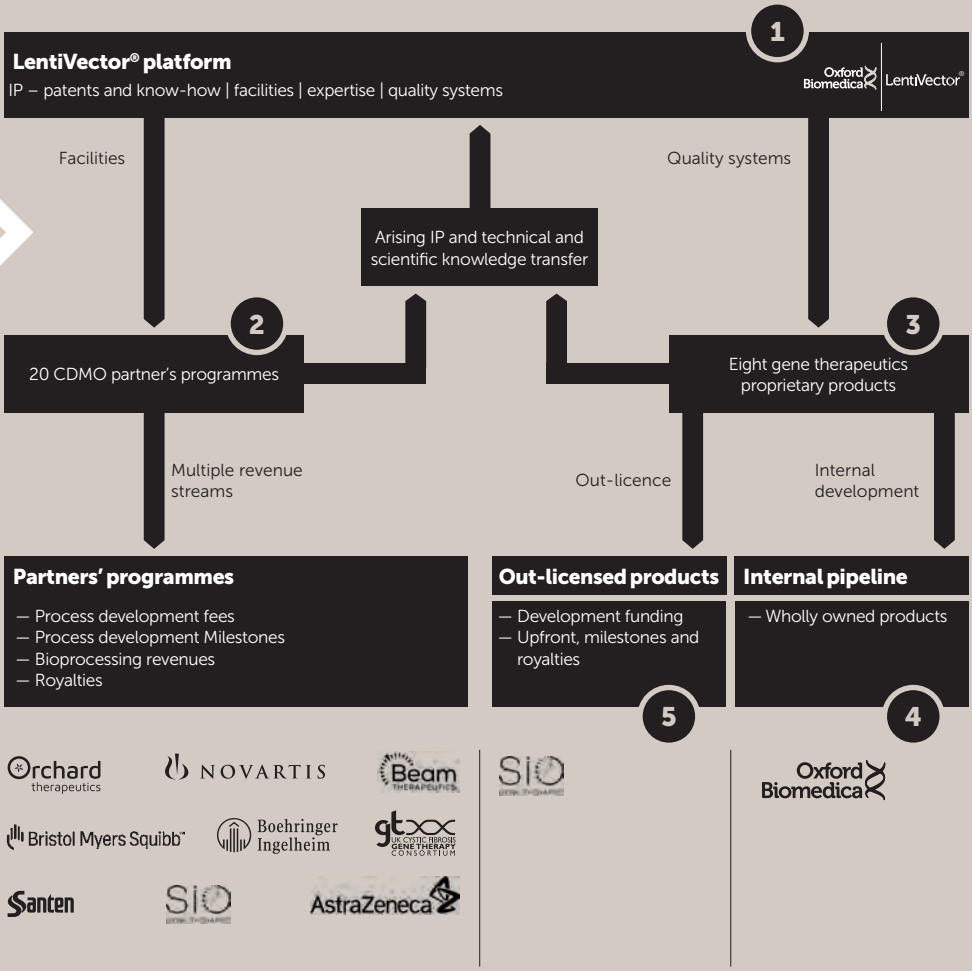
❷ CDMO: Contract Development and Manufacturing Organisation

The CDMO is customer-centic and is a leading lentiviral vector provider of scale-up solutions and commercial supply to pharmaceutical and biotech companies in the fast-growing cell and gene therapy field. The Group's expert professionals use the Group's world-leading facilities to apply the Platform technologies to develop and manufacture commercially scalable products for partners.

The Group's industry-leading knowledge in multiple therapeutic areas (gene modified cell therapies, ocular, liver, respiratory diseases and CNS disorder) means the Group is able to help solve partners scale-up and supply needs in all of the leading areas in which cell and gene therapy products are being developed.

The Group's CDMO business is growing fast with the number of partner programmes standing at 20 by the end of 2020, an increase of 54% from the prior year and during the year has increased the number of manufacturing suites from three to seven as the new manufacturing facility Oxbox came online, driven by the increased demand for the Group's CDMO services.

Link to risks ⒶⒷⒸⒺ



Financial reporting ❶❷❸❹❺

For the purposes of financial reporting the LentiVector® platform (1) and CDMO partner programmes (2) both sit with in the 'Platform' segment for segmental reporting. The gene therapeutics proprietary products (3) which includes internal pipeline (4) and out-licensed products (5) sits within the 'Product' segment within segmental reporting.

❸ Gene Therapeutics

The Group leverages its expertise to develop innovative new IP-protected cell and gene therapies. The Group's cell and gene therapy pipeline offers significant upside potential and through its internal research expertise developed over 20 years and supported by the Group's Platform and CDMO selects patient-centric product candidates targeting clinical excellence. These are progressed through proof-of-concept, and into early clinical development, before either seeking third-party funding for full development and commercialisation or indeed to develop further in-house.

The current pipeline consists of six programmes, of which five are being developed in-house and one has been out-licensed.

Link to risks Ⓐ Ⓒ Ⓓ Ⓔ

❹ Internal pipeline products

In the first quarter of 2020 the Group undertook an internal pipeline review to prioritise where pre-clinical 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 (CAR-T 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 pre-clinical work on OXB-302 as the Group gets the programme ready for entry into the clinic.

OXB-203, currently in pre-clinical studies, is targeting Wet AMD and uses the Group's 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 pre-clinical work on OXB-204 (LCA10) and OXB-103 (ALS) and a new pre-clinical programme, OXB-401 (liver indication) was initiated.

Link to risks Ⓐ Ⓓ Ⓔ

❺ Out-licensed pipeline products

In June 2018, the Group signed an agreement to out-license it's Parkinson disease programme OXB 102, renamed AXO-Lenti-PD to Sio Gene Therapies (formerly Axovant Gene Therapies).The agreement included a $30m upfront payment, $55m in development milestones and in excess of $757m for regulatory and sales related milestones. Sio released positive clinical trial data in January and October 2020 as the programme progressed though clinical development.

In June 2020, Sanofi informed the Group that it intended to return the rights for the Stargardt's and Usher Syndrome programmes, originally out-licensed in 2008 utilising an older generation of the Group's technology platform. Once returned, the Group will undertake its own internal evaluation to decide whether to commit further resources to these candidate products.

Link to risks Ⓐ Ⓒ

Value creation for our stakeholders in 2020

Shareholders

The Group's shareholders play an important role in monitoring and safeguarding the governance of the Group by ensuring their views are brought into Board discussions and considered in decision making.

180+

In 2020 the Group attended over 180+ meetings/calls in the investor community mainly held virtually

Partners

The Group will continue to target new strategic commercial relationships in 2020, whilst continuing to maintain the very good relationship it has with its existing partners.

20[1]

Partner programmes

Employees

The Group's team are some of the most highly skilled and focused people in the cutting edge world of cell and gene therapy, working in office and laboratory facilities that are amongst the best.

120

New colleagues in 2020

Local communities

The Group has provided high skilled jobs to the local community, and have established an apprenticeship scheme in collaboration with Advanced Therapies Apprenticeship Community and multiple training providers.

8

Apprenticeships created in 2020

1 In March 2021, Sanofi gave notice of their intention to terminate the development of their Factor VIII and Factor IX programmes in Haemophilia A and B.

Governing bodies and regulators

The Group operates in a highly regulatory environment. With a long history of achievements, the Group's technology is recognised by regulators on both sides of the Atlantic.

Read more about the Group's stakeholders on pages 22 and 23.

Principal risks facing the business

The main risks are:

- Ⓐ Risks associated with pharmaceutical product development including product safety issues, lack of efficacy, and failure to obtain regulatory approval.
- Ⓑ Risks to the Group's bioprocessing revenue from failure to manufacture lentiviral vector to the required standard.
- Ⓒ Exposure to one or more of the Group's partners ceasing to develop their products and therefore no longer requiring the Group's services.
- Ⓓ Failure to out-license or spin-out the Group's product development candidates so that development stops.
- Ⓔ Inability to attract and/or retain highly skilled employees.

The principal risks facing the Group, including how they are managed and mitigated, are set out in detail on pages 70 to 77.

The Group's stakeholders

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

s172 Companies Act 2006

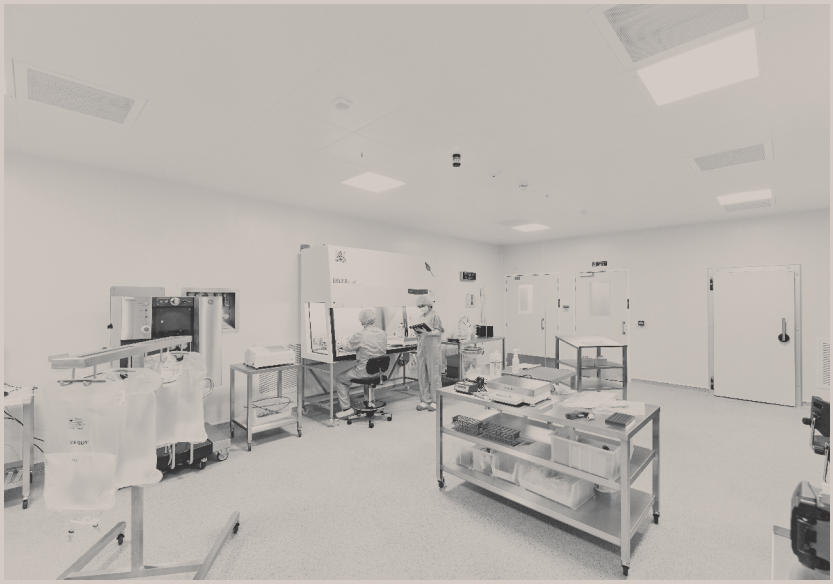
The adjacent table identifies the Group's key stakeholder groups, material issues and how the Board engages with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

By understanding the Group's stakeholders, the Board factors the potential impact of decisions on each stakeholder group into Boardroom discussions and considers stakeholder needs and concerns, in accordance with s172 of the Companies Act 2006 (as shown in the AstraZeneca case study on pages 24 and 25). The Group works effectively with its employees, patients, customers and suppliers, to make a positive contribution to local communities and achieve long term sustainable returns for its investors. Acting in a fair and responsible manner is a core element of the Group's business practice as seen in the Environmental, Social and Governance (ESG) report on pages 51 to 66. (In prior years, the Group's ESG report was referred to as the Responsible Business Report.)

Key stakeholders

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

❶ Employees
❷ Patients
❸ Customers
❹ Local communities
❺ Suppliers
❻ Regulators
❼ Shareholders



Stakeholders

❶ Employees

The Group has an experienced, diverse and dedicated workforce, which it recognises as a key asset of the business. Therefore, it is important that the Group continues to create the right environment to encourage and create opportunities for individuals and teams to realise their full potential

❷ Patients

The Group works on the development of innovative products either by itself or with partners in order to provide life-changing treatments to patients

❸ Customers

The continued performance of the Group's business would not be possible without understanding the needs and future aspirations of its customers. Many customers have come to the Group as their businesses have moved into the cell and gene therapy sector, which is testament to the Group's expertise and leadership in the sector. In addition, the Group's manufacturing expertise has attracted a broader customer base

❹ Local communities

The Group is committed to supporting the communities in which it operates, including local businesses, residents, schools and the wider public

❺ Suppliers

The Group buys many items from key suppliers and outsources some of its activities to third-party suppliers and providers. As a result, it is crucial that the Group develops strong working relationships with the Group's suppliers, so the Group can enhance the efficiency of the business and create value

❻ Regulators

The Group operates in a highly regulated environment and it is important that it engages with the regulators as required

❼ Shareholders

The Group's shareholders play an important role in monitoring and safeguarding the governance of the Group

How the Board and the wider Group engages	Material issues identified	Addressing Material issues in 2020 Highlights	Further links
The Group has an open, collaborative and inclusive management structure and engages regularly with employees. The Group does this through a regular appraisal process, structured career conversations, management development programmes, employee surveys, webinars and webcasts, digital sharing platforms, Group presentations, town hall meetings, site visits by Board members, email briefings, newsletters and its well-being programme. Employee engagement is frequently measured and the Board has designated Stuart Henderson as the its representative for gathering the views of the workforce and overseeing employee engagement. During 2020, the Board recommended that the Group establish a Workforce Engagement Panel, comprising employee representatives from across the business.	– COVID-19 impact – Opportunities for development and progression – Health, safety and wellbeing – Opportunity to share ideas and make a difference – Diversity and inclusion	– Upon the recommendation of the Board, a Workforce Engagement Panel was established and three meetings held before the year-end – Stuart Henderson, the Board's designated representative, attended his first Workforce Engagement Panel meeting in October – Diversity and Inclusion workshop held with an external facilitator, with a strategy and plan to be developed during 2021 – Continued roll-out of the management development programme – Full roll out of the Rewards programme – 120 new colleagues recruited	p. 54 People and wellbeing p. 106 Executive annual bonus, organisation and staff p. 54 Diversity and inclusion p. 53 Workforce Engagement Panel
The Clinical Development department, the Chief Scientific Officer and the Chief Technical Officer, consults with key clinical opinion leaders, patient advocacy groups and regulatory experts in order to design safe clinical trials for patients. The Chief Scientific Officer and the Chief Technical Officer regularly update the Board on the results of such consultations. The Group is able to scale-up its manufacturing capacity to access a broad patient population in line with customer demand	– Patient safety – Well-designed clinical trials – Progress product candidates to the market as quickly as possible	– Thousands of patients treated with the Group's lentiviral vectors – Expanded manufacturing capacity for large-scale commercial manufacture of the adenovirus vector-based Oxford AstraZeneca COVID-19 vaccine	p. 66 Clinical trials and ethics
The Group's client partner and alliance management department, the business development team, the Chief Executive Officer and Chief Financial Officer regularly communicate with existing customers/partners to discuss their goals and incorporate them into the Group's schedules/strategy. The Group does this through meetings, engagement events and forums. This active engagement ultimately ensures that the Group meets their customers' needs and assists them in achieving their business goals. The Chief Business Officer presents a regular update on the Group's customer/partner relationships at each Board meeting.	– Understand customers' needs in order to refine expertise – Deliver to meet customers' business goals – Offer expert manufacturing capabilities to partners	– New clients such as AstraZeneca, Beam Therapeutics and Juno Therapeutics/Bristol Myers Squibb – Progressed programmes with partners as per agreements	p. 30 Operational review p. 106 Executive annual bonus
The Group engages with the local community not only through the planning process but also through the Group's "Helping Hands" forum, with volunteering, fundraising and charity work. The Group attends schools and career fairs, and provides apprenticeships and work experience opportunities. The Group liaises with industry bodies and government organisations to enhance the positive impact the Group has on the communities and sector in which it operates. The Board is kept updated on the various community initiatives on ESG (formerly Responsible Business) initiatives.	– Apprenticeships – School and careers events – Fundraise for local charities – Volunteer for local charities/organisations	– Eight apprenticeships offered in 2020 – Outreach programme in STEM subjects – £4,003 in employee fundraising for local Oxford charity, with £35,305 in total donated to local charities – Employee volunteer work for local charity organisations	p. 52 People p. 56 Community p. 57 Charity
Through effective collaboration, the Group aims to build long term relationships with its suppliers so that both parties benefit. The business development team, operations team, Chief Executive Officer and Chief Financial Officer have regular supplier meetings and business reviews and is creating a supplier code of conduct	– Long term partnerships – Collaborative approach – Open terms of business	– Quality audits performed by the Group on its suppliers – Due diligence performed by the Group on its suppliers – Procurement and supplier function established to interact with suppliers more effectively – Development of a Supplier Code of Conduct	p. 76 Brexit p. 66 Modern Slavery Act confirmation and code of conduct p. 64 Supply chain
The Chief Scientific Officer, Chief Technical Officer, Chief Operations Officer and General Counsel are in contact with government regulatory bodies on a regular basis and attend industry forums. The Group has compliance audits performed by both government regulatory bodies and by its customers. The General Counsel arranges for annual Corporate Governance updates for the Board from external advisers and provides other ad hoc regulatory updates as appropriate.	– Engage with regulators early – Meeting regulatory compliance – Compliance with the Corporate Governance Code	– Three audits by government regulatory bodies – Two audits by customers – Regulatory training for employees and Directors – Product safety updates reports (PSURs) – Review of the Corporate Governance Code	p. 72 Regulatory risk p. 95 Governance p. 51 ESG
Through the Group's investor relations programme, which includes regular updates to the Board on investor presentations, one-to-one meetings and investor roadshows as well as the Group's Annual General Meeting (AGM), the Group ensures shareholder views are brought into the Boardroom and are considered in its decision-making. During 2020, the Board also had the representatives of two major shareholders on the Board. The Group engages with shareholders via the Annual report and accounts and via RNS announcements and the Corporate website	– Corporate Governance – Business ethics – Strategy and business model – Financial performance	– c.180+ meetings/calls with the investor community mainly held virtually in 2020 – Shareholders were invited to listen in to the AGM and vote by proxy – New North American investors added to the Group's shareholder register taking the percentage of North American shareholders from 8.1% to 15.6% in the year	p. 84 Shareholder engagement in 2020 p. 106 Remuneration – annual bonus and LTIP p. 95 Governance p. 51 ESG p. 42 Financial review p. 123 Financials

The Group's stakeholders

Stakeholder Case Study

The AstraZeneca supply agreement

AstraZeneca

"Measures were put in place to split teams into different shifts, increase financial compensation for working antisocial hours and provide wellbeing support during the period of increased activity."

"It would be extremely beneficial, as it could expedite the availability of vital Oxford AstraZeneca COVID-19 vaccines to the entire UK population."

During 2020, the Group had the opportunity to enter into a supply agreement with AstraZeneca for the large-scale commercial manufacture of the adenovirus vector-based Oxford AstraZeneca COVID-19 vaccine. The Board considered and discussed the potential impact of this decision on each of its stakeholders.

Employees

First, the Board considered the effect the agreement would have on the Group's employees in terms of the increased need for recruitment and training that the greater workload would require, as well as the impact on the wellbeing of existing staff until such time the recruitment and training had been completed and embedded. Measures were put in place to split teams into different shifts, increase financial compensation for working antisocial hours and provide wellbeing support during the period of increased activity.

Patient population

In addition, the Board assessed the impact that the agreement would have on the wider patient population and concluded that, in light of the ongoing COVID-19 pandemic, it would be extremely beneficial, as it could expedite the availability of vital Oxford AstraZeneca COVID-19 vaccines to the entire UK population. Furthermore, the Board considered the effect the agreement would have on the Group's existing customers and, in each case, after careful analysis, the Board was comfortable that the work the Group performed under the agreement would not have a material detrimental effect on the Group's contractual commitments to existing customers.

"Creation of new employment opportunities within the local community."

"Getting regulatory approval for the Oxbox facility was critical, in order to manufacture the vaccine for future commercial launch."

"Working on production of the Oxford AstraZeneca COVID-19 vaccine could positively raise the profile of the Group within the investment community and beyond."

Local communities

In considering the effect on local communities, the Board noted the positive impact that the agreement would have in terms of the creation of new employment opportunities within the local community, but the Board was cognisant that, conversely, the higher number of employees would also give rise to the need for an increased security presence and heavier traffic around the Oxbox site.

Supply chain and regulators

Following a thorough review, the Board determined that the Group's suppliers would be significantly affected by the agreement, as the demand for raw materials would be substantially increased putting pressure on its existing supply chain. The Group has looked to reduce the pressure on suppliers by finding second sources for the raw materials and provide the suppliers with as much advance notice of the Group's raw material requirements as possible. Working with the UK regulatory authorities was at the forefront of the Board's discussions regarding the agreement, as getting regulatory approval for the Oxbox facility was critical, in order to manufacture the vaccine for future commercial launch.

Shareholders

Finally, the Board concluded that the agreement was in the best interests of the Group's shareholders, as working on production of the Oxford AstraZeneca COVID-19 vaccine could positively raise the profile of the Group within the investment community and beyond. The Board continues to monitor the implications of this decision on a stakeholder-by-stakeholder basis beyond the original decision.

Operational highlights delivered in 2020

Juno Therapeutics/Bristol Myers Squibb partnership

— New licence and five-year clinical supply agreement with Juno Therapeutics/Bristol Myers Squibb for multiple CAR-T and TCR-T programmes, signed in March. A £7.8 million ($10 million) licence fee was recognised 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

See page 31.

COVID-19 vaccine partnership with AstraZeneca

— The Group is a key manufacturer of the Oxford AstraZeneca COVID-19 vaccine, AZD1222. Having signed an initial agreement in May, in September the Group signed an 18-month supply agreement under a three-year master supply and development agreement for the large-scale manufacture of the Oxford AstraZeneca COVID-19 vaccine. The Group received a £15 million capacity reservation fee with additional revenue in excess of £35 million expected by the end of 2021

— By the fourth quarter, the Group was manufacturing the Oxford AstraZeneca COVID-19 vaccine in three suites at 1000L scale ahead of the MHRA granting emergency use for the Oxford AstraZeneca COVID-19 vaccine in December

See page 31.

Novartis partnership

— The Group's collaboration with Novartis continued to strengthen with a sixth vector construct added in the first quarter of 2020, with the partnership having been previously extended by five years in December 2019

— The roll out of Kymriah® continues to accelerate in relapsed and refractory B-cell acute lymphoblastic leukaemia and relapsed and refractory diffuse large B-cell lymphoma with reimbursement approved in 28 countries in at least one indication in over 300 qualified treatment centres

See page 32.

Other partnership updates

— In July, the Group signed a three-year clinical supply agreement with Sio Gene Therapies for the manufacture and supply of Parkinson's disease gene therapy programme AXO-Lenti-PD, building 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 for next generation CAR-T programmes including a three-year clinical supply agreement

— Post period end 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

— Post period end in April 2021, the Group signed a three-year development and supply agreement with Boehringer Ingelheim for the manufacture and supply of viral vectors, building on the partnership that started in 2018

See pages 32 and 33.

Facilities and capacity expansion

— By October, the MHRA had approved all four suites in the first phase of development of Oxbox, the Group's new 84,000 sq. ft. manufacturing facility. Three suites are producing the Oxford AstraZeneca COVID-19 vaccine at 1000L scale and one suite added to the existing capabilities of producing lentiviral vector-based products for the Group's partners at 200L scale

— Building work at Windrush Court to convert office space into GMP laboratories progressed throughout the year, with the first of the laboratories completed by the end of 2020

— Opening of the new Corporate Head Office on a new site within the Oxford Business Park

See page 35.

Corporate Governance and organisational progress

— In June, the Group welcomed Dr. Roch Doliveux as Non-Executive Chair, following the retirement of prior Chair, Dr. Lorenzo Tallarigo

— The Group has made significant strides forward in its commitment to best practice in Corporate Governance and the diversification of talent on the Board. In November, Dr. Sam Rasty was appointed to the Board as an Independent Non-Executive Director. Post period-end in February 2021, the Group announced the appointment of Professor Dame Kay Davies as an Independent Non-Executive Director and Martin Diggle stepped down as a Non-Executive Director after nine years. Dr. Andrew Heath will not be standing for re-election at the 2021 AGM having served on the Board since 2010

See page 36.

Financial highlights delivered in 2020

£38.3m

Equity fundraising in June 2020
Successful £38.3 million equity fundraising generated funds to be used to expand the Group's facilities and exploit new opportunities in the cell and gene therapy market

£87.7m

Revenue
Revenue increased by 37% from £64.1 million to £87.7 million

+45%

Bioprocessing and commercial development revenue
Bioprocessing and commercial development revenues increased by 45% to £68.5 million (2019: £47.3 million)

£19.2 m

Licences, milestones and royalties revenue
Licences, milestone and royalty revenues increased to £19.2 million (2019: £16.8 million)

+23%

Operating expenses[1]
Operating expenses increased by 23% from £41.9 million to £51.7 million

£13.4m

Capital expenditure
Capital expenditure of £13.4 million (2019: £25.8 million)

Cash used in operations
£m

£7.3m

Operating EBITDA[2] profit
Operating EBITDA profit generated of £7.3 million (2019: £5.2 million loss)

£46.7m

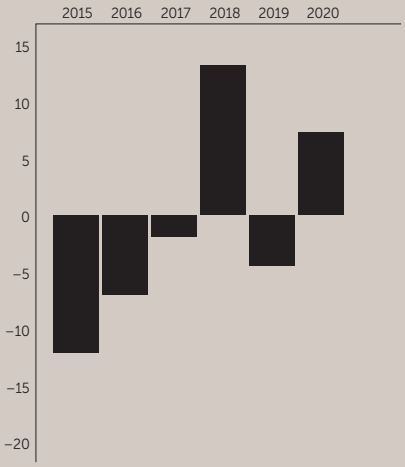
Cash
Cash of £46.7 million (31 December 2019: £16.2 million)

£5.7m

Operating loss
Operating loss incurred of £5.7 million (2019: £14.5 million loss)

£3.9m

Cash used in operations
decreased by £2.7 million to £3.9 million (2019: £6.6 million)



Operating EBITDA
£m

£2.0m & (£7.7m)

Segment operating profit/(loss)
The Platform segment generated an operating profit of £2.0 million in 2020 (2019: £20.2 million loss), whilst the Product segment made a loss of £7.7 million (2019: £5.7 million profit)

£0.4m

Decrease in the bioprocessing out of specification provision
£0.4 million decrease (2019: £1.8 million increase) in the bioprocessing out of specification provision

1. Operating expenses is made up out of Bioprocessing expenses, Research and development expenses and Administrative expenses. A reconciliation to GAAP measures is provided on page 46.
2. Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. Share options are considered non-cash as there is no cash payment associated with the annual share option charge recognised in the statement of comprehensive income. A reconciliation to GAAP measures is provided on page 47.

Chair's statement

A Purpose of which to be proud

Our Purpose

It is with great pride that I present my first statement as the Chair of Oxford Biomedica (OXB). I was first attracted to the Company by its strong purpose and great technology. Saving patients' lives is what the healthcare industry strives to do and OXB is delivering on that promise in both its cell and gene therapy work, and now with the manufacture of the Oxford AstraZeneca COVID-19 vaccine. Cell and gene therapies have the potential to be curative for many untreated diseases and to be able to play my part in realising this potential is my duty.

It has been a challenging time to assume my role, as our organisation has found new ways of working. Face to face contact has been kept to a minimum for the right reasons, and I thank the Board and the wider OXB team, key opinion leaders and investors for helping me to gain an in-depth understanding of the business. It's inspiring to me that OXB is now a key part of the global effort to return life to normality, and I am looking forward to supplementing the relationships built online with in-person discussions.

I could not be more proud to lead the Company's Board through its next phase of growth.

"OXB continues to deliver on its core strategy of being the leading provider of lentiviral based vectors for cell and gene therapy companies, growing our customer base and service."

Dr. Roch Doliveux
Chair

Our Culture

Underlying the purpose of OXB is a strong culture. The pandemic response has both tested and fortified that culture. We pride ourselves on our core values including delivering innovation with integrity.

Our ability to deliver the Oxford AstraZeneca COVID-19 vaccine in the most challenging of circumstances given global demand, has impressed me and has demonstrated that these values run deep through our organisation. This has been achieved whilst continuing to execute the underlying Group strategy, and I give my admiration and appreciation to the team for continuing to deliver on all fronts whilst adapting to new working environments.

Utilising our capabilities to play our part against one of the biggest challenges humankind has recently faced is inspirational and all stakeholders of OXB are, justifiably, proud to be involved in this effort.

During the year we also implemented a Group-wide bonus scheme to ensure all staff benefit from the Group achieving its objectives.

Our Strategy

OXB continues to deliver on its core strategy of being the leading provider of lentiviral based vectors for cell and gene therapy companies, growing our customer base and service. Significant progress has been made in 2020 both in new technologies and new customers such as Juno Therapeutics/ Bristol Myers Squibb and Beam Therapeutics. Our successful work on the adenovirus-based Oxford AstraZeneca COVID-19 vaccine has also demonstrated our ability to also broaden our Contract Development and Manufacturing Organisation (CDMO) to more viral vectors.

Significant value to stakeholders can also be provided by applying our knowledge to our own therapeutic products. The Board realises that the re-balancing of the Group towards products in this way is not easy, as we wish to first build on the CDMO momentum, but given the medical need and the number of nascent technologies and therapeutic programmes using lentiviral based vectors, we are committed to making it happen over time and as opportunities arise.

The continued innovation of OXB's platform is key to providing solutions for both partners and patients. We will accelerate this effort, and retain and build upon our leadership role in this space.

It is also clear, through our Oxford AstraZeneca COVID-19 vaccine efforts, that our manufacturing capabilities and state of the art facilities are inherently valuable, and there is the opportunity to leverage these capabilities and facilities to help more partners. We shall be pursuing more partnerships in these adjacencies.

Governance

The role of boards in ensuring the societal impact, sustainability and viability of businesses has never been more critical than in the uncertain times of 2020. I joined the Board in June 2020, and would like to thank Dr. Lorenzo Tallarigo for his stewardship of the Board prior to this time, culminating with OXB entering the FTSE250 index.

The level of engagement and collegiality in all Board members is impressive as we have been delivering upon our commitment to both strengthen the capabilities on the Board and increase diversity.

To that end, I am delighted to welcome both Dr. Sam Rasty and Professor Dame Kay Davies to the Board. Sam's contributions have already been very insightful and I know Kay will also add significant insights and enormous value to the Board. Meanwhile, Dr. Andrew Heath is retiring from the Board and I wish to thank him for his guidance and defining role on the Board over the past 10 years. After 9 years on the Board, Martin Diggle has also stepped down as a Non-Executive Director, but remains invested in our journey as a supportive shareholder. I thank Martin for his relentless support of OXB at several defining moments over his tenure.

We continue to assess the capabilities needed at Board level to set and deliver strategy, apply best in class governance practices and ensure succession plans are in place, and we will look to strengthen these capabilities and diversity, where appropriate.

The Future

We enter 2021 and beyond with a rapid growth, a proven strategy, experienced leadership and financial strength which gives me great confidence to continue to succeed in our mission to deliver life-saving therapies to patients and continue to help in the fight against the pandemic.

We continue to push the boundaries of our platform technologies, and develop the capabilities of the Group and my thanks go to all the staff at OXB for the very important work that each of them are doing. I also thank our customers for their trust, our suppliers who have responded with resilience to the demands we have placed upon them, and our shareholders for their support.

We are in the initial phase of the cell and gene therapy revolution in healthcare and OXB is particularly well positioned to play a major role in this rapidly expanding field. I look forward to enabling OXB to fulfil its potential.

Dr. Roch Doliveux
Chair

The cell and gene therapy revolution
We are in the initial phase of the cell and gene therapy revolution in healthcare and OXB is particularly well positioned to play a major role in this rapidly expanding field.

Strategic Report

Chief Executive Officer's and 2020 performance review

"I am truly proud of the Group's achievements over the period. We not only secured major new partnerships, brought the Oxbox manufacturing facility online in record time and responded to the challenges of the pandemic, but the team has also been able to rapidly work with AstraZeneca to provide a vaccine solution for COVID-19. This is a true testament to the world-class calibre and dedication of our staff in a year the Group also gained entry to the FTSE250. Looking to the future, with the continued tide of growth in cell and gene therapy, coupled with the Group's leadership position in the lentiviral vector field, we are well positioned to advance both our own proprietary pipeline and that of our current and future partners' programmes. I would like to thank all of Oxford Biomedica's employees for their hard work throughout 2020 and our shareholders and partners for their continued support, and I look forward to a successful 2021."

Introduction

2020 was an unprecedented year globally. The challenges borne by the COVID-19 virus were managed well by the Group and, due to our world-leadership position in lentiviral vectors and the strength and expertise of our staff, the Group thrived. The Group's model is now focused on the provision of its cell and gene therapy CDMO offering coupled with its own proprietary product development.

"Due to our world-leadership position in lentiviral vectors and the strength and expertise of our staff, the Group thrived."

John Dawson
Chief Executive Officer

The Group's number of partner programmes grew by 54% from 13 to 20 during the year, adding Juno Therapeutics/Bristol Myers Squibb and Beam Therapeutics to the list of cell and gene therapy leaders that the Group collaborate with. In the period, Novartis and Sio Gene Therapies also extended their partnerships with the Group.

Outside of cell and gene therapy, the Group's work with Oxford University and then AstraZeneca has been historic. The Group has successfully brought three extra manufacturing suites online for vaccine production and has rapidly scaled the manufacturing of AZD1222, an adenovirus-based vaccine, to 1000L scale, in under nine months.

Financially, the Group, which entered the FTSE250 this year, had a strong year with revenues increasing by 37% to £87.7 million driven by strong growth in commercial development and bioprocessing revenues. In addition, our market capitalisation has more than doubled from a 12 month average capitalisation of c.£350 million in 2018 to over £750 million currently. The oversubscribed £40 million gross fundraise in June gave the Group the ability to progress its planned expansion projects and invest in both sides of the Group, to capitalise on its world leading position and the opportunities that present themselves in the fast growing cell and gene therapy market.

CDMO – Partner programmes

Juno Therapeutics/Bristol Myers Squibb partnership

In March, the Group announced it had entered into a major new licence and five-year clinical supply agreement with Juno Therapeutics Inc. (a wholly owned subsidiary of Bristol Myers Squibb Inc.), one of the major innovators in the cell and gene therapy field. The deal is worth up to $227 million for 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 the Group received and recognised a £7.8 million ($10 million) licence fee and announced OXB could 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 the Group will provide Juno Therapeutics access to its new approved manufacturing facility, Oxbox.

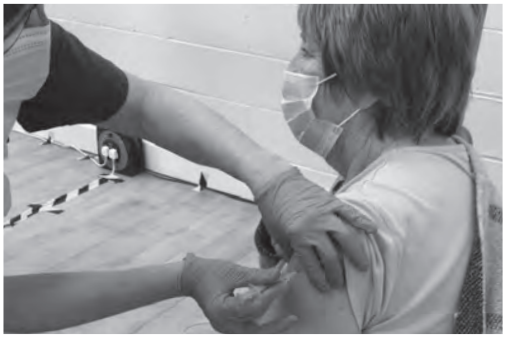
COVID-19 vaccine production and partnership with AstraZeneca

The Group's first involvement with the Oxford AstraZeneca COVID-19 vaccine was in April 2020 when the Group joined a consortium led by the Oxford University, Jenner Institute, to rapidly develop, scale and manufacture a potential vaccine for COVID-19, ChAdOx1 nCOV-19.

Shortly afterwards, 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 an initial one year clinical and commercial supply agreement with AstraZeneca to GMP manufacture the adenovirus vector-based COVID-19 vaccine candidate. This initial agreement required the Group to manufacture a small number of batches as the programme progressed through development.

In June, the Group 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 provided equipment for 1000L scale production in two GMP manufacturing suites in Oxbox to further scale up production of AZD1222. The Group is currently engaged in discussions with VMIC regarding the purchasing of this equipment to allow for longer term use, which would require a capital outlay of £3.8 million to be paid in 2021.

Following positive data readouts from the early clinical trials of AZD1222, in September, the Group announced a second agreement with AstraZeneca which consisted of an 18-month supply agreement under a three-year master supply and development agreement for the large-scale manufacture of AZD1222. This agreement was for up to three manufacturing suites running at 1000L scale. The Group was paid a £15 million capacity reservation fee and expects to receive additional revenue in excess of £35 million by the end of 2021.



AstraZeneca COVID-19 vaccine
The Group announced a second agreement with AstraZeneca which consisted of an 18-month supply agreement under a three-year master supply and development agreement for the large-scale manufacture of AZD1222.

+54%

Partnership programmes
Our partner programmes grew by 54% from 13 to 20 during 2020.

> £50m

AstraZeneca master supply and development agreement
The Group was paid a £15 million capacity reservation fee and expects to receive additional revenue in excess of £35 million by the end of 2021.

Chief Executive Officer's and 2020 performance review

By October, the Group received approval from the MHRA for the third of its three 1000L suites for the purpose of vaccine production. To be able to cope with the heightened demand, new extended shift patterns were introduced to maximise vaccine production and for the first time in the Group's history, production continued through Christmas and New Year to ensure the maximum number of batches were able to be delivered in the early part of 2021.

At the end of December 2020, the MHRA approved the Oxford AstraZeneca COVID-19 vaccine for emergency use in the UK and manufacturing continues at full pace to maximise production of vaccine from the Group's facilities.

MHRA approval
The Group received approval from the MHRA for the third of its three 1000L suites for the purpose of vaccine production. Pictured: John Dawson outside the Oxbox facility.

Novartis partner progress

Following the extension of the Novartis collaboration in December 2019 by a further five years 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. The Group continues to be Novartis' 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 at pace with more than 28 countries worldwide having approved reimbursement in at least one indication in over 300 qualified treatment centres. Kymriah® continued to build momentum showing 71% growth for the full year 2020 over 2019, with sales of $474 million.

NOVARTIS

Sole global supplier
The Group continues to be Novartis' sole global supplier of lentiviral vector for Kymriah®.

Indication expansion of Kymriah® continued to progress well and in December, 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 in the second half of 2021. Novartis also plans to file Kymriah® for extended use in patients with r/r DLBCL in first relapse 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.

>28 countries

Global roll out of Kymriah®
More than 28 countries worldwide have approved reimbursement in over 300 qualified treatment centres. Kymriah® continued to build momentum showing 71% growth for the full year 2020 over 2019.

Beam Therapeutics

In August, the Group signed a development, manufacture and licence agreement with Beam Therapeutics (Beam), a pioneering biotech company which utilises base editing to develop precision genetic medicines. The agreement grants Beam a non-exclusive licence 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, the Group could receive additional licence fees, 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.

Further partner updates

In May, Orchard Therapeutics (Orchard) announced a new strategic plan with an emphasis on neurometabolic disorders, 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 interim data from their proof-of-concept study expected to be released in 2021.

Post period end 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's partnership with Boehringer Ingelheim and the UK Cystic Fibrosis Gene Therapy Consortium also continued to progress through development. In April 2021, post period end, the Group signed a three-year development and supply agreement with Boehringer Ingelheim for the manufacture and supply of viral vectors, building on the partnership that started in 2018.

Proprietary product development:

Sio Gene Therapies (formerly Axovant Gene Therapies)

Following the initial worldwide licence agreement signed in June 2018, in July 2020 the Group signed a three-year clinical supply agreement with Sio Gene Therapies (Sio) for the manufacture and supply of Parkinson's disease gene therapy programme AXO-Lenti-PD. Under the terms of the agreement, the Group will manufacture GMP batches for Sio to support the ongoing and future clinical development of AXO-Lenti-PD.

Sio is currently conducting a Phase 2 SUNRISE-PD trial with AXO-Lenti-PD. In October, Sio announced positive six-month follow up data from the second cohort of the trial, showing a 21-point mean improvement in UPDRS Part III 'OFF' score, a 40% improvement from baseline based on the two evaluable patients in the study. AXO-Lenti-PD continued to be shown to be well-tolerated with no treatment-related serious adverse events at six months.

Unencumbered proprietary pipeline programmes

In the first quarter of 2020, the Group undertook an internal pipeline review to prioritise where pre-clinical 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.

AXO-Lenti-PD treatment for Parkinson's disease
Sio announced positive six-month follow up data from the second cohort of the trial, showing a 21-point mean improvement in UPDRS Part III 'OFF' score, a 40% improvement from baseline based on the two evaluable patients in the study.

Chief Executive Officer's and 2020 performance review

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 pre-clinical work on OXB-302 as the Group gets the programme ready for entry into the clinic.

OXB-203, currently in pre-clinical studies, is targeting Wet AMD and uses the Group's 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 pre-clinical work on OXB-204 (LCA10) and OXB-103 (ALS) and a new pre-clinical programme, OXB-401 (liver indication) was initiated.

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. This process is still ongoing and, 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.

Research collaborations

During the year, the Group entered into two CAR-T research collaborations, firstly one with Papyrus Therapeutics Inc. (Papyrus) then one with PhoreMost Limited (PhoreMost) later in the year.

The Group signed the research collaboration agreement with Papyrus, an emerging biopharmaceutical company developing novel extracellular tumour suppressor therapies for the treatment of cancer, in August. 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 the Group, initially in pre-clinical *in vivo* models of solid tumours.

In November, the Group entered into a gene therapy discovery collaboration with PhoreMost to develop next-generation CAR-T cell therapies with improved efficacy and durability. This will use PhoreMost's SITESEEKER platform to identify active peptides to be deployed within the Group's LentiVector® delivery system.

Both of these early stage collaborations highlight the continued focus on the development of the Group's proprietary pipeline.

Two new research collaborations
The Group signed research collaboration agreements with an emerging biopharmaceutical company developing novel extracellular tumour suppressor therapies for the treatment of cancer, and another to develop next-generation CAR-T cell therapies with improved efficacy and durability.

Innovation and LentiVector® platform development

Innovation and the development of the platform are core to the Group's goal of industrialising lentiviral vectors. By industrialising lentiviral 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.

Development of technologies such as TRiPSystem™, SecNuc™, LentiStable™ and most recently U1 and U2, along with the corresponding IP, continue to move ahead. In addition, the Group is utilising automation and the use of robotics to further drive productivity improvements and is collaborating with Microsoft in an exciting project using artificial intelligence and machine learning to improve yields and quality of next generation vectors.

Industrialising lentiviral vectors
By industrialising lentiviral vector production and reducing the cost through innovation, the Group will open up therapeutic indications that are currently inaccessible.

Facilities and capacity expansion

Post completion of the building phase of the new 84,000 sq. ft. manufacturing facility (Oxbox) at the end of 2019, the Group received MHRA regulatory approval for the first two suites and supporting areas such as the warehouse, cold chain facilities and QC laboratories, in May 2020. The 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 MHRA approved the third and fourth manufacturing suites in September and October, respectively. This meant that by early in the fourth quarter of 2020, Oxbox had four suites approved and manufacturing was underway; one at 200L scale for the Group's LentiVector® platform partners and three at 1000L scale for the Oxford AstraZeneca COVID-19 vaccine.

The installation of the equipment for the first fill/finish suite is progressing well and is expected to be completed and approved during 2021. This first phase of development fits out approximately 45,000 sq. ft. with the remaining fallow area available for flexible expansion in the future.

In January 2021, the Group was delighted to host the Prime Minister, the Rt. Hon Boris Johnson MP, to formally open the Group's Oxbox manufacturing facility.

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 conversion of the first of these areas to laboratories was completed by the end of 2020 and is now operational. A further area within Windrush Court will be converted during the course of 2021 and work will also start on the development of the Windrush Innovation Centre (WIC) a dedicated building for both platform and proprietary product innovation.

In the first half of 2020, a lease was taken on a new 11,000 sq. ft. 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.

PM opens Oxbox
The Prime Minister, the Rt. Hon Boris Johnson MP, opened the Group's Oxbox manufacturing facility in January 2021.

Chief Executive Officer's and 2020 performance review

Investment progress

In June 2020, the Group successfully completed a £40 million equity fundraising which included new and existing investors, with net proceeds of £38.3 million. The proceeds of the equity fundraising provided funding to enable the Group to continue to exploit the significant opportunities in the growing cell and gene therapy market both with current and future partners. The fundraise also strengthened the Group's cash position allowing it to remain at the forefront of innovation of lentiviral technology and progress towards the Group's goal of industrialising lentiviral vectors and further develop its own proprietary products. It also provided additional resources to be used for the Group's involvement in the Oxford AstraZeneca COVID-19 vaccine or other vaccine candidates as required.

Organisational progress

In the past 12 months the Group has made significant progress in its commitment to best practice in Corporate Governance and the diversification of talent on the Board.

In June, the Group announced the appointment of Dr. Roch Doliveux as Non-Executive Chair following the retirement of former Chair, 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 he is currently the Chair of the Board of Directors at Pierre Fabre S.A and a Non-Executive Director at Stryker Corporation and UCB SA.

In December, Dr. Sam Rasty was appointed to the Board as an Independent Non-Executive Director, and brings invaluable experience in building and growing successful gene therapy companies. Post period-end, in February 2021, the Group announced the appointment to the Board as of 1 March of Professor Dame Kay Davies as an Independent Non-Executive Director. Kay is a world-renowned geneticist and Professor at Oxford University. At the same time as Kay's appointment, it was announced that Martin Diggle, a Partner at Vulpes Investment Management would step down from the Board as a Non-Executive Director after nearly nine years. Dr. Andrew Heath will not be standing for re-election at the 2021 AGM having served on the board since 2010.

During the year, the wider Group team also 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 over 20% reaching 673 at the end of the year, compared with 554 at the end of 2019.

£40 million equity fundraising
The proceeds of the equity fundraising provided funding to enable the Group to continue to exploit the significant opportunities in the growing cell and gene therapy market both with current and future partners.

Environmental, Social and Governance

The Group remains committed to its role as a responsible business having developed a strategy over the past few years which is now deeply embedded in everything that the Group does. Throughout 2020, the Group particularly focussed on the wellbeing of our staff with the introduction of a number of initiatives, including, workshops and access to mental health professionals. We were delighted to receive the "Commitment to Workforce Wellbeing" award from Oxfordshire Mind, in recognition of our various initiatives.

Outlook

With the growth in partner programmes during 2020, the Group expects an increase in underlying LentiVector® platform based revenues in 2021 from both bioprocessing and commercial development activities. In addition, following approval of the Oxford AstraZeneca COVID-19 vaccine and with production at the Oxbox manufacturing facilities progressing well, subject to the continued manufacture of the vaccine, the Group expects total cumulative revenues from this programme to be in excess of £50 million by the end of 2021. It is therefore expected that revenues for the Group should grow strongly in 2021.

At an operating EBITDA level, the Group also expects an increase from 2020, albeit at a more modest rate than revenues due to increased R&D spend as we invest for the future.

Discussions and feasibility studies are ongoing with various potential cell and gene 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 during the course of 2021.

Looking to 2021 and beyond, with the Group's ever increasing number of partner programmes and continued broader market growth in cell and gene therapy, the future has never looked more exciting and the Group is well positioned to maximise the opportunities ahead.

John Dawson
Chief Executive Officer

An exciting future
Looking to 2021 and beyond, with the Group's ever increasing number of partner programmes and continued broader market growth in cell and gene therapy, the future has never looked more exciting.

Management team

John Dawson

Chief Executive Officer

John Dawson joined Oxford Biomedica's Board as a Non-Executive Director in August 2008 and he was appointed Chief Executive Officer in October 2008. Previously, he held senior management positions in the European operations of Cephalon Inc., including Chief Financial Officer and Head of Business Development Europe. While at Cephalon he led many deals building the European business to over 1,000 people, and to a turnover of several hundred million US dollars and in 2005 led the US$360 million acquisition of Zeneus by Cephalon. Prior to his time at Cephalon he was Director of Finance and Administration of Serono Laboratories (UK) Limited.

Stuart Paynter

Chief Financial Officer

Stuart Paynter joined Oxford Biomedica and the Board in August 2017. He has 16 years' experience in the pharmaceutical and healthcare sectors. He qualified as a chartered accountant with Haines Watts before moving to EDS. He subsequently joined Steris, and worked in a variety of roles within the healthcare and life sciences divisions prior to becoming the European Finance Director. He then moved to Shire Pharmaceuticals where he became the Senior Director of Finance Business Partnering for all business outside of the US. He then moved to a corporate finance role before becoming the global head of internal audit. Prior to joining Oxford Biomedica he was Head of Finance Business Partnering at De La Rue plc. He is a member of the Institute of Chartered Accountants in England and Wales.

Jason Slingsby

Chief Business Officer

Dr. Slingsby joined Oxford Biomedica in 2015 as Head of Business Development and was promoted to Chief Business Officer in May 2019. He has 20 years' experience in the biotechnology industry in biologics, vaccines and gene therapy. He has worked in international business development roles at Sosei Co., Ltd. and Intercell AG and was co-founder and CEO of ProtAffin AG, a venture capital backed company in Austria and UK. Jason started his career as a post-doctoral scientist at Oxford Biomedica and first worked at the company 1997–2000. He was awarded a 1st class BA (Hons) in Biochemistry from Magdalen College, Oxford University and also completed a PhD in complex disease genetics from Imperial College London. Jason was also awarded an MBA with distinction from London Business School in 2002.

James Miskin

Chief Technical Officer

Dr. Miskin joined Oxford Biomedica in 2000. He has more than 18 years' experience in cell and gene therapy, 14 of which have been in the GxP (good practice) environment. In his current role, he has overall responsibility for Oxford Biomedica's Quality systems, analytical testing and lentiviral based bioprocessing development, as well as client programmes and alliance management. He is also a named inventor on several patents in the field. He holds a Bachelor of Science degree and a PhD in Molecular Biology from the University of Leeds and subsequently conducted post-doctoral research at The Pirbright Institute for a number of years. He is a member of the UK BioIndustry Association Manufacturing Advisory Committee and is the Advanced Therapies workstream lead for The Medicines Manufacturing Industry Partnership (MMIP).

Kyriacos Mitrophanous

Chief Scientific Officer

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

Full biographies for the Board of Directors can be found on pages 78 to 79.

Nick Page

Chief Operations Officer

Nick Page joined Oxford Biomedica in April 2019. Prior to joining he held a number of senior operational leadership positions in the pharmaceutical industry, most recently as Platform Head of Anti-infectives within Novartis. His 40+ years of industry experience include API, Solid oral dose, Sterile, and Radiopharmaceutical manufacturing in various organisations encompassing innovative, generic and contract manufacturing. During his career he has spent several years working in China and India as well as in Global roles. He originally qualified as a Chartered Chemist and also has an MBA from The Open University.

Natalie Walter

General Counsel

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

Helen Stephenson-Ellis

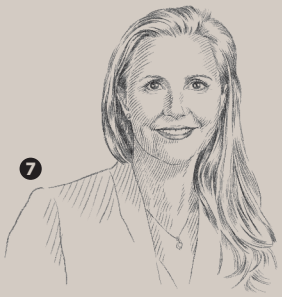
Chief People Officer

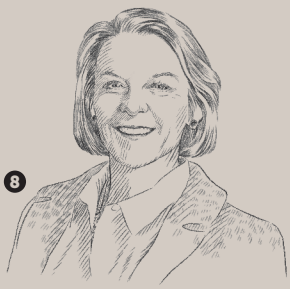
Helen Stephenson-Ellis joined Oxford Biomedica in April 2018. She brings 20 years' experience in senior Human Resources roles within the Biopharmaceutical sector, including a number of years in various HR Business Partnering roles in GSK. Following AstraZeneca's acquisition of MedImmune, she moved to Cambridge UK to head up HR for MedImmune's site there, followed by a period as Global HR Director within AstraZeneca. Prior to joining Oxford Biomedica, she was Group Human Resources Director for Vernalis plc, leading HR across Vernalis' UK and US sites. She holds a BA (Hons) degree from Northumbria University in the UK and is a member of the Chartered Institute of Personnel and Development.

Dmitry Zamoryakhin

Chief Medical Officer

Dr. Zamoryakhin served as a permanent member of the Senior Executive Team from July 2019. He stepped down from his role in February 2021.





Management team

1. John Dawson
2. Stuart Paynter
3. Jason Slingsby
4. James Miskin
5. Kyriacos Mitrophanous
6. Nick Page
7. Natalie Walter
8. Helen Stephenson-Ellis

Delivery of 2020 objectives

In addition to these corporate objectives, the Group also sets annual ESG (Responsible Business) objectives, which involves every part of the business. Details of the Responsible Business objectives for 2020 are more particularly set out in the five pillars for ESG (formerly Responsible Business), on pages 51 to 66.

2020 objectives	Performance against priorities
1 Partners/Capacity/Technology advancement To service the Group's customers as agreed and reach key milestones for Novartis and other key partners. Receive appropriate regulatory approvals for Oxbox.	**A B** Some objectives were fully met and others partly met. The Group achieved regulatory approval by the UK regulator (MHRA) for vector production in Oxbox in the first half of 2020. The Group also achieved the initiation of two GMP batches for client programmes, in addition to those for Novartis. The onset of the COVID-19 pandemic in 2020 delayed the Group's initiation of the Group's in-house fill and finish inspection by MHRA. At the request of a client, the Group did not transfer a process for the client into the Group's Oxbox facility. This provided a vacancy in Oxbox for other clients. The Group utilised this vacancy to manufacture the Oxford AstraZeneca COVID-19 vaccine programme.
2 Patent/product advancement and innovation To advance two new platform products into the Group's portfolio, alongside technical (two new patentable inventions) and process innovations (rapid process and improved process) to the platform to keep the Group ahead of the competition.	**A B** Some objectives were fully met and others partly met. The Group successfully initiated an improved manufacturing process into GMP and two new patentable inventions for the platform process. The pipeline was also strengthened by the advancement of one new product, OXB-401, through proof of concept in a suitable disease model. Management made the decision, after carefully considering all stakeholder groups, to re-prioritise the internal programme for innovation aimed at delivering a rapid and improved first-in-man process, in order to divert resources to the development of the Oxford AstraZeneca COVID-19 vaccine programme.
3 Financial To achieve revenue and Operating EBITDA targets, which are driven by the budget, which includes new manufacturing deals and a product out-licensing deal, along with strengthening the balance sheet. Set in the regime of aggressively growing sales with strict control of costs and look to create internal divisions for financial reporting.	**B C** Some objectives were partly met and others not met. The Group managed to create internal divisions for financial reporting and successfully completed a £40 million capital raise in June 2020, achieving cash flow in accordance with expectations in the budget. The Group was very close to achieving the revenue targets and exceeded the Operating EBITDA target set in the budget.
4 Business development To continue to execute new deals, to out-license one product, agree three platform technology deals and to start two new feasibility studies.	**B C** Some objectives were partly met and others not met. Three platform technology deals were signed with Juno Therapeutics/Bristol Myers Squibb, Beam Therapeutics and Janssen Pharmaceuticals, respectively. Two new feasibility studies with Janssen Pharmaceuticals and Legend Biotech were also achieved. The objective to spin-out/out-license one product into a special purpose vehicle or alternative structure was not achieved.
5 Organisational development To build a culture which provides competitive rewards/benefits and staff support systems to ensure a balanced productive workforce for the future. Focus on stakeholder engagement, as well as the implementation of ESG targets through the Group's Responsible Business strategy. To enhance the Group's organisation effectiveness programme, implementing a business change portfolio.	**A** These objectives were met in full. The employee reward strategy was successfully completed and rolled out which included competitive grading, pay structures, and associated benefits. The Group also designed and implemented an integrated performance, development and talent programme. Projects to drive stakeholder engagement under section 172 of the Companies Act 2006 (e.g. employees, suppliers and broader community) were undertaken by the Group and the ESG targets (as described in the ESG section of the Strategic Report) of reduction in waste going to landfill, increase in number of apprenticeships and establishing a sustainability forum within Oxford Biomedica were set and achieved. The Group was also able to drive the business change portfolio to deliver demonstrable business benefit from system investment such as the introduction of Laboratory Information Management System (LIMS) and the electronic quality management system (QPulse).

A Met
B Partly met
C Not met

Strategic Report
Objectives set for 2021

In addition to these corporate objectives, the Group has also set ESG (Responsible Business) objectives for 2021, which involves every part of the business. Details of the ESG objectives for 2021 are more particularly set out in the five pillars for ESG (formerly Responsible Business), on pages 51 to 66.

Objectives set for 2021

CDMO

To service the Group's customers to achieve agreed milestones/decision gates, along with improvements in net promoter score (customer satisfaction) from baseline. To launch a client process that reduces the on-boarding time from project initiation to batch start. To sign agreements with new partners for CDMO projects (late stage and early stage projects)and initiate six additional new viral vector projects (to include new and current partners). In addition, to target the initiation of one project for commercial manufacture and to gain approval for one fill and finish suite at Oxbox by the third quarter of 2021.

Platform

To achieve four new inventions, apply an Oxford Biomedica invention into a GMP setting and to in-license technology for the platform.
To use analytical automation in a GMP or R&D setting and to establish a partnership for the *in vivo* CAR-T programme.

Products

To establish one new academic relationship focused on product identification and engage with a company on product discussions.
To advance an internal product to a meaningful milestone.

Financial objectives

To achieve revenue, Operating EBITDA and cash flow targets as set by the budget approved by the Board.

Orchard therapeutics · NOVARTIS · SIO GENE THERAPIES · Bristol Myers Squibb · Boehringer Ingelheim · Santen · gtxx UK CYSTIC FIBROSIS GENE THERAPY CONSORTIUM · Beam THERAPEUTICS · AstraZeneca

Organisational development

To deliver on digitalisation projects planned for 2021 to ensure that the Group remains effective for its size. To focus on stakeholder engagement in various ways, including through the Workforce Engagement Panel to deliver on year one of the employee engagement strategy. To ensure the Group's ESG goals are met effectively. To implement the Group's learning and development strategy and to develop a strategic workforce plan.

Financial review

Operational resilience

2020 has been a period of operational resilience, adaptability and revenue growth for the Group. Whilst the COVID-19 pandemic enforced changes to the Group's operating methods, with employees working from home where possible, the Group has been able to continue its bioprocessing and commercial development activities throughout the period. This great achievement allowed the Group 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 the Oxford AstraZeneca COVID-19 vaccine, which was then converted into a full commercial supply agreement in September 2020. These additional vaccine bioprocessing batches, together with the new commercial agreements entered into with Juno Therapeutics/ Bristol Myers Squibb and Beam Therapeutics earlier in the year, has seen the Group deliver increased commercial activity and revenues throughout 2020.

In the first half of the year the Group obtained MHRA approval for the bioprocessing of batches in two of its suites at its new Oxbox bioprocessing facility. All four cleanroom suites ended up being approved and extensively used in the second half of 2020 to meet both lentiviral vector and adenovirus vaccine clinical and commercial bioprocessing requirements. Construction of the Group's fill/finish suite was completed during 2020 and this is expected to be brought online during 2021. Once validated and operational the Group will be able to provide its customers with an end-to-end offering. Subject to the impact of the global COVID-19 pandemic on the Group's financial position, the Group will continue to look to make selective investments in infrastructure to both have the capacity for new customers and to innovate valuable intellectual property to add to the Group's offering.

The Group has had a very good year in terms of both an increase in commercial activities as well as revenues. Bioprocessing and commercial development revenue increased by 45%, and the Group achieved an Operating EBITDA profit of £7.3 million, with growth driven by the commercial development and bioprocessing activities undertaken for Juno Therapeutics/Bristol Myers Squibb and AstraZeneca.

New commercial agreements were signed with Juno Therapeutics/Bristol Myers Squibb, Beam Therapeutics and AstraZeneca, and new research and development collaborations signed with PhoreMost and Papyrus Therapeutics. As a result of the execution of the Juno Therapeutics/Bristol Myers Squibb licence and supply agreement, a licence fee of £7.8 million ($10 million) was recognised in 2020.

"2020 has been a period of operational resilience, adaptability and revenue growth for the Group. Whilst the COVID-19 pandemic enforced changes to the Group's operating methods, with employees working from home where possible, the Group has been able to continue its bioprocessing and commercial development activities throughout the period."

Stuart Paynter
Chief Financial Officer

The Group also made further significant improvements to its Statement of financial position, raising £40 million of new equity (£38.3 million net of expenses) in June 2020 in order to refurbish its Windrush Innovation Centre and Windrush Court sites, exploit new opportunities in the cell and gene therapy market, and also provide additional resources required for the Oxford AstraZeneca COVID-19 vaccine.

Selected highlights are as follows:

— Total revenues increased by 37% over 2019, and have now increased by 1,524% since 2013 when the revenue generating Platform division was created.

— Revenues from the underlying bioprocessing and commercial development business continued its upward trend, growing 45% due to additional activities performed for new customers AstraZeneca, Beam Therapeutics and Juno Therapeutics/Bristol Myers Squibb. Double digit growth was achieved across both activities with revenues from these areas now having increased by 2,183% since 2013.

— Revenues from milestones, licences and royalties increased to £19.2 million due to the recognition of a £7.8 million ($10 million) licence fee from Juno Therapeutics/Bristol Myers Squibb, as well as various other licence fees, milestones and royalties from customers.

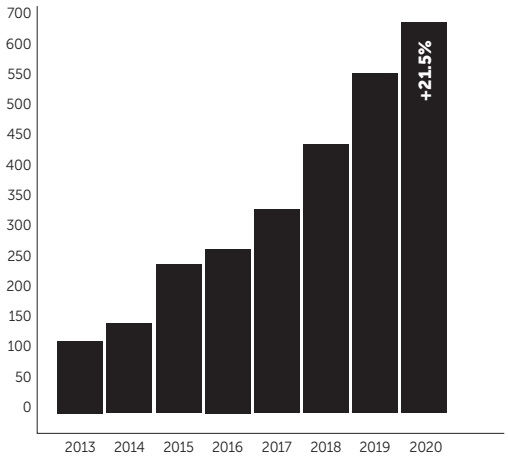
— Operating EBITDA[1] and operating losses improved by £12.5 million and £8.8 million respectively, with the Group generating an Operating EBITDA[1] profit of £7.3 million and an operating loss of £5.7 million.

— The Platform division made an Operating EBITDA[1] profit of £13.9 million (2019: £11.7 million loss) and an operating profit of £2.0 million (2019: £20.2 million loss), whilst the Product division made an Operating EBITDA loss of £6.6 million (2019: £6.5 million profit) and an operating loss of £7.7 million (2019: £5.7 million profit).

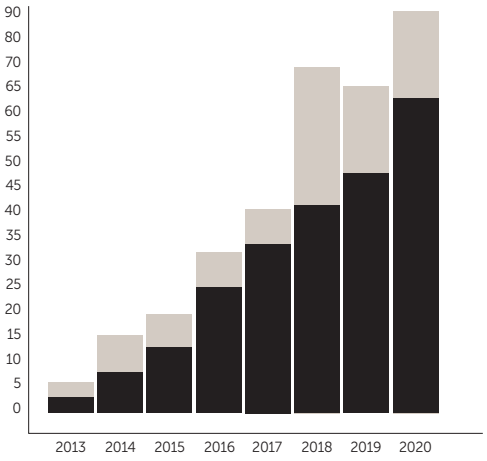
— Cash used in operations of £3.9 million in 2020 (2019: £6.6 million) decreased as a result of the increased revenues as explained above, offset by further operational investments required.

— Gross proceeds of £40.0 million (£38.3 million net of expenses) were raised from new and existing investors through a successful equity fundraising in June 2020.

— Cash at 31 December was £46.7 million bolstered by the equity fundraising in the year.



Year-end headcount



Revenue
£m

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

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share options. A reconciliation to GAAP measures is provided on page 47.

2 Non-cash items include depreciation, amortisation, revaluation of investments, fair value adjustments of assets held at fair value through profit and loss and the share based payment charge. A reconciliation to GAAP measures is provided on page 47.

Financial review

Overview

The Group saw a large increase in revenues which was driven by a 45% increase in bioprocessing and commercial development revenues. As a result of the new commercial contract signed with Juno Therapeutics/Bristol Myers Squibb and the vaccine development and bioprocessing contracts signed with AstraZeneca. Double digit growth was seen across both bioprocessing and commercial development activities. The chart opposite shows the growth in bioprocessing output since 2013. Licences, milestones and royalty revenues increased 14% due to the achievement of the £7.8 million Juno Therapeutics/Bristol Myers Squibb licence fee, as well as various milestones and royalties.

Operating costs, including Cost of Sales, grew by 20%, and by 16% when non-cash items[1] are excluded. Manpower and facility costs have increased as the Group saw the full year effect of its investments in people, facilities and operations required for the Oxbox bioprocessing facility and the development and manufacture of batches of the Oxford AstraZeneca COVID-19 vaccine. The Group will continue to invest in its people and facilities in 2021 to allow it to meet increasing customer demand for the Group's bioprocessing and commercial development services. Headcount rose from 554 at December 2019 to 673 at the end of 2020.

The Group made an Operating EBITDA profit of £7.3 million, an improvement of £12.5 million from the prior year. Once non-cash items[1] are added back, the Group made an Operating loss of £5.7 million, an improvement of £8.8 million on the prior year.

1 Non-cash items include depreciation, amortisation, revaluation of investments, fair value adjustments of assets held at fair value through profit and loss and the share based payment charge. A reconciliation to GAAP measures is provided on page 47.

Key Financial and Non-Financial Performance Indicators

The Group evaluates its performance by making use of alternative performance measures as part of its Key Financial Performance Indicators (refer to the table below). 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). The figures presented within this section for prior years are those reported in the Annual Reports for those years and have not been restated where a change in accounting standards may have required this (e.g. revenue under IFRS 15 during 2018 to 2020 but IAS 18 during 2015 to 2017).

£m	**2020**	2019	2018	2017	2016	2015
Revenue						
Bioprocessing/commercial development	**68.5**	47.3	40.5	31.8	22.6	11.3
Licences, milestones and royalties	**19.2**	16.8	26.3	5.8	5.2	4.6
	87.7	64.1	66.8	37.6	27.8	15.9
Operations						
Operating EBITDA[1]	**7.3**	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Operating loss	**(5.7)**	(14.5)	13.9	(5.7)	(11.3)	(14.1)
Cash flow						
Cash (used in)/generated from operations	**(3.9)**	(6.6)	9.2	(1.5)	(5.9)	(14.9)
Capex[2]	**13.4**	25.8	10.1	2.0	6.4	16.6
Cash burn[3]	**7.8**	26.3	1.9	9.8	11.5	29.8
Financing						
Cash	**46.7**	16.2	32.2	14.3	15.3	9.4
Loan	**–**	–	41.2	36.9	34.4	27.3
Non-Financial Key Indicators						
Headcount						
Year-end	**673**	554	432	321	256	231
Average	**609**	500	377	295	247	196

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. A reconciliation to GAAP measures is provided on page 47.
2 This is Purchases of property, plant and equipment as per the cash flow statement which excludes additions to Right-of-use assets. A reconciliation to GAAP measures is provided on page 46.
3 Cash burn is net cash generated from operations plus net interest paid plus capital expenditure. A reconciliation to GAAP measures is provided on page 48.

Revenue

Revenue increased by 37% to £87.7 million (2019 £64.1 million). Revenue generated from bioprocessing/commercial development increased by 45% to £68.5 million (from £47.3 million in 2019), and is up 2,183% since 2013. The main contributor to growth in 2020 has been the revenues generated from increased bioprocessing batches produced for AstraZeneca as part of the vaccine manufacturing efforts, and also increased commercial development services provided to new customers Juno Therapeutics/Bristol Myers Squibb, Beam Therapeutics and AstraZeneca.

Revenues from licence fees, milestones and royalties of £19.2 million (2019: £16.8 million), which included a licence fee from Juno Therapeutics/Bristol Myers Squibb of £7.8 million ($10 million), and other customer licences, milestones and royalties of £11.4 million, increased 14% from the prior year when the £11.5 million ($15 million) Sio Gene Therapies milestone was achieved.

The Group's customer base and revenue streams have continued to diversify, although the largest portion of its revenues came from its development and supply agreement with AstraZeneca as part of their worldwide COVID-19 vaccine rollout.

£m	**2020**	2019	2018	2017	2016	2015
Revenue	**87.7**	64.1	66.8	37.6	27.8	15.9

Operating EBITDA

£m	**2020**	2019	2018	2017	2016	2015
Revenue	**87.7**	64.1	66.8	37.6	27.8	15.9
Other income	**0.8**	0.9	1.1	1.8	3.0	2.9
Total expenses	**(81.2)**	(70.2)	(54.5)	(41.3)	(37.9)	(30.9)
Operating EBITDA[1]	**7.3**	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Non cash items[2]	**(13.0)**	(9.3)	0.5	(3.8)	(4.2)	(2.0)
Operating (loss)/profit	**(5.7)**	(14.5)	13.9	(5.7)	(11.3)	(14.1)

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments. A reconciliation to GAAP measures is provided on page 47.

2 Non-cash items include depreciation, amortisation, revaluation of investments, fair value adjustments of available-for-sale assets and the share based payment charge. A reconciliation to GAAP measures is provided on page 47.

Revenue increased by 37% in 2020 whilst the Group's cost base grew by 16% to £81.2 million as we saw the full year effect of the Group's investments in people, facilities and operations required to bring the additional Oxbox bioprocessing capacity online in the first half of 2020. Further additional investments were made in order to facilitate the development and manufacture of batches of Oxford AstraZeneca COVID-19 vaccine on behalf of AstraZeneca. The Operating EBITDA profit of £7.3 million is £12.5 million higher than the £5.2 million loss generated in 2019, as a result of the large increase in revenues when compared to the prior year.

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 on the next page.

Financial review

£m	2020	2019	2018	2017	2016	2015
Research and development[1]	**29.7**	22.6	18.0	21.6	24.3	20.3
Bioprocessing costs	**10.7**	7.4	1.2	–	–	–
Administrative expenses	**11.3**	11.9	7.4	7.3	6.0	6.7
Operating expenses	**51.7**	41.9	26.6	28.9	30.3	27.0
Depreciation	**(9.8)**	(5.8)	(4.3)	(4.1)	(3.3)	(1.3)
Amortisation	**–**	–	–	(1.2)	(0.3)	(0.4)
Share option charge	**(2.4)**	(1.6)	(1.1)	(0.7)	(0.6)	(0.2)
Adjusted Operating Expenses[2]	**39.5**	34.5	21.2	22.9	26.1	25.1
Cost of sales	**41.7**	35.7	33.3	18.4	11.8	5.8
Total Expenses[3]	**81.2**	**70.2**	**54.5**	**41.3**	**37.9**	**30.9**

1 Includes the RDEC tax credit.
2 Research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and the share option charge.
3 Cost of goods plus research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and the share option charge.

£m	2020	2019	2018	2017	2016	2015
Raw materials, consumables and other external bioprocessing costs	**22.0**	22.8	18.3	13.2	9.3	6.1
Manpower-related	**45.3**	35.2	26.7	19.3	17.4	13.6
External R&D expenditure	**1.4**	1.4	1.9	1.7	2.8	3
Other costs	**17.1**	12.0	7.6	7.1	8.4	8.2
RDEC tax credit	**(4.6)**	(1.2)	–	–	–	–
Total expenses[1]	**81.2**	**70.2**	**54.5**	**41.3**	**37.9**	**30.9**

— Raw materials, consumables and other external bioprocessing costs have remained stable as, although volumes were higher, the Group moved away from performing high cost adherent manufacturing to the lower cost bioreactor process. The Group is also not responsible for fill/finish of vaccine batches manufactured on behalf of AstraZeneca leading to lower external bioprocessing costs.

— The increase in manpower-related costs is due to the increase in the average headcount from 500 in 2019 to 609 in 2020. As the Group was able to bring Oxbox and additional laboratory space at Windrush Court online in 2020, the Group was able to increase the Group's commercial development and bioprocessing capacity resulting in increased Group revenues.

— External R&D expenditure remained the same in 2020 with activities slowed down in the first half of the year due to the impact of the COVID-19 pandemic, before resuming more fully in the second half of 2020.

— Other costs were higher as a result of the operational and facility costs incurred due to the additional Oxbox bioprocessing capacity coming online, as well as the additional laboratory space put in place at Windrush Court. Increased costs included £0.6 million paid to settle a customer development claim, and were offset by a forex gain of £0.5 million (2019: £0.6 million loss) as sterling strengthened against the dollar.

— Whilst the RDEC credit has increased to £4.6 million (2019: £1.2 million), total R&D related tax credits have decreased significantly as the Group ceased being eligible to claim a research and development tax credit under the Government's small company scheme in 2020 (see Operating and Net profit/(loss) commentary below), with most of those costs now being eligible under the Government's large company RDEC tax credit scheme.

Operating and Net profit/(loss)

£m	2020	2019	2018	2017	2016	2015
Operating EBITDA	**7.3**	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Depreciation, Amortisation and share option charge	**(12.2)**	(7.4)	(5.5)	(6.1)	(4.2)	(2.0)
Change in fair value of assets at fair value through profit and loss	**(0.8)**	(1.9)	6.0	2.3	–	–
Operating (loss)/profit	**(5.7)**	(14.5)	13.9	(5.7)	(11.3)	(14.1)
Interest	**(0.8)**	(5.4)	(6.2)	(9.3)	(4.9)	(1.9)
R&D tax credit	**0.3**	4.8	2.5	2.7	3.7	4.0
Foreign exchange revaluation (non cash)	**–**	(1.0)	(2.7)	3.3	(4.1)	(1.0)
Net(loss)/profit	**(6.2)**	(16.1)	7.5	(9.0)	(16.6)	(13.0)

In arriving at Operating loss/profit it is necessary to deduct from Operating EBITDA the non-cash items referred to above. The depreciation charge was much higher in 2020 due to Oxbox becoming operationally active in the first half of the year. The Orchard Therapeutics investment asset incurred a loss of £0.8 million after the share price gave up more of the gains achieved in 2017 and 2018. Amortisation of intangible assets is insignificant, and the share option charge was higher due to the increased employee headcount. The interest charge of £0.8 million was lower than the prior year as a result of the early repayment of the Oaktree loan in June 2019, with only interest arising on the IFRS 16 leases remaining as compared to the prior year. The R&D tax credit in 2020 has decreased significantly as the Group ceased being eligible to claim a research and development tax credit under the Government's small company scheme in 2020, whilst now being eligible to make a claim under the Government's large companies RDEC scheme (see the last bullet under Total expenses in the previous section). The credit of £0.3 million is made up of a £1.5 million small company credit related to prior years, and a £1.2 million liability on the large company research and development taxation credit included under Other costs which the Group is still able to claim. There was no foreign exchange revaluation gain/(loss) during 2020 as the Oaktree loan was repaid in 2019.

Segmental analysis

Reflecting the way the business is currently being managed by the Senior Executive Team, the Group reports its results within two segments, namely:

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

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

£m	Platform	Product	Total
2020			
Revenue	**87.1**	**0.6**	**87.7**
Operating EBITDA	**13.9**	**(6.6)**	**7.3**
Operating profit/(loss)	**2.0**	**(7.7)**	**(5.7)**
2019			
Revenue	51.0	13.1	64.1
Operating EBITDA	(11.7)	6.5	(5.2)
Operating (loss)/profit	(20.2)	5.7	(14.5)

The Platform segment in 2020 saw an increase in revenue of 71% from £51.0 million to £87.1 million due to the Juno Therapeutics/Bristol Myers Squibb licence fee received, as well as increased bioprocessing and commercial development activities for customers AstraZeneca, Juno Therapeutics/Bristol Myers Squibb, Beam Therapeutics and Sanofi. This was offset by a decrease in revenues from existing customers Orchard and also Novartis, where revenues were impacted in 2020 due to the transition over to the more profitable bioreactor process which occurred during 2019. Operational results saw the positive impact of the large increases in revenues but this did come at the cost of additional investment in headcount and facilities, resulting in an Operating EBITDA profit of £13.9 million, and an operating profit of £2.0 million. The Group will target maintaining 2020 operating margins and improve revenues and operating results from this segment through higher bioprocessing volumes, increased licence and royalty payments from partners, and additional commercial development services to customers.

The Product segment has generated revenues of £0.6 million (2019: £13.1 million) and an Operating EBITDA loss of £6.6 million (2019: £6.5 million profit), as no further significant licences or milestones from Sio Gene Therapies (2019: £11.5 million) or other customers was achieved during 2020.

Cash flow

The Group held £46.7 million of cash at 31 December 2020, having begun the year with £16.2 million. Significant movements across the year are explained below.

£m	**2020**	2019	2018	2017	2016	2015
Operating (loss)/profit	**(5.7)**	(14.5)	13.9	(5.7)	(11.3)	(14.1)
Non-cash items included in operating loss	**13.0**	9.3	(0.5)	3.8	4.2	2.0
Operating EBITDA	**7.3**	(5.2)	13.4	(1.9)	(7.1)	(12.1)
Working capital movement	**(11.2)**	(1.4)	(4.2)	0.4	1.2	(2.8)
Cash (used in)/ generated from operations	**(3.9)**	(6.6)	9.2	(1.5)	(5.9)	(14.9)
R&D tax credit received	**7.0**	3.1	3.7	4.5	4.1	3.2
Net cash generated from/(used in) operations	**3.1**	(3.5)	12.9	3.0	(1.8)	(11.7)
Interest paid, less received	**–**	(3.3)	(4.7)	(10.8)	(3.3)	(1.5)
Sale of investment asset	**2.5**	6.3	–	–	–	–
Capex	**(13.4)**	(25.8)	(10.1)	(2.0)	(6.4)	(16.6)
Cash burn	**(7.8)**	(26.3)	(1.9)	(9.8)	(11.5)	(29.8)
Net proceeds from financing	**38.3**	10.3	19.8	8.8	17.5	25.0
Movement in year	**30.5**	(16.0)	17.9	(1.0)	6.0	(4.8)

— The operating loss in 2020 was £8.8 million better than the operating loss of £14.5 million achieved in 2019. These improved operational results flowed through to Operating EBITDA profit of £7.3 million (2019: £5.2 million loss).

— The negative working capital movement of 11.2 million is driven largely by an increase in Trade and other debtors (£25.9 million) and inventory (£4.3 million) offset by an increase in Trade and other payables (£5.4 million) and Contract liabilities (£13.4 million). These movements were driven by increased revenue generating activities and the impact of this increase on the Group's operational activities.

— The Group received £7.0 million R&D tax funding in 2020 in respect of the 2019 claim, up £3.9 million from the prior year. The increase in 2020 was due to the tax credit received in 2019 being capped as a result of the profits achieved in 2018.

— Interest paid during the year was nil, down from £3.3 million in the prior year as the Oaktree loan facility was repaid at the end of June 2019.

— £2.5 million of funds was generated from the sale of shares in Orchard Therapeutics, an asset held at fair value through profit and loss.

— Purchases of property, plant and equipment decreased from £25.8 million to £13.4 million, mainly as a result of the main construction phase of the new Oxbox manufacturing facility being completed in 2019 and cash preservation measures put in place in the first half of 2020.

— The net proceeds from financing during 2020 was £38.3 million, consisting of the June 2020 equity fundraise of £38.3 million, share option issues of £1.1 million, and reduced by lease payments of £1.1 million in the year.

— The result of the above movements is a net increase in cash of £30.5 million from £16.2 million to £46.7 million.

Statement of financial position review

The most notable items on the Statement of financial position, including changes from 31 December 2019, are as follows:

— Assets at fair value through profit and loss decreased by £2.5 million as a result of the sale of £2.5 million worth of Orchard Therapeutics shares.

— Property, plant and equipment has increased by £10.4 million to £72.3 million as depreciation of £9.6 million only partially offset additions of £19.7 million, mainly purchases of equipment and leasehold improvements for the new Oxbox manufacturing facility, additional laboratory space at Windrush Court, and a right to use asset recognised upon signing the Corporate Head Office lease in Oxford.

— Inventories have increased from £2.6 million to £6.9 million due to increased raw material balances as a result of forecasted increased bioprocessing vaccine manufacturing activities, but also due to Brexit and COVID-19 stock building.

— Trade and other receivables increased from £33.7 million to £57.5 million due to increased levels of bioprocessing and process development activities across the year end, as well as the increased RDEC tax credit receivable.

— Tax assets decreased from £5.4 million to £0.1 million as the Group ceased being eligible to claim a research and development tax credit under the Government's small company scheme in 2020. The balance of £0.1 million is made up of a £1.0 million small company credit related to prior years, and a £1.1 million corporate tax liability on the large company research and development taxation credit included under Trade and other receivables.

— Trade and other payables increased from £14.3 million to £19.7 million, due to the increased level of operational activity, including the increased headcount levels.

— Contract liabilities increased from £14.9 million in 2019 to £28.3 million due to funds received in advance for future bioprocessing and process development activities.

— Deferred Income decreased from £4.3 million in 2019 to £3.5 million due to the release of amounts deferred as part of the Innovate UK capex grant funding.

— Provisions increased as a result of the recognition of a £0.8 million liability for future dilapidations cost on the corporate office and Oxbox leases.

— Lease liabilities increased from £8.4 million to £13.8 million due to the recognition of an IFRS 16 liability with regard to the new corporate office lease entered into in 2020, as well as a £3.8 million liability with regard to bioprocessing equipment used within the Oxbox manufacturing facility.

Financial outlook

The Group will continue to target improved financial performance in 2021. The contracts signed in 2020 with AstraZeneca, Juno Therapeutics/Bristol Myers Squibb, Beam Therapeutics and Sio Gene Therapies, together with continued bioprocessing and commercial development activities performed for existing customers, have driven the growth in revenues in 2020. Additive bioprocessing and commercial development revenues are expected from these partnerships in the future with the Group expecting to continue to increase its commercial activities, assisted by an expanded Oxbox facility being in use throughout 2021.

The Group continues to recognise the importance of focusing on building and maintaining the Group's commercial relationships with the Group's customers, both old and new. The success of the Group's existing customers is seen as key to the Group's success, including driving growth in new customer relationships in 2021 and beyond. The Group will continue to target new strategic commercial relationships in 2021, but also remain focused on meeting the growing demands of the Group's existing customer base.

R&D expenditure in 2021 is expected to be above the £29.7 million seen in 2020. The Group intends to invest in the development of its platform to accelerate the ambition to industrialise lentiviral vector production, as well as increased investment in R&D on propriety programmes to progress them towards the clinic. Headcount is also likely to increase but by lower levels than seen in 2020. This investment means that while Operating EBITDA is expected to be above 2020 levels it will not grow at the same rate as revenues.

Capex for 2021 will be above 2020 levels due to the expansion being undertaken at both Windrush Court and Windrush Innovation Centre, as highlighted in the equity fundraise in June 2020. The Group continues to make selective strategic investments in its products and enabling technologies where the opportunity exists to improve patient outcomes and increase shareholder value.

Going concern

The Group made a loss for the year ended 31 December 2020 of £6.2 million, but generated net cash flows from operating activities for the year of £3.1 million. Furthermore, the Group raised an additional £38.3 million in cash through a successful equity placement in June 2020. The Group ended the year with cash and cash equivalents of £46.7 million.

In considering the basis of preparation of the Annual Report and financial statements, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2021 annual budget and forecasts for 2022. These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

— A substantial revenue downside affecting the core LentiVector® platform business,

— No revenues from new customers,

— Significant decreases in forecasted existing customer milestone and royalty revenues,

— The impacts 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 £46.7 million at the end of December 2020 and £65.9 million at the end of March 2021,

— The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary,

— A large proportion of 2021 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give additional certainty to revenues 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 the lockdown period,

— The Group's history of being able to access capital markets.

The Directors have also considered the impact of the UK's decision to leave the European Union. Although Brexit has significantly affected the fiscal, monetary and regulatory landscape in the UK, the Group has assessed its impact on its operations to be minor. Further information regarding this issue is provided on page 76.

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 financial statements on a going concern basis.

Stuart Paynter
Chief Financial Officer

In prior years, this section of the Annual Report was entitled Corporate and Social Responsibility. This became known as Responsible Business last year, and is now referred to as Environmental, Social and Governance (ESG). ESG has continued to be of fundamental importance to the Group during 2020, with the ESG strategy having become deeply embedded throughout the Group over the past few years.

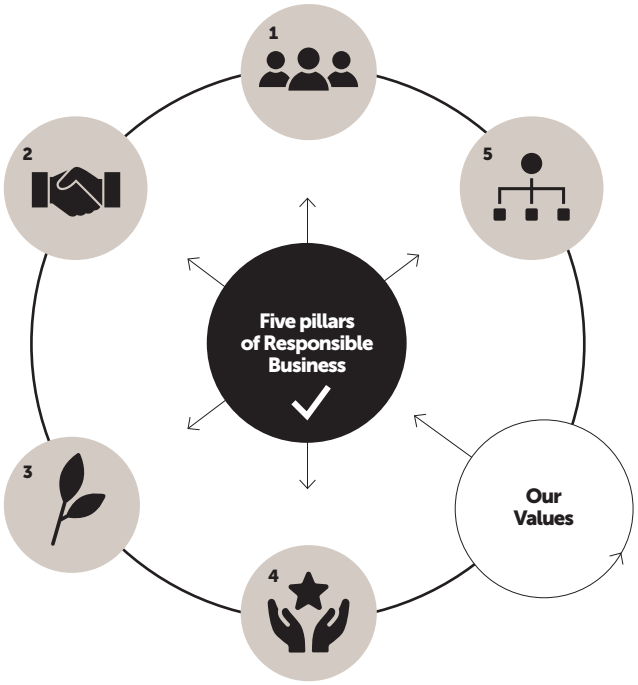
"In 2020, the Group introduced the concept of annual objectives for the five pillars of Responsible Business (now ESG) to ensure the Group delivers on its ESG strategy and mission."

Deliver life changing gene therapies to patients in an ethical and socially responsible way

The Group's ESG mission (formerly the Group's Responsible Business mission) is to deliver life changing gene therapies to patients in an ethical and socially responsible way. The Group's ESG strategy is focused on five pillars: People; Community; Environment; Innovation and Supply Chain.

The five pillars of Responsible Business

In 2020, the Group introduced the concept of annual objectives for the five pillars of Responsible Business (now ESG) to ensure the Group delivers on its ESG strategy and mission. These objectives, which are developed internally by the senior leader responsible for each pillar, in conjunction with the SET, are in addition to the Group's corporate objectives. The Group considers the ESG objectives to be fundamental to maintaining and enhancing the culture and values of the Group. The ESG Committee (formerly the Responsible Business Committee) chaired by John Dawson, the Group's Chief Executive Officer, provides a link to the Board for regular review of ESG issues that have the potential to impact upon stakeholders and the Group's business. Although the Board and the SET have responsibility for ESG within the Group, the ESG Committee is responsible for the governance and oversight of the Group's ESG commitments.



Five pillars of Responsible Business

1. People
2. Community
3. Environment
4. Innovation
5. Supply Chain

People

Health and Safety

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

The Group's Health and Safety Management System covers all aspects of its work, from working with biological materials, to use of display screen equipment. The Safety Management System has continued to evolve and grow with the organisation. A new incident management system, introduced in late 2020, enables the Group to improve the reporting, investigation and tracking of actions. The Group has moved risk assessments, policies and procedures that were previously locally managed to a fully electronic system that provides a one-stop-shop for employees' health and safety needs and the Group has initiated training for all employees on the new system.

The Group has taken steps to improve consultation in developing policies and procedures to ensure they adequately reflect working practices. Improving employee engagement is a key area of focus. The Group completed a Safety Climate Survey in the first quarter of 2020 to actively engage all staff and identify areas for improvement. The survey enabled the Group to assess its performance against eight factors that contribute to a positive safety culture, and to benchmark externally. The eight factors were Accident and near miss reporting; Organisational commitment; Health and Safety oriented behaviours; Health and Safety trust; Usability of procedures; Engagement in Health and Safety; Peer group attitude; and Resources for Health and Safety. Results were encouraging and aligned well with the Group's existing improvement plans. The results and the improvement plans were shared with employees to keep them informed and engaged in the change programme.

The Group continues to have a first-class safety record, as the Group has continued the trend of having no major injuries. Health and Safety is a standing item on the Board's agenda and the Group has taken steps to improve the metrics used to monitor performance in this important part of the business. The Group is committed to meet both the letter and spirit of all Health and Safety regulation and best practice.

Further details of 2021 ESG people objectives are set out on page 55.

Health and Safety Management System
The Group's Safety Management System has continued to evolve and grow with the organisation. A new incident management system, introduced in late 2020, enables the Group to improve the reporting, investigation and tracking of actions.

0 major injuries

First-class safety record
The Group has continued the trend of having no major injuries.

Engagement

As recommended by the Board and in accordance with the 2020 Responsible Business objectives, the Group established a Workforce Engagement Panel (WEP) in 2020. The WEP is made up of employees representing all levels and functions across the Group. The purpose of the WEP is to enable employees to discuss issues of importance to them and ensure that the senior leaders and the Group's Board hear the views of the workforce. Three meetings took place in 2020, including one meeting with Stuart Henderson, the Board's designated Non-Executive Director, to facilitate direct discussion and engagement at Board level. Six meetings are planned for 2021, two of which will be attended by Stuart Henderson.

The Group is committed to making sure that it regularly asks employees for their views and suggestions on a variety of issues, including leadership, communication, safety and wellbeing. Four employee engagement pulse surveys were completed in 2020, one focused on employee communication and three focused on the impacts of the COVID-19 pandemic. These surveys provide a rich insight into how employees are feeling, their concerns and their suggestions for future improvement. A number of actions resulting from the surveys were put in place throughout the year, such as rolling out mental wellbeing tools and offering lateral flow COVID-19 testing to employees, and the overall results were shared with employees. The results throughout 2020 show positive improvements tracking across all areas covered in the survey.

As part of the 2021 ESG people objectives a broader Group-wide employee engagement survey is planned for the third quarter of 2021, but is dependent on how the COVID-19 situation evolves. In addition, quarterly pulse surveys will continue to run during 2021, to ensure that the Group is listening to employees and taking appropriate action.

A new employee engagement strategy has been developed and approved by the SET. The strategy will be implemented throughout 2021. The strategy will create further opportunity for senior leadership visibility, more frequent two-way communication across a variety of channels, including internal social media and virtual events, and will enable the Group to keep all employees up to date and engaged as the business grows. Further details of the 2021 ESG people objectives are set out on page 55.

Values

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

The Group's values are embedded throughout its people processes – the Group looks for evidence that job candidates share the Group's values upon appointment; the values are an important factor in measuring performance; and the Group recognises and rewards adherence to the values.

"The Group is committed to making sure that it regularly asks employees for their views and suggestions on a variety of issues, including leadership, communication, safety and wellbeing."

The Group's values

Have integrity

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

Be inspiring

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

Deliver innovation

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

Equality, Inclusion and Diversity

The Group is committed to building a more inclusive organisation where all forms of diversity are celebrated. The Group aims to assess and evolve its approach so employees can confidently be their true selves at work and ensure internal processes and culture promote equality of opportunity for all.

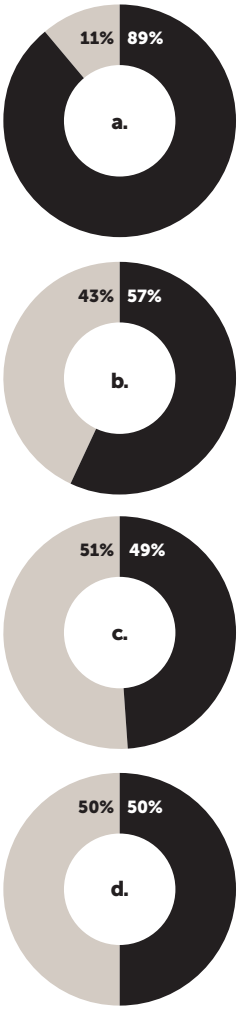
In 2020, the Group organised an initial focus group, facilitated by external diversity and inclusion specialists, to help the Group create a purpose, ambition and vision for Equality, Inclusion and Diversity within the Group. The next steps for 2021 are to share these outputs with the WEP and engage a broader employee group to turn this proposed strategy into a one to three-year action plan. This will include raising awareness and educating employees through the rollout of unconscious bias training during 2021. Further details of the 2021 ESG people objectives are set out on page 55.

The Board and senior management are fully committed to providing equal opportunities for all employees, irrespective of race, gender, religion, national origin, disability or any other personal characteristics, and embrace diversity in all forms.

The table shows the gender split across the organisation as at 31 December 2020:

	Male	Female	Total	% Male	% Female
Board including Non-Executive Directors	8	1	9	89%	11%
Senior managers and direct reports	21	16	37	57%	43%
All other employees	311	324	635	49%	51%
Total	**340**	**341**	**681**	**50%**	**50%**

The Gender Pay Gap Report for 2020 has been prepared by the Group. The Group is pleased to report a continued increase in representation of female employees at the more senior levels of the organisation. This has had a positive impact on the Group's mean and median gender pay ratio. For full details of the report please visit the Group's website at www.oxb.com.



Gender split as at 31 December 2020

a. Board including Non-Executive Directors

b. Senior managers and direct reports

c. All other employees

d. Total split male/female

Male

Female

Health and Wellbeing

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

In March 2020, the Group received tragic news that a colleague had taken his own life. Many of the staff and colleagues were impacted by this issue and as a consequence the Group's wellbeing strategy for 2020 focused on mental wellbeing. The Group recognised that the mental health risks associated with the COVID-19 pandemic further increased the importance of this. During the year, the Group incorporated mental health training within the Management Development Programme, providing line managers with tools and resources to help them support their employees. The Group have trained 16 staff in Mental Health First Aid.

In line with the 2020 Responsible Business objectives, the Group offered a number of online workshops to the whole workforce, including: 'Five Ways to Wellbeing' and 'Understanding Anxiety and Tools to Manage It' delivered by local charity, Oxfordshire Mind, and 'What is Mindfulness, and how can it support your wellbeing?' delivered again by a local contact, Mindfulness in Oxford. The Group was delighted to welcome Dr. Lindsay Browning, sleep expert and Chartered Psychologist, from Trouble Sleeping who hosted an insightful session into the importance of good sleep.

The Group offered staff a Healthy Minds Catch-up with its Occupational Health Advisor, a Registered Mental Health Nurse. In addition, all employees are covered by BUPA Private Medical Insurance, which includes direct access to Mental Health support without seeing a GP.

The Group was delighted to receive the 'Commitment to Workplace Wellbeing' award from Oxfordshire Mind for the various wellbeing initiatives offered to employees in 2020.

In 2021, the Group's wellbeing strategy will continue to focus on mental wellbeing. The COVID-19 pandemic has emphasised that whilst the Group cannot control the external environment around us, the Group can support employees and provide them with the tools to manage their personal response to these external factors. The Group will therefore have a particular focus on resilience in 2021 and will be working with external storytellers whose stories all bring to life the umbrella theme 'Resilience' whilst equipping employees with key takeaways for them to implement into their personal and professional lives.

The Group will be aligning other initiatives to key mental health awareness campaigns, via the Workplace Wellbeing Hub, including Mental Health Awareness Week, Suicide Prevention Day and International Stress Awareness Week.

Through information gathered from the pulse surveys, the Group recognises that a variety of wellbeing offerings is important to employees across the business. Throughout 2021, the Group will be offering a variety of other wellbeing initiatives with plans including maintaining a healthy lifestyle, focusing on nutrition, hydration and activity, promoting summer health awareness and exploring alternative therapy offerings (COVID-19 permitting).

The Group is enhancing the employees 'Your Reward in 2021' benefits package to include two new wellbeing offerings. An online wellbeing platform that provides a gateway to over 3,000 experiences, covering lifestyle, mental and physical wellbeing and learning vouchers, to pay for or contribute to costs associated with any structured learning, be that a course, online programme or other structured learning arrangement to help employees strike a balance between work and non-work life.

The Group understands it has a duty of care towards all employees and continually assesses the risks to the workforce whilst implementing steps to maintain a COVID-19 secure environment. The Group regularly communicates with staff in respect of the current government guidelines as well as providing regular updates on measures available to provide extra protection, such as daily onsite COVID-19 testing.

Nick Page, Chief Operations Officer at Oxford Biomedica said:

"Being a major manufacturer of the Oxford AstraZeneca COVID-19 vaccine we were understandably very concerned, not only about the safety of our staff, but the potential impact to vaccine supply if asymptomatic employees unwittingly brought the virus into our facilities. We were very pleased to take part in the government pilot for lateral flow testing in the work place. While the testing has been voluntary it has been taken up well by staff as no one wants to be the 'silent spreader' to their colleagues. It has been very successful in picking up a number of asymptomatic cases every week, which were later confirmed by PCR testing. Our employees are very proud of the work they do and as managers we are delighted to be able to offer them this testing as an additional measure, beyond our already enhanced COVID-19 secure working practices, to give them the safest environment possible to carry out their vital work".

2021 ESG people objectives:

- to implement a new Group-wide employee engagement programme, to include a Group-wide employee engagement survey and quarterly pulse surveys.
- to create an action plan for Equality, Inclusion and Diversity, to include the roll out of unconscious bias training.
- to introduce further wellbeing initiatives with a focus on mental health and resilience.

Community

The Group has continued to recognise the value of being a good local citizen. The Group has achieved this by delivering positive benefits to the community. The Group has created around 120 new appointments at all levels across the organisation during the year. The Group continued to develop its apprenticeship scheme, supporting science education, and is a strong supporter of the communities where employees live and work through volunteering for Homeless Oxfordshire and other local charities. Further links have been established with schools and local educational organisations for volunteering initiatives, such as reading support. The Group behaves as a responsible neighbour, complying with national and local laws and regulations, particularly with regard to emissions, waste, property planning and the traffic impact caused by employees. The Group has a well-established Cycle-To-Work scheme and interest-free season ticket loans to help minimise the traffic impact on the community.

Apprenticeship scheme

As part of the Group's focus on delivering local benefits and providing high-skilled jobs to the local community, the Group has established an apprenticeship scheme in collaboration with Advanced Therapies Apprenticeship Community and multiple training providers. In accordance with the 2020 Responsible Business objectives,the Group added an additional eight apprentices during 2020, with eighteen now in place, including school leavers from the local community. The apprentices are enrolled on a training scheme in the highly skilled areas of Manufacturing and Analytical testing. The Group is committed to supporting the apprentices through in-post learning, training and expanding the scheme in the future and in line with the 2021 ESG Community objectives, the Group has planned for a further nine apprenticeships. Further details of the 2021 ESG Community objectives are set out on page 57.

Apprenticeships
The Group has established an apprenticeship scheme in collaboration with Advanced Therapies Apprenticeship Community and multiple training providers.

+8

New apprenticeships
The Group added an additional eight apprentices during 2020, with eighteen now in place, including school leavers from the local community.

Charitable giving

The tragic loss of a colleague who had taken his own life, (referred to above) was deeply felt by many of the staff. In response, one former colleague and friend took on a Snowdon challenge in September 2020 to raise awareness of mental health issues with donations for Oxfordshire Mind. To show the Group's support for this challenge and to continue to support Oxfordshire Mind, the Group donated £10,000 to this important cause.

The Group's charity team, Helping Hands, was set up over a year ago and forms part of the Group's commitment to provide support to a local charity. For 2020, employees chose the local SeeSaw charity (charity registration 1076321), an Oxford based charity providing support for bereaved children, young people and their families when they face a death in the family. During 2020, the Helping Hands team and employees organised and participated in a number of COVID-19 secure events. This included participation in a Blenheim Palace sunrise walk, a cake sale (which pre-dated the onset of the pandemic), COVID-19 mask making, Christmas wreath making, care boxes and a Christmas raffle. Oxford Biomedica employees raised over £4,003 for SeeSaw in 2020.

Over the 2020 Christmas holiday period, 210 of the Group's incredible staff continued to work to make sure that the supply of the Oxford AstraZeneca COVID-19 vaccine would not be interrupted. For every person who worked over the Christmas period in 2020, the Group decided to donate £100 to SeeSaw. The Group's £21,000 donation will help SeeSaw to support children, young people and their families in Oxfordshire to face the future with hope.

Charity	Donation
SeeSaw (Employee donation)	£4,003
SeeSaw (Group donation)	£21,302
Oxfordshire Mind (Group donation)	£10,000
Total	**£35,305**

For 2021, the Group will provide all employees the opportunity to support good causes through monthly payroll contributions. Payroll giving is a voluntary way for staff to support any UK-registered charity in a tax-efficient manner.

The Group is exploring opportunities to ensure that the Group is inclusive of all communities. The Group encourages staff to get involved in community work and helps to support employees that participate in such initiatives. The Group regards community projects as a great way to meet people, develop new friendships, and most of all improve employees members' own wellbeing.

£21,000

£100 per employee

For every person who worked over the Christmas period as we continued to make sure the COVID-19 vaccine production was not interrupted, the Group donated £100 to SeeSaw, an Oxford based charity providing support for bereaved children. The Group's donation totalled £21,000.

2021 ESG Community objectives:

— to add a further nine apprentices to the apprenticeship scheme.

— to introduce a system for voluntary charitable monthly payroll contributions to continue to support volunteering initiatives, such as reading support, (with time off support).

— to increase outreach programme to schools and universities.

Environment

Environmental policies and initiatives

The Group fully recognises its responsibility to minimise the impact of its activities on the environment, its neighbours and the local community. Much like its Health and Safety Management System, the Environmental Management System has continued to evolve and grow with the organisation. The Group is mapping its system against ISO14001 with the aim of aligning with the principles of the standard by the end of the next reporting year in line with 2021 ESG environmental objectives. The Group complies with all regulations covering the processing and disposal of laboratory waste, and uses qualified licensed contractors for the collection and disposal of chemical waste and decontaminated biological materials.

In accordance with the 2020 Responsible Business objectives, during the course of the year, and with the aim of reducing the Group's carbon footprint, the Group has moved all of its energy supply over to Green Energy providers. The Group has continued the efforts to improve the management of waste, conducting a number of internal surveys on waste streams, undertaking duty of care audits on the companies the Group uses to dispose of its wastes, and trying to minimise the volume of waste that goes to landfill. By the end of 2020, the only waste going to landfill was the ash created by the incineration of clinical waste, or the ash from the incineration of plastic and other disposable waste to generate energy for the grid.

As part of the Group's ESG strategy the Group has identified the need to reduce the volume of waste-generating materials coming into the organisation (e.g. packaging). In 2021, in line with 2021 ESG environmental objectives, the Group will engage its suppliers on this subject. With a new manufacturing site coming online during 2020, the Group focussed on legal compliance (trade effluent discharge consents, etc) for the facility during 2021. With the redevelopment of the Windrush Innovation Centre in 2021, the Group intends to include a third party assessment of sustainability performance of the building, for example BREEAM. Further details of the 2021 ESG environmental objectives are set out on page 61.

The Group's SECR Compliant Directors statement

The Group recognises that its operations have an environmental impact and the Group is committed to monitoring and reducing its emissions year-on-year. The Group is aware of its reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year the Group has upgraded its energy and carbon reporting to meet these new requirements and increase the transparency with which the Group communicates its environmental impact to its stakeholders.

"In accordance with the 2020 Responsible Business objectives, during the course of the year, and with the aim of reducing the Group's carbon footprint, the Group has moved all of its energy supply over to Green Energy providers."

Legal compliance
With a new manufacturing site coming online during 2020, the Group focussed on legal compliance (trade effluent discharge consents, etc) for the facility during 2021.

2020 performance

This year, the Group has calculated its environmental impact across the required scope 1, 2 and 3 (selected categories) emissions sources for the U.K. The Group's emissions on a location basis (using the UK grid emissions intensity) are 4,097tCO_2e, which is an average impact of 7tCO_2e per FTE. The Group has calculated emission intensity metrics on a FTE basis, which will be monitored to track performance in its subsequent environmental disclosures. Electricity was the most material of the emission sources reported below and made up 46% of total emissions in 2020. The purchasing of green tariffs at multiple sites has been reflected in the Group's total emissions on a market basis.

Energy and carbon action

The Group is mindful of the impact its buildings and travel have on the environment. As such, over the period covered by the report, the Group has undertaken the following emissions and energy reduction initiatives:

— Purchases of renewable energy – a switch to green tariffs for electricity at Harrow House, Windrush Court and Yarnton demonstrates the continued commitment to lower the Group's footprint.

— Windrush Court East Wing laboratory refit – to reduce wasted energy, more energy efficient heating, ventilation and air conditioning units have been installed, alongside passive infrared (PIR) sensors which have been fitted to LED lighting.

— Fan coil unit (FCU) refurbishment – to increase the efficiency of the units and therefore reduce the cost of heating and cooling at Oxbox and Windrush Court.

— External lighting upgrades – to increase the energy efficiency, external LED units were installed at Windrush Court, Oxbox and Harrow House. This lighting is controlled by timer controls.

— Sound and heat insulation installed on the second floor of Windrush Court – to reduce wasted energy in offices.

2020 results

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

— World Resources Institute (WRI) GHG Protocol (revised version).

— Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

— UK office emissions have been calculated using the DEFRA 2020 issue of the conversion factor repository.

7tCO_2e per FTE

Average emissions impact
The Group's emissions on a location basis (using the UK grid emissions intensity) are 4,097tCO_2e, which is an average impact of 7tCO_2e per FTE.

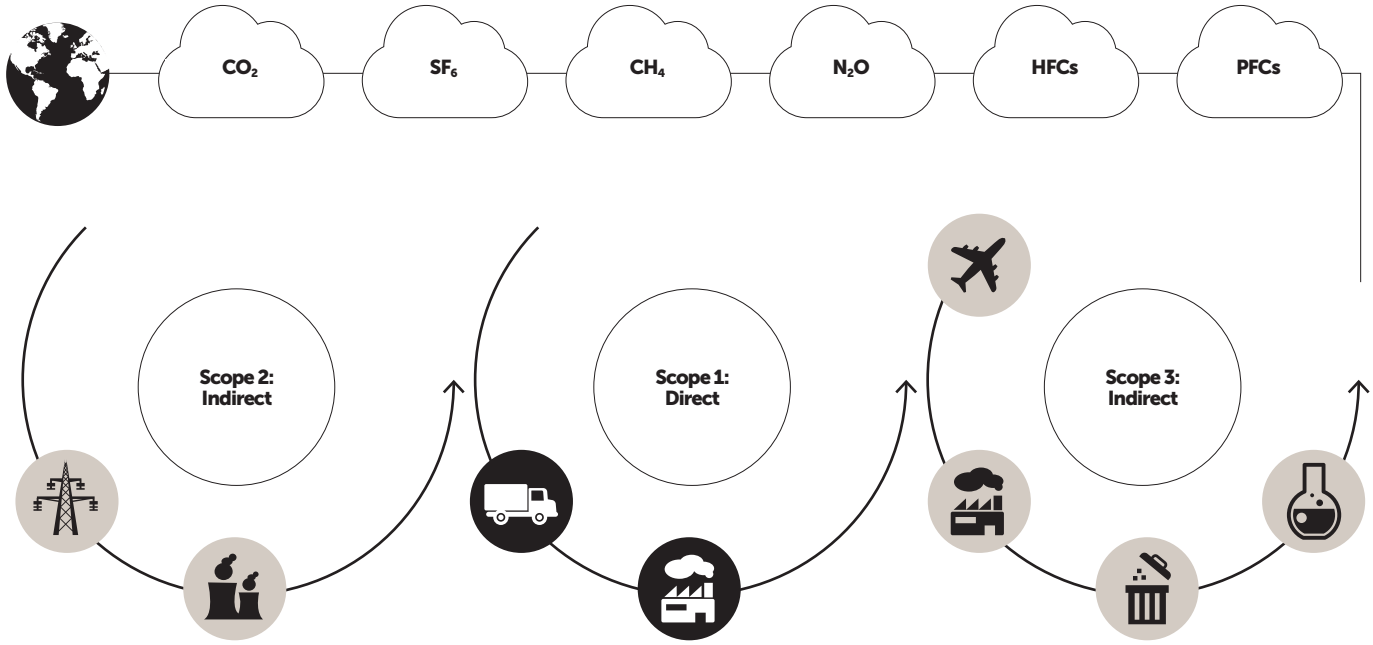
46%

Electricity use
Electricity was the most material of the emission sources reported below and made up 46% of total emissions in 2020.

Following an operational control approach to defining the Group's organisational boundary, the calculated GHG emissions from business activities which fall within the reporting period of January 2020 to December 2020 are as follows:

	Emissions Source	2020 Emissions in tCO_2e
Scope 1	Natural gas	1,614
	Other fuel types	13
	Fleet	18
Scope 2	Electricity	1,900
Scope 3	Electricity transmission and distribution	163
	Water	14
	Employee cars	3
	Rail	1
	Public Transport	1
	Business flights	212
	Paper	6
	Waste and Recycling	152
Total (Market Based)		2,647
Total (Location Based)		4,097
Total Energy Usage (kWh)[1]		17,058,312
Carbon intensity per employee	tCO_2e per FTE	7

1 Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only (as required by the SECR regulation).



Indirect emissions ❷ ❸

Indirect emissions result from a company's activities but from sources owned or controlled by another company. The most prominent example is electricity.

Direct emissions ❶

Direct emissions are emissions within a company's organisational boundary from sources that the company owns or controls, like business travel in a company car or the combustion of fuel in a company's boilers or furnace.

Waste management

The Group continues to review its waste management systems to manage waste more effectively and, as result, it has established a Sustainability Forum in order to determine ways of improving recycling and sustainability within the Group. This has included:

— recycling all paper and cardboard waste, aluminium cans, glass, plastics and printer toner/cartridges

— use of different waste streams to increase processing efficiency

Energy efficiency

In accordance with the 2020 Responsible Business objectives, the Group is committed to energy efficiency and has implemented a number of policies to decrease energy usage where possible. For instance, when existing lighting needs replacing the Group switches to LED lights which are significantly more energy efficient than traditional lighting systems. The Group is looking at reducing the water usage throughout its sites in its facilities with more efficient system controls. In Windrush Court the Group has passive infrared light sensors in all areas that have been refurbished to ensure lighting is extinguished in areas that are not currently in use.

Taskforce for Climate-related Financial Disclosure (TCFD)

The TCFD was established to help identify the information needed by investors, lenders, and insurance underwriters to assess and price climate related risks and opportunities appropriately. The Taskforce structured its recommendations around four thematic areas that represent core elements of how organisations operate: Governance; Strategy; Risk Management; and Metrics and Targets.

2021 ESG environmental objectives:

— to commission a third party assessment of sustainability performance on the redevelopment of the Windrush Innovation Centre (eg. BREEAM).

— to map the Group's Environmental Management System against ISO14001.

— to engage with the Group's suppliers to reduce the volume of waste-generating materials coming into the organisation.

— to reduce greenhouse gas emissions by optimising the Group's energy usage.

— to reduce the volume of hazardous liquid wastes being generated.

— to meet the TCFD metrics and targets.

Environmental, Social and Governance Report

Recommendation	The Group's approach	Further information
Governance Disclose the organisations governance around climate-related risks and opportunities.	The Board is accountable for overseeing the delivery of the Group's climate-related activities. The SET is responsible for delivering on these objectives within their functional areas. The Board and the SET are supported by a cross-functional ESG Committee (formerly the Responsible Business Committee), chaired by the CEO, who work with the ESG Committee to define the Group's ESG strategy and to set objectives and targets.	Corporate Governance (pages 80 to 95). Environmental, Social and Governance Report (pages 51 to 66).
Strategy Disclose the actual and potential impacts of climate related risks and opportunities on the Group's business, strategy and financial planning where information is material.	The Group's environmental strategy and objectives are described in the Group's Environmental, Social and Governance Report (previously known as the Responsible Business Report). The Group is committed to minimise the impact of its operations on the environment by adopting responsible environmental practices and complying with applicable environmental legislation.	Environmental, Social and Governance Report (pages 51 to 66).
Risk Management Disclose how the organisation identifies, assess and manages climate-related risks.	The Group has assessed the impact of climate change as part of its normal risk management process and concluded that there is likely to be minor future financial risks that would need to be managed and none that would materially impact its business model. This assessment is consistent with the Sustainability Standards Board's (SASB) Materiality Map, which indicates that the issue is not likely to be material for the biotechnology and pharmaceutical sector.	Risks (pages 70 to 77).
Metrics and Targets Disclose the metrics and targets to assess and manage relevant climate-related risks and opportunities where such information is material.	The Group's environmental metrics and targets are described in its Environmental, Social and Governance Report. The key targets are: – minimise waste disposal from laboratories and manufacturing suites – reduce carbon emissions by optimising the Group's energy usage – reduce packaging materials (plastics used) and – use sustainable suppliers	Environmental, Social and Governance Report (pages 51 to 66).

Innovation

The Group is committed to delivering life-changing cell and gene therapies to patients in an ethical and responsible way. This will be achieved by practicing and delivering ethical, relevant and sustainable innovation. During 2020, the Innovation pillar was developed and the strategy had three key aims: to ensure all research and innovation at the Group maintains the highest ethical standards; to deliver innovation that is relevant and understandable so its implications can be easily assessed; and to foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community.

"The Group is committed to delivering life-changing cell and gene therapies to patients in an ethical and responsible way. This will be achieved by practicing and delivering ethical, relevant and sustainable innovation."

Ensure all research and innovation at the Group maintains the highest ethical standards

The Group's commitment to achieving the highest ethical standards has historically been embedded in all research and development activities and has continued to shape the Group's platform innovation in 2020. This objective underpins the Group's overall ESG mission to deliver life changing gene therapies to patients in an ethical and socially responsible way and in 2021 the Group will seek to further ensure that the highest ethical standards operate as a guiding principle in its research and innovation activities by the formal inclusion of ethical review within the New Technology and New Product Committees.

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

During the course of 2020 the Group has developed three new tools for innovation. These are:

— a technology roadmap designed to ensure the smooth and timely progression of new technologies to commercialisation

— a new technology profile (NTP) to document the key stages and decision points of the technology development process

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

It is intended that these tools will expedite the process of commercialising new programmes and technologies and allow the Group to track the development process with greater clarity and granularity. It is also expected that the decision matrix scoring will assist in prioritisation and selection of the Group's most promising technological developments. In 2021, the Group will monitor the rollout and application of these three new tools for innovation and will continue to assess ways in which to better streamline the commercialisation process. Furthermore, the Group intends to focus on improving communication and coordination amongst the research and development teams to more effectively develop and transition new research technologies towards therapeutic and commercial application in line with the corporate objectives.

Helping children from disadvantaged backgrounds
In 2020 the Group identified an organisation called In2Science that helps children from disadvantaged backgrounds enter STEM subjects in higher education. The Group has signed up to sponsor five students via In2Science. A number of Oxford Biomedica staff are also volunteering to mentor In2Science students.

Foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community

In 2020 the Group identified an organisation called In2Science that helps children from disadvantaged backgrounds enter STEM subjects in higher education. The Group believes that facilitating greater access to STEM subjects for a wider variety of students is an important step in succession planning and encouraging innovative thought for future generations in the biotechnology and life sciences sectors and, as such, the Group has signed up to sponsor five students via In2Science. A number of Oxford Biomedica staff are also volunteering to mentor In2Science students and present on their scientific work and career experiences.

The primary focus of the Group's ESG innovation objectives for 2021 will be on continuing to foster and encourage a culture of innovation to build a sustainable future for the Group and the wider community. The Group intends to continue and expand its work with partners, such as In2Science, to promote STEM careers as a viable route for schoolchildren from demographics that have a low representation in higher education, particularly in STEM subjects. Through sponsorship, mentoring and support for careers workshops and other activities, the Group aims to encourage these individuals to enrol in higher education and, or apprenticeships to study STEM subjects and embark on careers in the field. For current university students the Group is offering paid industry placements to encourage wider access to industrial laboratory experience.

Supply chain

During 2020, in line with the 2020 objectives, the Group committed to building a supply chain that delivers commercial benefit to the business, while meeting its goal of sustainability. It is intended that this will continue to be achieved through establishing and maintaining robust supplier relationships and ensuring that their conduct supports the Group's principles for openness, ethics and resilience in the face of environmental changes.

The Group looks to pay all its suppliers within 30 days of the invoice being received by the Group. In 2020, the Group managed to pay 94% of the Group's suppliers' invoices within 30 days. The Group is looking to improve on this performance during 2021.

The Group has three main ESG supply chain objectives for 2021, which build on the progress made during 2020 on these areas. The objectives comprise the launch of a code of conduct for suppliers, the creation of a supplier page on the Group's website www.oxb.com and benchmarking its suppliers and providing them with feedback.

2021 ESG innovation objectives

— ensure research and innovation maintains highest ethical standards by the formal inclusion of ethical review within the New Technology and New Product Committees.

— to deliver innovation that is relevant and understandable so its implications can be easily assessed.

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

Our supply chain
The Group committed to building a supply chain that delivers commercial benefit to the business, while meeting its goal of sustainability. The Group is creating a supplier page on the Group's website to provide a guide to the Group's supply chain sustainability requirements.

Launch a code of conduct for suppliers working with the Group

This code will refer to ethical supply chain, environmental impact, slave and child labour and sustainability. The Group already refers to these issues as part of its due diligence process for new suppliers, but prior to now the Group has not formally published a code of conduct. Once finalised, the Group intends to formally roll out the code of conduct to its existing suppliers and incorporate the code of conduct into all new contractual supply relationships moving forwards.

Create a supplier page on the Group's website www.OXB.com

This will provide a guide to the Group's supply chain sustainability requirements. This project is currently at the planning stage and the Group is currently undertaking a review process to establish best practice amongst comparator groups. The Group is aiming to launch the page for use by suppliers during the course of 2021.

Benchmark suppliers

Giving the Group's suppliers feedback on their performance against expectations is already in place as part of its procurement and supply chain management processes. However, the Group has elected to introduce a further level of review by benchmarking the Group's suppliers and creating a ranking system. Planning for this benchmarking process is being developed during 2021 and will involve gathering data both internally and externally, for example the Group will engage in discussions with customers to establish their expectations of suppliers.

Once the benchmarking process is completed, the Group intends to formally roll out its suppliers feedback programmes.

2021 ESG supply chain objectives:

— to launch a code of conduct for suppliers.

— to create a supplier page on the Group's website.

— to benchmark the Group's suppliers and provide suppliers with feedback.

Governance

Integrity and Ethics

The Group is committed to the highest standards of ethical conduct and integrity in its business activities in the UK and overseas.

Anti-bribery

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

Whistleblowing

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

Clinical trials

The Group instils transparency, safety and ethics in all aspects of its business, including the design and conduct of its clinical trials. The Group's clinical studies are designed with patient safety as a paramount concern and the protocols are agreed with the relevant national regulatory authorities, as well as local ethics committees and institutional review boards at clinical trial sites, before any patients are treated. The Group has standard operating procedures in place under a controlled Quality Management System to ensure compliance with appropriate guidelines and legislation.

The Group is committed to transparency, and the Group's website (www.oxb.com) provides information on ongoing clinical trials. Relevant trials in the EU and EEA are automatically posted on the EU Clinical Trials Register (www.clinicaltrialsregister.eu) and the Group discloses its trials on a US government-sponsored website (www.clinicaltrials.gov).

Human rights and anti-slavery

The Group fully respects human rights and it conducts its business in accordance with the letter and spirit of UK Human Rights legislation and the UK Modern Slavery Act 2015. The Board has approved a Modern Slavery Transparency Statement in compliance with section 54 of the UK Modern Slavery Act, which can be found on the Group's website www.oxb.com.

The Group's facilities are all located in the UK, where its policies accord with human rights regulations and its supply chain operates in territories with strong commitments to human rights safeguarding.

Animal testing

It is a regulatory requirement that all new therapeutic products must be appropriately tested for safety before they are administered to patients, and there is currently no alternative to using animal models as part of this process. The Group is committed to following the principles of the three "Rs" in safety testing: replacement, refinement and reduction of animal testing. These principles ensure that animal testing is only employed when necessary and where there are no alternatives. The Group minimises the use of animal models by cross-referring LentiVector® platform data packages for regulatory authorities.

Clinical studies
The Group's clinical studies are designed with patient safety as a paramount concern and the protocols are agreed with the relevant national regulatory authorities, as well as local ethics committees and institutional review boards at clinical trial sites, before any patients are treated.

Strategic Report
Non-financial statement

The Group aims to comply with the new Non-Financial Reporting requirements contained in section 414CA and 414CB of the Companies Act 2006. The table below, and information it refers to, is intended to help stakeholders understand the Group's position on key non-financial matters

Requirement	Policies and standards which govern the Group's approach	Risk management and additional information
Environment	– Environment statement – Environmental, Society and Governance policy (previously known as the Responsible Business policy) – Health and Safety policy	Health and Safety disclosures on page 52; Stakeholders pages 22 and 23; Environment, greenhouse gas emissions on page 60.
Employees	– Equal opportunities policy	Stakeholders page 22; People page 52; Employee numbers by gender page 54; Board engagement with the business page 53; Diversity page 54; CEO's remuneration compared to employees page 112; Gender pay gap report page 54 and published on the Group's website.
Human rights	– Privacy Notice – Whistleblowing policy – IT and information security policy	Review and approval of the Group's modern slavery and human trafficking statement page 66; Stakeholders page 22; Whistleblowing page 65.
Social matters	The Group has an Environmental, Society and Governance Policy (previously known as the Responsible Business policy), which covers the Group's way of working with employees, customers/suppliers, patients, the local community and the environment.	Stakeholders page 22; engaging with the local community and charitable work page 57; Environmental, Society and Governance (previously known as the Responsible Business) pages 51 to 66.
Anti-corruption and anti-bribery	– Anti-bribery policy	Anti-corruption/anti-bribery page 65.
Policy embedding due diligence and outcomes		Governance framework and structure page 81; Board activity during the year page 83; Audit Committee report page 86.
Principal risks and impact on business activity		Principal risks and effective management pages 70 to 77; Audit Committee report page 86; Risk management and regulatory disclosure page 86.
Description of business model		The Group's business model pages 20 to 21.
Non-financial key performance indicators		The Group at a glance page 16; Operational highlights page 26; Stakeholders pages 22 to 23.

The Strategic Report on pages 15 to 67 was approved by the Board on 15 April 2021 and signed on its behalf by:

John Dawson
Chief Executive Officer

Our goal of industrialising lentiviral vector production 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.

These reductions in cost will also help drive adoption by healthcare payors into indications where there are far larger numbers of patients.

Principal risks, uncertainties and risk management

The Group is exposed to a range of risks. Some of them are specific to the Group's current operations, others are common to all development-stage biopharmaceutical companies. The Board have carried out a robust assessment of the risks facing the Group, including those which could threaten its business model and future performance.

The Group operates in the cell and gene therapy biotechnology sector which, by its nature, is relatively high risk compared with other industry sectors. During 2020, there have only been a few additional cell and gene therapy products that have been approved for commercial use and, consequently, there are significant financial and development risks in the sector, and the regulatory authorities have shown caution in their regulation of such products.

Risk assessment and evaluation is an integral and well-established part of the Group's management processes. The Group's risk management framework incorporates the implementation of a mitigation strategy, each tailored to the specific risk in question. The Group has taken the decision to disclose the steps it has taken to mitigate the risks facing its operations during the period, representing an important development compared to the Group's prior year approach to the disclosure of risks.

Risk management framework

The Group's risk management framework is as follows:

- Board of Directors – the Board has overall responsibility for risk management, determining the Group's risk tolerance, and for ensuring the maintenance of a sound system of internal control. The Board considers risk in the context of its agenda items at each of its formal meetings, of which there at least six annually. However, twice a year in March and September a full presentation to the Board on risk is provided by the Risk Management Committee. The risk management processes are the responsibility of the Senior Executive Team but the Audit Committee monitors the processes and their implementation as well as reviewing the Group's internal financial controls and the internal control systems. The Audit Committee also monitors the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them.
- Senior Executive Team (SET) – the SET generally meets every week, with twice monthly-extended SET sessions in order to discuss current business issues and consider relevant risks. During 2020, SET also held daily COVID-19 update sessions. At least twice a year, the SET meets with representatives from the Risk Management Committee to consider the operational risk management processes and risks identified.
- Key management committees – the Group currently has three key management sub-committees which meet monthly and through which much of the day-to-day business is managed. These are the extended Operational Leadership Team (which incorporates the Quality and Manufacturing Operations Committee), the Product Development Committee and the Technical Development Committee. SET members attend these meetings and risk management is a key feature of each sub-committee.
- Risk Management Committee – The Group has a Risk Management Committee comprising senior managers from each area of the business and chaired by the Chief of Staff. This group meets quarterly with a remit to identify and assess risks in the business and to consider mitigation and risk management steps that can be taken. The risk register is regularly reviewed by the SET and key risks are highlighted to the Board at each formal meeting.
- Standard Operating Procedures – all areas of the business have well established Standard Operating Procedures (SOPs) which are required be followed in order to minimise the risks inherent in the business operations. Where these are required for GMP, GCP and GLP any deviations from the SOPs must be identified and investigated. Compliance with such SOPs are routinely subject to audit by the relevant regulators and customers. Other SOPs, such as financial processes, are also subject to audits.

Key risks specific to the Group's current operations

Pharmaceutical product development risks

To develop a pharmaceutical product it is necessary to conduct pre-clinical studies and human clinical trials for product candidates to demonstrate safety and efficacy. The number of pre-clinical studies and clinical trials that will be required varies depending on the product candidate, the indication being evaluated, the trial results and the regulations applicable to the particular product candidate. In addition, the Group or its partners will need to obtain regulatory approvals to conduct clinical trials and bioprocess drugs before they can be marketed. This development process takes many years. The Group may fail to successfully develop a product candidate for many reasons, including:

— Failure to demonstrate long term safety;

— Failure to demonstrate efficacy;

— Failure to develop technical solutions to achieve necessary dosing levels or acceptable delivery mechanisms;

— Failure to establish robust bioprocessing processes;

— Failure to obtain regulatory approvals to conduct clinical studies or, ultimately, to market the product; and

— Failure to recruit sufficient patients into clinical studies.

The failure of the Group to successfully develop a product candidate could adversely affect the future profitability of the Group. There is a risk that the failure of any one product candidate could have a significant and sustained adverse impact on the Group's share price. There is also the risk that the failure of one product candidate in clinical development could have an adverse effect on the development of other product candidates, or on the Group's ability to enter into collaborations in respect of product candidates.

The Group has accepted this risk but looks to mitigate via ensuring that it has several product candidates under development in the pipeline and also seeks to collaborate with other larger more experienced partners on product development.

(i) Safety risks

Safety issues may arise at any stage of the drug development process. An independent drug safety monitoring board (DSMB), the relevant regulatory authorities or the Group itself may suspend or terminate clinical trials at any time. There can be no assurances that any of the Group's product candidates will ultimately prove to be safe for human use. Adverse or inconclusive results from pre-clinical testing or clinical trials may substantially delay, or halt, the development of product candidates, consequently affecting the Group's timeline for profitability. The continuation of a particular study after review by the DSMB or review body does not necessarily indicate that all clinical trials will ultimately be successfully completed. The Group has accepted this risk but looks to mitigate the impact as much as possible through careful assessment of any safety issues arising from the product early in the development process and to stop the development if required.

(ii) Efficacy risks

Human clinical studies are required to demonstrate efficacy in humans when compared against placebo and/or existing alternative therapies. The results of pre-clinical studies and initial clinical trials of the Group's product candidates do not necessarily predict the results of later stage clinical trials. Unapproved product candidates in later stages of clinical trials may fail to show the desired efficacy despite having progressed through initial clinical trials. There can be no assurance that the efficacy data collected from the pre-clinical studies and clinical trials of the Group's product candidates will be sufficient to satisfy the relevant regulatory authorities that the product should be given a marketing authorisation. The Group has accepted this risk but looks to mitigate the impact as much as possible through consultation with the regulatory authorities early in the development process to determine what is required for market authorisation.

(iii) Technical risks

During the course of a product's development, further technical development may be required to improve the product candidate's characteristics such as the delivery mechanism or the bioprocessing process. There is no certainty that such technical improvements or solutions can be identified. The Group continues to innovate in this area using its R&D expertise in collaboration with its customers to mitigate this risk.

(iv) Bioprocessing process risk

There can be no assurance that the Group's product candidates will be capable of being produced in commercial quantities at acceptable cost. The Group's LentiVector® platform product candidates use specialised bioprocessing processes for which there are only a few suitable bioprocessors including the Group itself. There can be no assurance that the Group will be able to bioprocess the Group's product candidates at an economically viable cost or that contractors who are currently able to bioprocess the Group's product candidates will continue to make capacity available at economic prices, or that suitable new contractors will enter the market. Bioprocessing processes that are effective and practical at the small scale required by the early stages of clinical development may not be appropriate at the larger scale required for later stages of clinical development or for commercial supply. There can be no assurance that the Group will be able to adapt current processes or develop new processes suitable for the scale required by later stages of clinical development or commercial supply in a timely or cost-effective manner, nor that contract bioprocessors will be able to provide sufficient bioprocessing capacity when required. The Group continues to monitor and review the platform and production processes to ensure that innovative steps are taken in order to increase production yields.

(v) Regulatory risk

The clinical development and marketing approval of the Group's product candidates and the Group's bioprocessing facility, are regulated by healthcare regulatory agencies, such as the FDA (USA), EMA (Europe) and MHRA (UK). During the development stage, regulatory reviews of clinical trial applications or amendments can prolong development timelines. Similarly, there can be no assurance of gaining the necessary marketing approvals to commercialise products in development. Regulatory authorities may impose restrictions on a product candidate's use or may require additional data before granting approval. If regulatory approval is obtained, the product candidate and bioprocessor will be subject to continual review and there can be no assurance that such an approval will not be withdrawn or restricted. The Group's laboratories, bioprocessing facility and conduct of clinical studies are also subject to regular audits by the MHRA to ensure that they comply with GMP, GCP and GLP standards. Failure to meet such standards could result in the laboratories or the bioprocessing site being closed or the clinical studies suspended until corrective actions have been implemented and accepted by the regulator. The Group consults with the regulator early in the development process to understand any concerns identified and looks to remedy these before they become a major issue.

(vi) Failure to recruit sufficient patients into clinical studies

Clinical trials are established under specific protocols which specify how the trials should be conducted. Protocols specify the number of patients to be recruited into the study and the characteristics of patients who can and cannot be accepted into the study. There is a risk that it proves difficult in practice to recruit the number of patients with the specified characteristics, potentially causing delays or even abandonment of the clinical study. This could be caused by a variety of reasons, such as the specified characteristics being too tightly defined resulting in a very small population of suitable patients, or the emergence of a competing drug, either one that is approved or another drug in the clinical stage of development.

The threats from the above product development risks are inherent in the pharmaceutical industry. The Group aims to mitigate these risks by employing experienced staff and other external parties, such as contract research organisations, to plan, implement and monitor its product development activities and to review progress regularly in the Group's Product Development Committee.

Bioprocessing revenue risk

The Group receives significant revenues from bioprocessing lentiviral vectors and adenoviral based vaccines for third parties. Bioprocessing of lentiviral vectors and adenovirus-based vaccines is complex and bioprocessing batches may fail to meet the required specification due to contamination or inadequate yield. Failure to deliver batches to the required specification may lead to loss of revenues. Furthermore, the Group relies on third parties, in some cases sole suppliers, for the supply of raw materials and certain out-sourced services. If such suppliers perform in an unsatisfactory manner it could harm the Group's business. The Group's bioprocessing and analytical facilities are subject to regular inspection and approval by regulators and customers. Failure to comply with the standards required could result in production operations being suspended until the issues are rectified with the potential for loss of revenue.

As the Group's revenues from bioprocessing are growing, the risk to the Group has increased in the last twelve months. The Group mitigates the risk of failing to meet required specifications by investing in high quality facilities, equipment and employees and, in particular, in quality management processes. In addition, the Group mitigates the supply chain issues with looking to source second suppliers and stockpile three months of critical material supplies. The Group has also asked key suppliers to hold stocks in UK warehouses in order to cover any immediate supply issues. Outsourcing of fill and finish has also been seen as a risk, but the Group is looking to bring this in-house in order to have more control over the process.

Collaborator and partner risk

The Group has entered several collaborations and partnerships, involving the development of product candidates by partners in which the Group has a financial interest through IP licences. Failure of the Group's partners to continue to develop the relevant product candidates for any reason could result in the Group losing potential revenues. The Group looks to mitigate this risk through having a close relationship with our partners via steering group meetings that look at candidate selection and progression.

Business development

The Group may seek to out-license or spin out its in-house product development programmes into externally funded vehicles and may seek to develop strategic partnerships for developing certain of the Group's other product candidates. The Group may not be successful in its efforts to build these third party relationships, which may cause the development of the products to be delayed or curtailed. The Group has enhanced the commercial development function within the Group and is thus putting significant resources behind the effort to find good strategic partners in order to assist in developing the Group's other product candidates.

The Group is building a revenue generating business by providing its LentiVector® platform to third parties in return for revenues derived from process development, bioprocessing and future royalties. The Group may be unsuccessful in building this business for reasons including: a) failing to maintain a leadership position in lentiviral vector technology; b) becoming uncompetitive from a pricing perspective; and c) failure to provide an adequate service to business partners and collaborators. The Group is continuing to invest in its LentiVector® technology in order to reduce this risk, and it also takes customer relationship management extremely seriously to ensure that customers and partners receive the service they expect, as indicated by the Group on pages 31 and 32 of the Annual Report.

Attraction and retention of highly skilled employees

The Group depends on recruiting and retaining highly skilled employees to deliver its objectives and meet its customers' needs. The market for such employees is increasingly competitive and failure to recruit or to retain staff with the required skills and experience could adversely affect the Group's performance. The Group mitigates this risk by creating an attractive working environment and conducting benchmarking reviews in order to ensure that the remuneration package offered to employees is comparable with competing employers as indicated by the Group on pages 53 and 55 of the Annual Report.

Principal risks, uncertainties and risk management

Broader business risks which are applicable to the Group

The broader business risks, which the Group face as outlined below are important and the Group looks to identify these risks early through a horizon scanning project with the assistance of external healthcare consultants and then outlines actions for the business development team, the SET and ultimately the Board to follow by way of mitigation.

Cell and gene therapy risk

The Group's commercial success, both from its own product development and from supporting other companies in the sector, will depend on the acceptance of cell and gene therapy by the medical community and the public for the prevention and/or treatment of diseases. To date there are only a small number of gene therapy products which have been approved either in Europe and/or in the US. Furthermore, specific regulatory requirements, over and above those imposed on other products, apply to cell and gene therapies and there can be no assurance that additional requirements will not be imposed in the future. This may increase the cost and time required for successful development of cell and gene therapy products. The Group looks to mitigate this risk through market assessments of the product development pathway and conducts pricing and reimbursement studies for the cell and gene therapy product.

Rapid technical change

The cell and gene therapy sector is characterised by rapidly changing technologies and significant competition. Advances in other technologies in the sector could undermine the Group's commercial prospects. The Group looks to mitigate this risk through a horizon scanning project in order to identify the competition and technology advances in the sector and to develop either in-house or via in-licensing, new technologies for the Groups products and platform.

Longer-term commercialisation risks

In the longer term, the success of the Group's product candidates and those of its partners will depend on the regulatory and commercial environment several years into the future. Future commercialisation risks include:

— The emergence of new and/or unexpected competitor products or technologies. The biotechnology and pharmaceutical industries are subject to rapid technological change which could affect the success of the Group's product candidates or make them obsolete;

— Regulatory authorities becoming increasingly demanding regarding efficacy standards or risk averse regarding safety;

— Governments or other payers being unwilling to pay for/reimburse gene therapy products at a level which would justify the investment. Based on clinical studies to date, the Group's LentiVector® platform product candidates have the unique potential to provide permanent therapeutic benefit from a single administration. The pricing of these therapies will depend on assessments of their cost-benefit and cost effectiveness; and

— The willingness of physicians and/or healthcare systems to adopt new treatment regimes.

Any or all of these risks could result in the Group's future profitability being adversely affected as future royalties and milestones from commercial partners could be reduced. The Group looks to mitigate this long term commercialisation risk through a horizon scanning project in order to identify the competition and technology advances early, consult with regulatory authorities on a regular basis and perform pricing and reimbursement studies on the Group's products to identify any serious issues in advance.

Intellectual property and patent protection risk

The Group's success depends, amongst other things, on maintaining proprietary rights to its products and technologies and the Board gives high priority to the strategic management of the Group's intellectual property portfolio, with the Board monitoring actions in order to bolster the intellectual property portfolio as appropriate from time to time. However, there can be no guarantee that the Group's product candidates and technologies are adequately protected by intellectual property. Furthermore, if the Group's patents are challenged, the defence of such rights could involve substantial costs and an uncertain outcome.

Third party patents may emerge containing claims that impact the Group's freedom to operate. There can be no assurance that the Group will be able to obtain licences to these patents at reasonable cost, if at all, or be able to develop or obtain alternative technology. Where copyright, design right and/or "know how" protect the Group's product candidates or technology, there can be no assurance that a competitor or potential competitor will not independently develop the same or similar product candidates or technology.

Rights of ownership over and rights to license and use intellectual property depend on a number of factors, including the circumstances under which the intellectual property was created and the provisions of any agreements covering such intellectual property. There can be no assurance that changes to the terms within licence agreements will not affect the entitlement of the Group to the relevant intellectual property or to license the relevant intellectual property from others.

Financial risks

(a) Product liability and insurance risk

In carrying out its activities the Group potentially faces contractual and statutory claims or other types of claim from customers, suppliers and/or investors. The Group monitors these potential claims on an ongoing basis and undertakes mitigating actions, which include taking expert advice on the validity of the claim and using insurance coverage against the claim to cover any loss as required. In addition, the Group is exposed to potential product liability risks that are inherent in the research, pre-clinical and clinical evaluation, bioprocessing, marketing and use of pharmaceutical products. While the Group is currently able to obtain insurance cover, there can be no assurance that any future necessary insurance cover will be available to the Group at an acceptable cost, if at all, or that, in the event of any claim, the level of insurance carried by the Group now or in the future will be adequate, or that a product liability or other claim would not have a material and adverse effect on the Group's future profitability and financial condition.

(b) Foreign currency exposure

The Group records its transactions and prepares its financial statements in pounds sterling, but some of the Group's income from collaborative agreements and patent licences is received in US dollars and the Group incurs a proportion of its expenditure in US dollars and the Euro. The Group's cash balances are predominantly held in pounds sterling, although the Group's Treasury Policy permits cash balances to be held in other currencies in order to hedge foreseen foreign currency expenses. The Group keeps this unhedged position under constant review. To the extent that the Group's foreign currency assets and potential liabilities are not matched, fluctuations in exchange rates between pounds sterling, the US dollar and the Euro may result in realised and unrealised gains and losses on translation of the underlying currency into pounds sterling that may increase or decrease the Group's results of operations and may adversely affect the Group's financial condition, each stated in pounds sterling. In addition if the currencies in which the Group earns its revenues and/or holds its cash balances weaken against the currencies in which it incurs its expenses, this could adversely affect the Group's future profitability.

Special interest groups and adverse public opinion

During 2020 the Group entered into a supply agreement with AstraZeneca for large-scale commercial manufacture of the adenovirus vector-based COVID-19 vaccine. Such work can be subject to adverse public opinion and has attracted the attention of special interest groups, including those opposed to vaccination programmes, also referred to as "anti-vaxxers". To date, the Group has not been targeted by anti-vax campaigners, but there can be no assurance that such groups will not, in the future, focus on the Group's activities, or that any such public opinion would not adversely affect the Group's operations. Adverse publicity about the Group, its role in the manufacture of the Oxford AstraZeneca COVID-19 vaccine, or any other part of the industry may hurt the Group's public image, which could harm its operations, cause its share price to decrease or impair its ability to gain market acceptance for its products. The Group has looked to mitigate this risk through assistance from the UK government (Centre for Protection of National Infrastructure) on the protection of our facilities/infrastructure and scenario planning with our external public relations agency with regard to strategic communications.

Cyber security

Cyber attacks seeking to compromise the confidentiality, integrity and availability of IT systems and the data held on them are a continuing risk to the Group. Indeed, with the Group operating in manufacture of the Oxford AstraZeneca COVID-19 vaccine this has increased the risk of cyber attack to the Group. Compromised confidentiality, integrity and availability of our assets resulting from a cyber attack would impact the Group's ability to deliver to customers and, ultimately, its financial performance and damage the Group's reputation. The Group has looked to mitigate this risk through implementing robust security monitoring to provide early detection of hostile activity on the Group's networks and has sought assistance from the UK government (National Cyber Security Centre) to protect the Group's IT systems.

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

The Group completed its Brexit preparations at the end of 2020. The Group established a Brexit Taskforce that assessed the potential impact on the Group's business following advice from the UK and EU governing bodies and put in place mitigation actions against issues that may arise from Brexit.

The Group's priority was to maintain supply of products to any customers in the EU, post Brexit. This involved the Group establishing an Irish office, which will enable the Group to release UK manufactured products within the EU. The Group stockpiled three months of critical material supplies and asked key suppliers to hold stocks in UK warehouses in order to cover any immediate Brexit supply issues.

The Group has currently assessed the impact on its operations to be minor. However it is not possible at this point in time to predict the full impact of the free trade agreement with the European Union on the Group and it could still have a material adverse effect on the Group's business, financial condition and results of operations.

COVID-19

As a result of the COVID-19 pandemic, the Group has 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 on revenues, the Group continually monitors the potential impact on the Group's supply chain, with a particular focus on key manufacturing and process development inventories.

The Group complies with government COVID-19 safe working practices. In addition, the Group 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 has worked 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 is aware that there is the potential for global shortages in certain inventories. As part of its mitigation strategy, the Group has increased, where possible, the level of incoming materials and components held in warehouses, which will mitigate the risk in the short term against labour shortages and subsequent production delays at its key suppliers. These mitigations have been successful to date but there is no guarantee against future disruption.

The Group has a duty of care towards all employees, and therefore the Group expects some of its staff to be required to self-isolate to prevent the possible spread of infection. There is also a risk that there could be disruption to production in the event of employees becoming ill due to COVID-19. As a result, the Group has taken action to provide a COVID secure workplace and to mitigate the spread of infection at the Group's facilities through enhanced cleaning processes, staggering of shifts, the provision of hand sanitiser in common areas and the recommendation that employees work from home if possible. The Group was also pleased to take part in the government pilot for lateral flow testing in the workplace and, while the testing has been voluntary, the Group has seen high take-up of testing by employees. The Board is updated on positive COVID-19 cases amongst the workforce at every Board meeting and the SET receives weekly updates. Since rolling out the lateral flow testing in the workforce, the Group has seen 15 positive cases of COVID-19, all of whom have since recovered. There have not been any employee fatalities resulting from COVID-19. In addition, front line production employees have been vaccinated against COVID-19 as per the government's recommendations.

Climate change

The Group's governance and approach to climate change, including its first voluntary disclosure using recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) is set out on page 62 of the Strategic Report.

The Group has assessed the impact of climate change and concluded that there is likely to be some minor future financial risks, which would need to be managed, but none that would materially impact the Group's business model. This assessment is consistent with the Sustainability Accounting Standards Board's (SASB) Materiality Map, which indicates that the issue is not likely to be material for the biotechnology and pharmaceutical sector. The Group will keep this assessment under review with reference to any future work prepared on the Materiality Map by SASB or others. The Group expects that the impacts are likely to be weather-related disruption at internal manufacturing sites and to the Group's suppliers, with the prospect of increased costs of resources and fuels. The Group plans to continue to develop its business continuity plans with alternative manufacturing sites and a second sourcing strategy if possible to mitigate these impacts.

Corporate Governance
Board of Directors

At the end of 2020 the Board comprised the following 9 Directors:

Dr. Roch Doliveux

Chair

Dr. Roch Doliveux was appointed to Oxford Biomedica's Board as Non-Executive Chair in June 2020. He is currently Chair of the Board of Directors at Pierre Fabre S.A. and a Non-Executive Director at Stryker Corporation and UCB S.A. Dr. Doliveux was previously the Chief Executive Officer of UCB S.A. for ten years during which time he transformed the company from a diversified chemical group into a global biopharmaceutical leader. Prior to this Dr. Doliveux worked at Schering-Plough International, Inc. from 1990–2003 and at Ciba-Geigy AG (now Novartis) from 1982. Dr. Doliveux is a Veterinary Surgeon by training and has an MBA from INSEAD.

Appointment:
— Appointed as Non-Executive Director and Chair in June 2020.

Committee membership:
— Nomination Committee (Chair).
— Remuneration Committee.

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

Stuart Henderson

Deputy Chair and Senior Independent Non-Executive Director

Stuart Henderson was appointed to Oxford Biomedica's Board as a Non-Executive Director and Chair of the Audit Committee in June 2016. He became Deputy Chair and Senior Independent Director in June 2020. Previously, Mr Henderson was a partner at Deloitte, where he was Head of European Healthcare and Life Sciences. Prior to this he was a Partner at Arthur Andersen. Mr Henderson has extensive audit and transaction experience and has worked with life sciences businesses for 35 years. Mr Henderson is a former Director of the Babraham Institute and Norwich Research Partners LLP and a Non-Executive Director at OneNucleus (the Life Sciences trade body for Cambridge and London), Biocity Group Limited and Cell Therapy Catapult Limited.

Appointment:
— Appointed a Director in June 2016.

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

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

Dr. Heather Preston

Independent Non-Executive Director

Dr. Heather Preston was appointed to Oxford Biomedica's Board as a Non-Executive Director in March 2018 and was appointed Chair of the Remuneration Committee in June 2020. Dr. Preston is a Partner and Managing Director of TPG Biotech. She has over 25 years of experience in healthcare, as a scientist, physician and management consultant and she has been an investor in life sciences and biotechnology for the last 19 years. Dr. Preston holds a degree in Medicine from the University of Oxford.

Appointment:
— Appointed a Director in March 2018.

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

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

John Dawson

Chief Executive Officer

John Dawson joined Oxford Biomedica's Board as a Non-Executive Director in August 2008, and was appointed Chief Executive Officer in October 2008. Prior to this he held senior management positions in the European operations of Cephalon Inc., including Chief Financial Officer and Head of Business Development Europe. While at Cephalon he led many deals building the European business to over 1,000 people and to a turnover of several hundred million US dollars. In 2005, Mr Dawson led the $360 million acquisition of Zeneus by Cephalon. Prior to his time at Cephalon he was Director of Finance and Administration of Serono Laboratories (UK) Limited.

Appointment:
— Appointed a Director in August 2008 and became Chief Executive Officer in October 2008.

Committee membership:
— None.

Stuart Paynter

Chief Financial Officer

Stuart Paynter joined Oxford Biomedica and the Board in August 2017. Mr Paynter has 17 years' experience in the pharmaceutical and healthcare sectors. He qualified as a chartered accountant with Haines Watts before moving to EDS. He subsequently joined Steris, and worked in a variety of roles within the healthcare and life sciences divisions prior to becoming the European Finance Director. Mr Paynter moved to Shire Pharmaceuticals where he became the Senior Director of Finance Business Partnering for all business outside of the US. He then moved to a corporate finance role before becoming the Global Head of Internal Audit. Prior to joining Oxford Biomedica Mr Paynter was Head of Finance Business Partnering at De La Rue plc. He is a member of the Institute of Chartered Accountants in England and Wales.

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

Committee membership:
— None.

Dr. Siyamak Rasty

Independent Non-Executive Director

Dr. Siyamak ("Sam") Rasty was appointed to Oxford Biomedica's Board as a Non-Executive Director in December 2020. Dr. Rasty is currently the President and Chief Executive Officer of PlateletBio, a US-based pioneering cell-based therapeutics company. Previously, he served as Chief Operating Officer at Homology Medicines, Inc., a genetic medicines company that he helped launch in 2016 and transform into an established, fully integrated public gene therapy and gene editing company. Prior to joining Homology, he held senior positions at Shire Pharmaceuticals, Endo Pharmaceuticals, and at GlaxoSmithKline. Dr. Rasty holds a Ph.D. in Biochemistry from Louisiana State University, where he focused on transcriptional regulation of lentiviruses, completed a postdoctoral fellowship at the University of Pittsburgh School of Medicine, and received an MBA from Villanova University.

Appointment:
— Appointed a Director in December 2020.

Committee membership:
— Audit Committee.

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

Dr. Andrew Heath

Non-Executive Director

Dr. Andrew Heath was appointed to Oxford Biomedica's Board as a Non-Executive Director in January 2010 and became Deputy Chair and Senior Independent Director in May 2011. In June 2020, he stepped down as Deputy Chair and Senior Independent Director. Previously, Dr. Heath was Chief Executive Officer of Protherics plc where he managed the company's significant growth and eventual acquisition by BTG for £220 million. Prior to this, he held senior positions at Astra AB and Astra USA, including Vice President Marketing and Sales. Dr. Heath is currently Chairman of TauC3 Biologics Ltd and Non-Executive Director of Novacyt S.A. He was previously Chairman of Shield Therapeutics plc and a Director of the UK Bioindustry Association.

Appointment:
— Appointed a Director in January 2010.

Committee membership:
— Audit Committee until December 2020.

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

Robert Ghenchev

Non-Executive Director

Robert Ghenchev was appointed to Oxford Biomedica's Board as a Non-Executive Director in June 2019. Robert is currently Head of Growth Equity at Novo Holdings. Prior to joining Novo Holdings, he was an investment banker at Moelis & Company and Deutsche Bank in London. Mr Ghenchev has deep corporate finance experience advising life science companies on a wide range of issues. He holds a J.Hons. B.A. degree in Finance and Economics from McGill University and a M.Sc. degree in Financial Economics from the University of Oxford.

Appointment:
— Appointed a Director in June 2019.

Committee membership:
— None.

Relevant skills:
— Corporate finance.
— Investor relations.

Martin Diggle

Non-Executive Director

Martin Diggle was appointed to Oxford Biomedica's Board as a Non-Executive Director in October 2012, stepping down from the Board in February 2021. Mr Diggle is a founder of Vulpes Investment Management which manages a number of funds, including the Vulpes Life Sciences Fund, Oxford Biomedica's largest shareholder. He has over 30 years' experience in investment banking and fund management, and has been an investor in life sciences and biotech for nearly 20 years. He is also an expert in emerging markets and Russia, in particular, where he was previously a partner and Director of UBS Brunswick. Mr Diggle holds a Master's Degree in Philosophy, Politics and Economics from the University of Oxford. He is a Non-Executive Director of Scancell Holdings plc and Proteome Sciences plc.

Appointment:
— Appointed a Director in October 2012. until February 2021.

Committee membership:
— None.

Relevant skills:
— Corporate finance.
— Investor relations.

Oxford Biomedica's Board of Directors

1. Dr. Roch Doliveux
2. Stuart Henderson
3. Dr. Heather Preston
4. John Dawson
5. Stuart Paynter
6. Dr. Siyamak ("Sam") Rasty
7. Dr. Andrew Heath
8. Robert Ghenchev
9. Martin Diggle

Corporate Governance Report

Dear Shareholder

I am pleased to present the Group's Corporate Governance Report for 2020, having been appointed to the Board as Non-Executive Chair on 24 June 2020, following Dr. Lorenzo Tallarigo's retirement.

The COVID-19 pandemic has hindered the Board's ability to engage as fully as usual with some of its stakeholders this year. We had to hold a closed AGM in 2020, although we encouraged shareholders to vote by proxy in advance and invited questions to be submitted to the Board by post or email. These questions and our responses were made available on our website. Whilst it is unlikely that we will be able to hold an AGM in person this year, we now have the ability to hold a "hybrid" AGM to enable interaction with shareholders. The Board is looking forward to returning to a more normal level of engagement with shareholders, employees and other stakeholders as soon as it is safe to do so in 2021.

Corporate Governance continues to be an important focus for the Board. The Board believes that good corporate governance is essential for the long term success of the business and this is ultimately the responsibility of the Board and its Committees, both of which have been reviewed during 2020 in light of the UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (the "Corporate Governance Code").

Following a review, the Board noted that it was not in full compliance with the Corporate Governance Code during 2020, although the Board has taken steps to address this and shall be compliant following the forthcoming AGM (further details of which are set out on page 95). The Board was delighted to announce the appointment of Dr. Sam Rasty as an Independent Non-Executive Director in December 2020 and the appointment of Professor Dame Kay Davies as an Independent Non-Executive Director in February 2021. In addition, Martin Diggle stepped down from the Board in February 2021, having joined the Board of Directors in October 2012 as a Non-Executive Director and Dr. Andrew Heath shall be retiring at the forthcoming AGM, having joined the Board in January 2010. I would like to thank both Martin and Andrew for their considerable time on the Board and the experience and support they have provided and wish them both well in their future endeavours. 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 whilst taking into account suitability for the role to ensure the Group has the right mix of skills, experience, independence and knowledge for the Group's strategic objectives. The Board intend to fully comply with the Hampton-Alexander recommendations that the Board comprise at least one third women by the AGM in 2022.

The Group has had a good year in what was a difficult period due to the COVID-19 pandemic. With an increase in headcount from around 550 to over 670 and an increase in the Group's revenues during the year. The Board paid particular attention to ensuring that the Group's strategy remains appropriate by holding a two-day strategy review meeting in September 2020. The strategy review ensured that management focused on delivering the Group's key priorities whilst managing the key risks facing the Group and considering how good corporate governance can contribute towards delivering the Group's strategy.

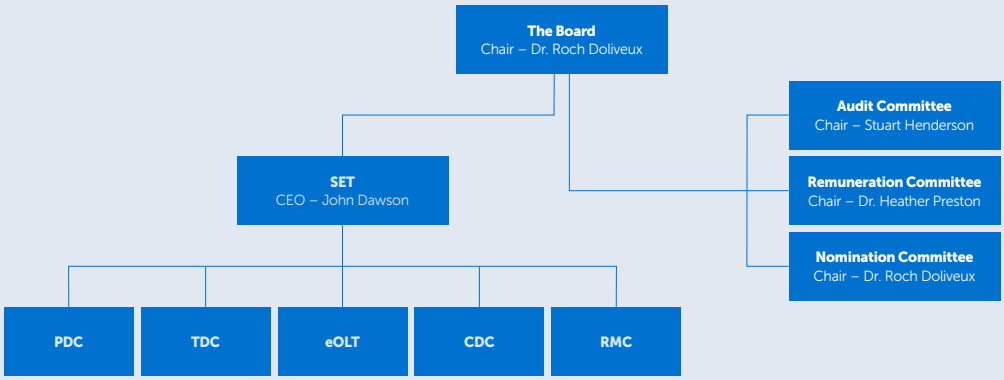
In October 2020, the Company Secretary conducted an internal evaluation of the Board's performance covering the period from January 2020 to the fourth quarter of 2020. The review process comprised the completion of an anonymous questionnaire covering the various aspects of Board activities and Committees. The resulting report was discussed at the Board meeting in January 2021 and the Board plans to implement appropriate changes based on the discussions of the report.

The following pages set out in more detail the activities and major matters considered by the Board in 2020.

Dr. Roch Doliveux
Chair

Corporate Governance Framework

As the Group has continued to grow over the year, the corporate governance framework and Board Committees were reviewed and restructured to ensure they were fit for a larger company. The current governance framework comprises the Board and the Senior Executive Team and their respective sub-committees as set out below:



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

The Board

The Board is collectively responsible for promoting the success of the Group by directing and supervising the Group's activities to create shareholder value. In doing so, it ensures that there are robust corporate governance and risk management processes in place. The Board comprises both Non-Executive and Executive Directors and provides the forum for external and independent review and challenge to the Executives. Following Board changes during 2020, the Board comprised seven Non-Executive Directors and two Executive Directors at year end. Martin Diggle, Robert Ghenchev and Dr. Andrew Heath were considered not to be independent.

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

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

The Chair sets the agenda for the Board meeting in consultation with the Chief Executive Officer and the Company secretary. Board papers, covering the agenda and taking into account items relating to the Board's responsibilities under s172 of the Companies Act 2006, are circulated several days ahead of each meeting. Regular Board papers cover Research; Quality; Process Research and Development; Client Programmes and Alliance Management; Analytical Services; Clinical Development and Regulatory; Digital Strategy and Business Change Projects; Business Development; Finance; Investor Relations; HR; Operations; and Safety, Health and Environment; and Risk Management.

Corporate Governance Report

Factoring stakeholder engagement into Board decisions

By thoroughly understanding the Group's key stakeholder groups, the Group can factor their needs and concerns into Boardroom discussions (further information on the Group's stakeholders is on pages 22 to 23). The Board's procedures have been updated to require a stakeholder impact analysis to be completed for all material decisions requiring its approval that could impact on one or more of its stakeholder groups. The stakeholder impact analysis assists the Directors in performing their duties under s172 of the Companies Act 2006 and provides the Board with assurance that the potential impacts on its stakeholders are being carefully considered by management when developing plans for Board approval.

The stakeholder impact analysis identifies:

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

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

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

As shown by way of example in the AstraZeneca case study, the Board considers the potential impact of decisions on each stakeholder group as well as stakeholder needs and concerns, in accordance with s172 of the Companies Act 2006 (see pages 24 to 25).

There is a clear division of responsibilities between the Chair and Chief Executive Officer.

Certain responsibilities are delegated to three Board Committees – the Audit, Nomination and Remuneration Committees. These Committees operate under clearly defined terms of reference, which are disclosed on the Group's website (www.oxb.com).

Reports from the Audit and Nomination Committees are included in this section and the Directors' Remuneration Report is on pages 96 to 113 incorporating the Remuneration Committee report.

At the end of 2020, the Board comprised the following Directors, whose biographies are set out on pages 78 to 79.

— Dr. Roch Doliveux was appointed Non-Executive Chair of the Board and Chair of Nomination Committee in June 2020. Dr. Doliveux met the independence criteria recommended by the Corporate Governance Code at the time of his appointment.

— Stuart Henderson was appointed Senior Independent Director following the 2020 AGM. Stuart Henderson is also Chair of the Audit Committee and designated Non-Executive Director for the Workforce Engagement Panel. He is considered to be independent.

— Dr. Andrew Heath, due to his length of tenure as a Director, was not considered to be independent under the Corporate Governance Code following the 2020 AGM. Dr. Heath will be retiring at the forthcoming AGM.

— Dr. Heather Preston was appointed Chair of Remuneration Committee following the 2020 AGM and is considered to be independent.

— Martin Diggle is a founder of Vulpes Investment Management which, through its Vulpes Life Sciences Fund, is the Group's largest investor and as such he was not considered independent under the Corporate Governance Code. Martin Diggle stepped down from the Board in February 2021.

— Robert Ghenchev is Senior Partner and Head of Growth Equity at Novo Holdings, which is a 10.0% investor in the Group, and as such he is not considered independent under the Corporate Governance Code.

— Dr. Sam Rasty was appointed to the Board in December 2020 and is considered to be independent.

In February 2021, the Company announced the appointment of Professor Dame Kay Davies to the Board as an Independent Non-Executive Director.

Each Director is provided with an appropriate induction on appointment.

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

Board meetings

The Board meets regularly with meeting dates agreed for each year in advance. During 2020, there were seven regular Board meetings. The attendance of individual Directors at Board and Committee meetings was as follows:

	Regular Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
John Dawson	7	7			1[6]	1[6]	2[6]	2[6]
Martin Diggle	7	7						
Dr. Roch Doliveux[1]	5	5			10	10	9	9
Robert Ghenchev	7	7					1[6]	1[6]
Dr. Andrew Heath	7	7	3	3	12[4]	12[4]	11[5]	11[5]
Stuart Henderson	7	7	3	3	12	12	11	11
Stuart Paynter	7	7	3[6]	3[6]	1[6]	1[6]		
Dr. Heather Preston	7	7	3	3	12	12	11	11
Dr. Sam Rasty [2]	1	1						
Dr. Lorenzo Tallarigo[3]	2	2					1	1

1 Dr. Roch Doliveux was appointed in June 2020
2 Dr. Sam Rasty was appointed in December 2020
3 Dr. Lorenzo Tallarigo retired in June 2020
4 Dr. Andrew Heath attended 10 Remuneration Committee meetings as an Observer
5 Dr. Andrew Heath attended 9 Nomination Committee meetings as an Observer
6 Attended as an Observer

In addition to the above regular meetings, the Board (or an appointed sub-committee of the Board) met on a number of other occasions to consider specific *ad hoc* matters including the approval of the 2019 financial statements and the interim 2020 financial results.

The Chair holds meetings from time to time with Non-Executive Directors, without the Executive Directors in attendance.

Board activity during 2020

Board matters during 2020 included:

— Routinely recurring items such as the approvals of the 2020 financial budget and objectives, the 2019 preliminary results and Annual Report, and the 2020 interim results announcement

— A review of the Group's strategy, conducted in September

— Monitoring the progress of the Group's priority product development programmes

— Reviewing business development opportunities including partnering and collaboration transactions

— The appointment of Dr. Sam Rasty as a Director

— Ongoing reviews of the Group's risk management processes and key risks

— The Group's activities surrounding workforce engagement

— Completion of an evaluation on Board effectiveness

— Preparedness for the implications of the COVID-19 pandemic, Brexit, ESG and climate change

Corporate Governance Report

Retirement of Directors

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

At the AGM in 2021, Dr. Roch Doliveux, Dr. Sam Rasty and Professor Dame Kay Davies will stand for appointment having been appointed to the Board since the last AGM. In line with the Corporate Governance Code, Stuart Henderson, Dr. Heather Preston, Robert Ghenchev, John Dawson and Stuart Paynter will retire and be subject to re-election at the AGM in 2021. Dr. Andrew Heath shall be retiring from the Board and therefore will not stand for re-election at the AGM in 2021, having served on the Board for more than 11 years. Martin Diggle retired from the Board in February 2021, and will therefore not be standing for re-election at the AGM in 2021.

Communication with shareholders

The Board recognises the importance of effective communication with shareholders and potential investors. The primary points of contact are the Chief Executive Officer and Chief Financial Officer but the Chair, Senior Independent Director and Chair of the Remuneration Committee are also available for meetings with investors, if required. Vulpes Life Sciences Fund, the Group's largest investor, was represented on the Board by Martin Diggle during 2020 and Novo Holdings (10.0% shareholder), continues to be represented on the Board by Robert Ghenchev, which ensured a clear channel of communication with both Vulpes Life Science Fund and Novo Holdings during the year.

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

Meetings with existing shareholders	John Dawson and Stuart Paynter met with major shareholders during 2020. Dr. Lorenzo Tallarigo, Dr. Roch Doliveux, Stuart Henderson and Dr. Heather Preston also met with major shareholders.
2020 Annual General Meeting	The 2020 AGM was held on 23 June 2020. Shareholders were not allowed to attend the AGM in person in light of the COVID-19 situation and the Stay at Home measures that were implemented by the UK Government. Shareholders were invited to attend the AGM virtually, which lasted around 30 minutes and which, as well as the formal business, included a Q&A session after the meeting closed with the answers posted on the Group's website (questions to the Group were submitted in advance of the meeting).
Meetings with potential investors	John Dawson and Stuart Paynter regularly make presentations and meet potential investors on a one-to-one basis at investor conferences in Europe and the US. The Group also conducts investor roadshows periodically, which provide further opportunities to meet potential investors.
Results announcements and presentations	The Group announced its 2019 full year performance and financial results in May 2020, and its 2020 half year interim results in September 2020, through RNS announcements accompanied by analyst conference calls which are accessible to all shareholders and recordings of which were made available on the Group's website.
2019 Annual Report	The Group published its 2019 Annual Report in May 2020.
Website	The Group's website http://www.oxb.com contains details of the Group's activities as well as copies of regulatory announcements and press releases, copies of the Group's financial statements, and terms of reference for the Board Committees. Investors and others can subscribe to an e-mail alert service, which provides notifications of announcements.
Investor relations	The Group endeavours to respond to all enquiries from shareholders and potential investors received through its enquiry inbox ir@oxb.com
Social media	The Group uses LinkedIn and Twitter to alert followers to Company news flow.

The Senior Executive Team (SET) and its committees

Operational management is conducted by the Executive Directors who, together with Dr. James Miskin, Dr. Kyriacos Mitrophanous, Nick Page, Dr. Jason Slingsby, Helen Stephenson-Ellis, Natalie Walter and Dr. Dmitry Zamoryakhin formed the Senior Executive Team (SET) during 2020. Dr. Zamoryakhin stepped down from his role as Chief Medical Officer in February 2021. The Chief Executive Officer is John Dawson. The SET meets every week, has daily update meetings and has an extended SET meeting held every two weeks, with the agenda covering the full range of activities of the Group, including financial performance, organisational and employment matters, risk management and Safety, Health and Environment.

There are three SET sub-committees covering the major business operational areas. These sub-committees meet monthly and are attended by SET members and other relevant senior managers from the business. These sub-committees are:

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

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

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

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

There are two other important committees:

— Commercial Development Committee (CDC) – which covers the external opportunities to out-license and in-license technology or product candidates, and also to generate partnership opportunities for manufacturing and product development.

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

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

Risk management

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

The Board's assessment of the prospects of the Board, its expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, and the viability statement, is set out on page 128.

Corporate Governance Report

Board committee reports

Audit Committee report

During 2020, the Audit Committee comprised Stuart Henderson (Chair), Dr. Heather Preston, Dr. Sam Rasty (from December 2020) and Dr. Andrew Heath (until December 2020). The Corporate Governance Code requires the Audit Committee to comprise at least three Independent Non-Executive Directors. The Company complied with this provision of the Corporate Governance Code during the first half of 2020, however, following the AGM in June 2020, Dr. Andrew Heath was no longer deemed independent due to his length of tenure on the Board. The Board did not have another Independent Non-Executive Director with relevant experience to replace Dr. Heath, so Dr. Heath continued to attend the Audit Committee in an advisory capacity until Dr. Sam Rasty was appointed as an Independent Non-Executive Director in December 2020. Dr. Rasty joined the Audit Committee in December 2020 and Dr. Heath stepped down, whereupon the Company complied with provision 24 of the Corporate Governance Code once more.

Stuart Henderson, Dr. Heather Preston, Dr. Sam Rasty and Dr. Andrew Heath all have relevant experience, which qualified them for membership of the Audit Committee and, in Stuart Henderson's case, to be Chair of the Audit Committee. Their experience is set out in their brief biographies on pages 78 and 79.

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

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

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

— The internal and external audit process and auditors

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

Key activities:

Statutory reporting

In relation to the financial statements, the Audit Committee ensures that the Group provides accurate and timely financial results that reflect the relevant accounting standards and judgements appropriately. This includes the Group's status as a going concern and longer-term prospects and viability. The Audit Committee reviewed and recommended the approval of the 2019 preliminary results and 2019 Annual Report, the 2020 interim financial statements, the Group's 2020 preliminary results and this Annual Report.

The Audit Committee is responsible for assisting the Board's oversight of the quality and integrity of the Group's financial reporting and accounting policies and practices. The Audit Committee considered the viability and going concern statements, their underlying assumptions and the longer term prospects, including the appropriateness of a three-year period assessment reflecting the dynamic and changing environment in which the Group operates, (see page 126). As part of its review of the financial statements, the Audit Committee considered, and challenged as appropriate, the accounting policies and significant judgements and estimates underpinning the financial statements. Details regarding the significant financial reporting matters and how they were addressed by the Audit Committee are set out later in this report.

Risk and control

On behalf of the Board, the Audit Committee oversees the risk management strategy and appetite, the appropriateness and effectiveness of internal control processes, and Corporate Governance Code compliance. The Audit Committee reviews the significant current and emerging risks (including climate change, Brexit and COVID-19) and their associated mitigations via updates from the Risk Committee. Further details of these risks can be found on pages 70 to 77 of the Annual Report.

The Audit Committee also reviews and approves insurance levels and strategy, tax strategy, treasury policy and performs an annual review of the risk of fraud and misstatement within the financial statements and the related controls to mitigate this risk. During the year, the Audit Committee has received and reviewed a finance function transformation programme to progress the evolution of its internal control environment and its evaluation of control procedures.

Compliance

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

External audit

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

Internal audit

The Corporate Governance Code recommends that the Audit Committee should review the effectiveness of the Group's internal audit function. The Audit Committee considers that, as part of the finance function transformation referred to above, it will be appropriate to commission a third party internal audit review of the effectiveness of key controls on a cyclical basis.

Other governance matters

The Audit Committee has historically considered its effectiveness as part of the overall review of Board effectiveness carried out annually. Going forward this review will be performed on a stand-alone basis. Each year the Audit Committee considers its terms of reference and recommends any changes it deems necessary or beneficial to the Board.

Meetings held

The Audit Committee met three times in 2020:

— 29 April 2020 – to review the 2019 audit findings and consider the auditors' report. The auditors' opinion, letter of independence and representation letter were reviewed and were deemed to be satisfactory. The Audit Committee reviewed all the material accounting and estimation judgments likely to have a material impact on the accounting statements. The auditors reported on their key areas of audit focus including going concern, bioprocessing and process development revenue percentage of completion, and the out of specification provision. The Audit Committee discussed the quality of the audit and no significant concerns arose. The Audit Committee discussed and agreed the wording of the going concern and the viability statement. Internal controls relating to operations under the COVID-19 situation and remote working were discussed. Risk actions relating to the status of operations in response to COVID-19, the risk process and risk disclosures in the Annual Report were reviewed. The timeline for the Preliminary Results and the publication of the Annual Report was also discussed.

— 15 September 2020 – to review the 2020 audit strategy and also the 2020 interim results. The significant risks in the audit strategy included revenue fraud (increased due to larger and more complex contractual customer arrangements) and contract revenue recognition. As a result of the Group's operating resilience during the year to date and the successful equity fundraise, going concern risk had been significantly mitigated. The FRC focus on climate change was noted by the auditors. The auditors reported on their key areas of review focus including contract revenue recognition and the related licence fees. Progress on strategy to enhance internal controls was discussed. The Risk Management Committee presented key risks identified to the Audit Committee following an update of the risk register.

— 16 October 2020 – insurance strategy, tax strategy, treasury policy and the financial control environment and related controls were tabled and reviewed. The 2020/2021 insurance strategy was discussed and agreed, including discussions around directors and officers and errors and omissions insurance. The Audit Committee also agreed with the current tax strategy. The Audit Committee approved the current treasury policy and discussed the progress on the Group's strategy of enhancing its financial control environment and related controls.

Corporate Governance Report

Significant issues

The issues considered by the Audit Committee that are deemed to be significant to the Group are contract revenue recognition and related licence fees, the percentage of completion of bioprocessing and fixed price commercial development revenues, stock and equipment received in lieu of cash payment for bioprocessing and development services, customer contracts with varying bioprocessing batch prices and the bioprocessing out of specification provision.

Due to the cash balances held by the Group at the year end and at the date of approval of these financial statements, as well as the visibility over revenues across the next 12 months, going concern was not identified as being a significant risk in 2020. The Board has considered the Group's going concern status and future viability of the business, the outcome of which is detailed in the Directors Report on page 126.

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 year. 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.

Recognition of customer licence revenues

One of the key judgemental areas identified within the collaboration agreements is the timing of recognition of licence revenue based on the achievement of the relevant performance obligation. The individual factors and aspects relating to licence revenue is assessed as part of the IFRS 15 accounting paper prepared for each agreement and a judgement is made as to whether the licence fee performance obligation related to the granting of the licence to the customer has been achieved. If it was judged that the performance obligations on licences granted in 2020 had not been met, revenues would have been £9.4 million lower with the revenue expected to be recognised in the future when the performance obligations were deemed to have been met.

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 regard to the bioprocessing batches which remain in progress at the year end is £21,260,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the year would have been £2,126,000 higher or lower.

Percentage of completion of fixed price process development revenues

As it satisfies its performance obligations the Group recognises revenue and the related contract asset with regard to fixed price process development work packages. Revenues are recognised on a percentage of completion basis and as such require 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 regard to the work packages which remain in progress at year end is £6,677,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £667,000 higher or lower.

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, depreciation and operating lease payments to account for the cost of these items. The value of revenue recognised during 2020 related to these items amounts to £3.3 million (2019: nil).

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, revenues would have been £2.4 million higher with a corresponding decrease in revenues in future years.

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, increasingly in a commercial supply environment, 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 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 £137,000 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 £1.4 million (2019: £1.8 million) has not been recognised during 2020 with the corresponding credit to contract liabilities (note 19). This unrecognised revenue will be recognised as those batches complete bioprocessing.

Actions and conclusion on significant issues identified

Upon identification of these significant issues, management provided the Audit Committee with a detailed update on the nature, reasoning behind and risk of misstatement of these key accounting items, estimates and judgements, including any related accounting papers and other supporting documents. Any significant change to the method of calculation of these issues, or the judgement or estimates involved, is flagged to the Audit Committee, with regular updates being provided until such time as these are finalised prior to release of the year end or interim results.

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

Having provided appropriate challenge to management and the external auditor, the Audit Committee has concluded that these significant issues identified during 2020 have been appropriately accounted for.

Internal control

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Audit Committee annually reviews the effectiveness of all significant aspects of internal control, including financial, operational and compliance controls, and risk management. The review for 2020 prepared by the Chief Financial Officer and the Group Financial Controller, was further reviewed at the October 2020 Audit Committee meeting and was further updated in April 2021. Based on its review the Audit Committee has concluded that the system of internal control provides a reasonable basis for signing off the Annual Report and related accounts.

Currently the main features of the internal control and risk management processes which apply to the Group's financial reporting processes include:

— A detailed review process of the Annual Report and related financial statements, including review by the Senior Executive Team and the Board.

— Preparation of accounting papers for significant accounting and judgemental issues and review by the Group Financial Controller, Chief Financial Officer and the Audit Committee.

— Performance of an annual assessment of the risk of financial fraud and misstatement within the financial statements and accounting records, and assessment of the appropriateness of controls in place to mitigate the risks identified to an acceptable level.

— Preparation of detailed going concern and viability assessment papers and cash flow forecasts by the Head of Financial Planning and Analysis, with subsequent detailed review and approval by the Chief Financial Officer and the Board.

— Organisation of the finance function such that monthly management results and externally reported financial statements are subject to thorough review by the Group Financial Controller, Head of Financial Planning and Analysis and the Chief Financial Officer.

— Performance of control procedures over key statement of financial position accounts which have been assessed to have the greatest risk of misstatement.

— Clear separation of duties and detailed authorisation limits within the financial processes such as approval of invoices, purchase orders, payroll and disbursements.

At the October 2020 Audit Committee meeting, it was agreed that the Group should develop a finance function transformation strategy to enhance the internal control environment. Through subsequent discussions with the Chair of the Audit Committee the following summary implementation plan was agreed:

— Establish a roadmap with key deliverables to achieve the Group's goal of improving its internal control environment and internal control systems, and to reduce the risk of failure to achieve business objectives (both financial and operational).

— Further strengthen the finance function to reflect the growth and the complexity of the business.

— Establish a financial control department with the following remit:

  • Update and improve internal control policies, procedures, process flows and flow charts, and risk registers.

  • Design and continually monitor the Group's financial control framework.

  • Ensure appropriate monitoring and escalation is in place on key operating financial controls and metrics.

  • Report on the control environment and the results of control testing to the Audit Committee, firstly on an annual and ultimately a bi-annual basis.

— Establish a relationship with an external firm to provide independent assurance over the Group's internal control environment and systems, looking at various key risks and controls on a rotational basis, and reporting to the Audit Committee on an annual basis.

The progress of this project and the results of this reporting and the Audit Committee's review thereof will be disclosed in future reporting.

COVID-19

As a result of COVID-19, the Group has implemented extensive working from home by its employees. As most of the internal controls implemented by the business are system based, this change has not had a detrimental impact on the control environment. The business did have to implement some changes to the sign-off process for bank payments to ensure adequate availability of supporting documentation during the payment process, but this has been implemented successfully. The Group already had extensive remote working facilities in place including functionally limiting access from users' own devices. No major changes were required to enable the significant shift to remote usage. Proactive monitoring of remote usage has been increased as a precaution.

External audit

KPMG continued as the Group's external auditor for the 2020 financial year. It is the Group's intention to put the external audit out to tender every 10 years and to rotate the lead partner at least every five years. Will Smith has been the lead partner on the audit for the last two years after Charles Le Strange Meakin retired after one year following KPMG's initial appointment in 2018.

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

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

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

— fulfilment of the agreed external audit plan;

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

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

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

— other relevant UK professional and regulatory requirements.

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

With the exception of fees paid in respect of the auditor's review of the Group's interim financial statements, there were no non-audit fees received by KPMG in 2020. The non-audit fees policy is compliant with ethical Standards for Auditors. In 2020, KPMG received total fees of £0.4 million (2019: £0.3 million) which is an increase of £0.1 million versus the previous period. Fees paid to KPMG are set out in Note 7 to the financial statements.

Fair, balanced and understandable statement

The Audit Committee considered this Annual Report and financial statements 2020, taken as a whole, and concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate and recommended to the Board that the Annual Report and financial statements 2020 is fair, balanced and understandable while providing the necessary information to assess the Group's position and performance, business model and strategy.

Nomination Committee report

The Nomination Committee, which is chaired by Dr. Roch Doliveux, the Company's Chair, leads the process for making appointments to the Board and succession planning, and comprises Stuart Henderson, Dr. Heather Preston and, most recently, Professor Dame Kay Davies all of whom are Independent Non-Executive Directors. The primary duties of the Nomination Committee are set out in its written terms of reference, which is available on the Group's website.

The Nomination Committee met eleven times in 2020 on an *ad hoc* basis in order to discuss searches for the new Chair, additional Non-Executive Directors and succession planning.

Following a review, the Board considers that it was not in full compliance with the Corporate Governance Code during 2020. The Board did not meet the requirement for half the Board, not including the Chair, to comprise solely Independent Non-Executive Directors during 2020. The Board began to address this issue in the first half of 2020 by initiating a search for additional Independent Non-Executive Directors. Whilst the search process took slightly longer than expected as a result of the COVID-19 pandemic, the Board was pleased to announce the appointment of Dr. Sam Rasty an Independent Non-Executive Director in December 2020. Following the year end, Martin Diggle has stepped down from the Board and Professor Dame Kay Davies has been appointed to the Board as an Independent Non-Executive Director. In addition Dr. Andrew Heath shall be retiring at the forthcoming AGM whereupon at least half of the Board (excluding the Chair) shall comprise Independent Non-Executive Directors. The Company, therefore, shall be in compliance with Provision 11 of the Corporate Governance Code, following the AGM. The Board intends to continue to strengthen and diversify the Board to meet compliance requirements, having initiated a search for an additional Independent Non-Executive Director targeting the selection of female and ethnically diverse candidates. The Board intend to fully comply with the Hampton-Alexander recommendation that the Board comprise at least one third women by the AGM in 2022.

Workforce Engagement Panel – Designated Non-Executive Director

During the second half of 2020, the Group established a Workforce Engagement Panel ("WEP") comprising employees from all levels and functions across the Group. The purpose of the WEP is to enable employees to discuss issues of importance to them and ensure that senior leaders and the Board hear the views of the workforce. Stuart Henderson was appointed as the designated Non-Executive Director, to oversee engagement between the Board and the workforce (further information on the WEP can be found on pages 23 and 53). The WEP met three times during 2020 and Stuart Henderson attended one of those meetings in October 2020. The topics covered by the WEP during 2020 included how to raise awareness of the employees benefits package; the impact of COVID-19 on working; future ways of working; employee training programmes; wellbeing practices; and the review of results of the employee Pulse survey.

Board evaluation

In October 2020, the Company Secretary conducted an internal evaluation of the Board's performance covering the period from January 2020 to the fourth quarter of 2020. The review process comprised the completion of an anonymous questionnaire covering the various aspects of Board activities and Committees. The resulting report was discussed at the Board meeting in January 2021 and the Board plans to implement appropriate changes based on the discussions of the report, including an increase in Director's training and effective ways of working together remotely. The Board intends to continue to comply with the Corporate Governance Code guidance that the evaluation should be externally facilitated at least every three years and expects to commission the next externally facilitated review in 2021.

Board succession planning

During 2020, the Board reviewed the succession plans for both its composition and that of its Committees and the continued development of the Board. Following Dr. Lorenzo Tallarigo's decision to retire, the Board initiated a search for a new Chair with an external search consultancy, Spencer Stuart, and Dr. Roch Doliveux was successfully appointed in June 2020. The Company and the Directors have no connections with Spencer Stuart. The Board also initiated a search for additional Independent Non-Executive Directors to address the Corporate Governance Code requirement that half the Board should consist of Independent Non-Executive Directors. Dr. Sam Rasty was appointed in December 2020 following an introduction from Spencer Stuart and Professor Dame Kay Davies was appointed in March 2021 following an introduction from Dr. Roch Doliveux. The Board has initiated a further search with Spencer Stuart, for an additional Independent Non-Executive Director to further strengthen and diversify the Board. The external search consultancy, Spencer Stuart, has no connection with the Company or its individual Directors.

Following Dr. Andrew Heath's re-appointment at the 2020 AGM, he was no longer deemed to be independent and accordingly stepped down as the Senior Independent Non-Executive Director and Chair of the Remuneration Committee in June 2020. At the request of the Nomination Committee, Stuart Henderson replaced Dr. Heath as the Senior Independent Non-Executive Director and Dr. Heather Preston replaced him as Chair of the Remuneration Committee. Dr. Sam Rasty replaced Dr. Heath as a member of the Audit Committee in December 2020 upon his appointment to the Board. Dr. Heath will not be standing for re-election at the forthcoming AGM.

Diversity and Inclusion

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

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

Corporate Governance Report

The Group supports the principles of the Hampton-Alexander Review on gender balance. During 2020, the Board comprised one woman and eight men and, therefore, did not meet the Hampton-Alexander recommendation that 33% of the Board for FTSE350 companies consists of women by the end of 2020. The Board is aware of this issue and appointed Professor Kay Davies to the Board in March 2021. The Board has initiated a search to appoint a further female Independent Non-Executive Director to meet the Hampton-Alexander Review recommendations. Following the forthcoming AGM, the Board will comprise two women and six men equaling 25% and the Board has committed to comprise one third women by the AGM in 2022. The Group believes that members of the Board and senior management should collectively possess a diverse range of skills, expertise and ethnic and societal backgrounds. In terms of the next level of management, during 2020, the SET, excluding the Executive Directors, totaled seven, of which there were two female members. In the gender pay gap report for 2020, (for the full report see the Group's website www.oxb.com) the Group was progressing towards an equal male/female split at the Head of Department level, and at the Senior Management level, there were more females than males thereby meeting the Hampton-Alexander Review's recommendation that 33% of senior leadership roles (defined as the SET and their direct reports) be held by women at the end of 2020. Part of the Group's strategy will be to maintain and improve on the fulfilment of these targets, so that the objectives of the Hampton-Alexander Review will be met in full during 2021/2022.

The Board is aware of the recommendations of the Parker Review on Ethnic Diversity. The Parker Review set a target for companies to have at least one Board member from an ethnic minority background by 2021. Whilst none of the serving Board members identifies as belonging to an ethnic minority, the Board has a clear intention to continue to strengthen and diversify the Board. As part of its succession planning activities, the Nomination Committee has already initiated a search with external search consultants, Spencer Stuart, for an additional Independent Non-Executive Director. The Nomination Committee has requested that the search target female and ethnically diverse candidates whilst taking into account suitability for the role to ensure that the Group has the right mix of skills, experience, independence and knowledge for the Group's strategic objectives.

In addition, the Group has in place an internal management development programme which provides a structured training programme for the purposes of identifying and progressing talent across all areas of the Group to senior management level and beyond. At a more junior level, as part of its ESG objectives for 2021, the Group has included the goal of fostering and encouraging a culture of innovation within the Group and the wider community promoting STEM careers for school children through sponsorship and mentoring. The Group will work with partners, such as In2Science, to promote STEM careers as a viable route for schoolchildren from demographics that have a low representation in higher education particularly in STEM subjects. Through sponsorship, mentoring and support for careers workshops and other activities, the Group aims to encourage these individuals to enrol in higher education and/or apprenticeships to study STEM subjects and embark on careers in the field. For further information on the Group's ESG objectives for 2021, please refer to pages 51 to 66.

Compliance with the Code

The Group considers that it was largely in compliance with the terms of the Corporate Governance Code during 2020 but acknowledges that it did not comply in full. The Group has highlighted throughout the Annual Report areas where the Group has not been in compliance with the Corporate Governance Code and has set out below the specific areas with reference to the Corporate Governance Code provisions:

Corporate Governance Code Provision	Explanation
Provision 11 – At least half the Board, excluding the Chair, should comprise Independent Non-Executive Directors	At the end of 2020, the Company comprised five Directors who were deemed not to be independent (two Executive Directors and three Non-Executive Directors) and three Independent Non-Executive Directors, excluding the Chair. The Board initiated searches for additional Independent Non-Executive Directors during the course of 2020 which due to the COVID-19 pandemic took slightly longer than expected. The Board announced the appointment of Dr. Sam Rasty as an Independent Non-Executive Director in December 2020 and Professor Dame Kay Davies as an Independent Non-Executive Director in February 2021. The Company has initiated a further search for an Independent Non-Executive Director to further strengthen and diversify the Board. Following the forthcoming AGM, the Company will comply with Provision 11 of the Corporate Governance Code as the Board will comprise three Directors who are deemed not to be independent (two Executive Directors and one Non-Executive Director) and four Independent Non-Executive Directors, excluding the Chair.
Provision 24 – The Audit Committee should comprise three Independent Non-Executive Directors.	The Company complied with this provision of the Corporate Governance Code during the first half of 2020, however, following the AGM in June 2020, Dr. Andrew Heath was no longer deemed independent due to his length of tenure on the Board. Dr. Andrew Heath continued to attend the Audit Committee in an advisory capacity following the AGM as the Board did not have another Independent Non-Executive Director with relevant experience to replace Dr. Andrew Heath until Dr. Sam Rasty was appointed as an Independent Non-Executive Director in December 2020. Dr. Sam Rasty joined the Audit Committee in December 2020 whereupon the Company complied with Provision 24 of the Corporate Governance Code once more.
Provision 38 – The pension contribution rates for Executive Directors should be aligned with those available for the workforce	The Executive Directors currently receive a 15% pension contribution (or cash allowance) unlike the wider workforce who currently receive a 7.5% pension contribution. In line with Provision 38 of the Corporate Governance Code, the Executive Directors have received written notification that, from 31 December 2022, their pension contribution will be reduced to align with the wider workforce.
Provision 41 – Engagement with the workforce to explain how Executive pay aligns with the wider Company pay policy	The Remuneration Committee spent considerable time in the second half of 2020 formulating the Group's Remuneration Policy for the next three years (set out on pages 114 to 123) which included canvassing the views of shareholders. The Remuneration Committee made the decision not to share the policy, detailing Executive pay with the workforce until it had completed the consultation process with shareholders. For this reason, during 2020, the Group has not complied with Provision 41 of the Corporate Governance Code to engage with the workforce to explain how Executive pay aligns with the wider Group pay policy. This will be addressed in 2021 once the new Remuneration Policy has been finalised.

Share capital

The information about the share capital required by Article 10 of the Takeover Directive is in the Directors' Report on page 125.

Annual statement from the Remuneration Committee Chair

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2020; my first report as Chair of the Remuneration Committee. I would like to take this opportunity to thank Dr. Andrew Heath for his dedicated contribution and service as the previous Chair of the Committee for nine years to June 2020.

This report is divided into three sections:

— this statement and a summary of how our policy is aligned with the 2018 UK Corporate Governance Code (the "Corporate Governance Code");

— the annual report on remuneration which sets out amounts earned by Directors in respect of 2020; and

— the proposed Directors' Remuneration Policy, to be approved at the 2021 AGM.

In this statement I have set out our approach to the new policy, including how it differs from the Directors' Remuneration Policy approved by shareholders at the 2018 Annual General Meeting, how we propose to implement it in 2021, the key decisions in relation to remuneration in 2020, including in relation to the 2020 bonuses and the vesting of the Performance Shares Awards granted under the Long Term Incentive Plan (LTIP) in 2017.

The Remuneration Committee had the opportunity to consult with a number of shareholders as we considered our proposals for the new policy and I want to thank them for their time and their input, which has been very helpful and constructive in shaping the final policy we are presenting here. In particular, taking into account feedback from shareholders during the consultation we have increased both the in-employment and post-employment shareholding requirements, as referred to below.

During 2020, the Group's position as a global pioneer in cell and gene therapies has continued 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/Bristol Myers Squibb, but we have also grown the underlying bioprocessing and commercial development revenues by 45% and have signed a three-year master supply and development agreement with AstraZeneca for large-scale manufacturing of the adenovirus based COVID-19 vaccine. We are incredibly proud of all of the team for truly excelling in these challenging times.

As shown in the chart on page 111, our Total Shareholder Return has outperformed the FTSE all-share, FTSE350 Pharma and Biotech and NASDAQ Biotech indices over the last 10 years.

Our approach to the new policy

Remuneration is a key part of attracting and retaining the best people to lead our business. We balance the recruitment and retention requirements against the need to ensure our packages promote the long term success of the Group and the alignment of market-competitive pay with performance against the Group's strategic objectives and shareholder returns.

The Remuneration Policy was last approved by shareholders at the 2018 AGM and is now due for review and approval by shareholders for the next three-year cycle. Our approach to the new policy has been formulated in the light of the following.

— Under the leadership of our CEO, John Dawson, Oxford Biomedica has established itself as a world leading lentiviral vector company and the Group is ideally placed to deliver value by pursuing its mission of delivering life-changing therapies to patients.

— Over 80% of cell and gene therapy (research, customers, and competitors) is based in the United States. We need to have the right tools in place to attract both Executive and Non-Executive talent from NASDAQ listed biotechnology businesses and the corporate governance environment in the UK presents significant challenges when considered against the significantly higher incentive pay norms amongst our peers in the United States.

- A key strategic imperative is to ensure that the new three-year policy supports the Group's succession planning. We are aware that when John Dawson retires we will be competing against NASDAQ listed biotechnology businesses to attract CEO talent with the right skills and experience to deliver on the future growth aspirations of the business. As noted below, in choosing our comparator peer group we have aligned ourselves with a biotechnology cohort rather than with the traditional CDMO sector. The Remuneration Committee believes that the significant application of leading edge technology in our platform business and our continued focus on our own and partnered products makes this choice appropriate.
- To give us flexibility to offer an overall compensation package to an incoming Overseas Executive Director that is competitive against NASDAQ listed biotechnology businesses the new policy increases the overall annual and long term incentive opportunity. For these purposes, an "Overseas Executive Director" means any Executive Director appointed after 1 January 2021 in respect of which appointment, in the opinion of the Remuneration Committee, the Company is competing for talent with US competitors (including NASDAQ listed US biotechnology businesses) including but not limited to Executive Directors recruited from or based in the US and having regard to the fact that over 80% of cell and gene therapy is based in the United States, that United States' regulatory requirements are critical to the future success of the Group and that the United States' market has the largest commercial potential for the Group. These increases position the overall incentive opportunity towards the lower end of the market compared to NASDAQ listed biotechnology businesses. We strongly believe that having the ability to offer higher incentive opportunities to an incoming Overseas Executive Director is critical to the business and is in the best interests of all our shareholders.
- For the avoidance of doubt, more modest increases in incentive opportunities are proposed for the incumbent Executive Directors (and will apply to any new Executive Director who is not an Overseas Executive Director). For Executive Directors who are not Overseas Executive Directors, our proposal is to increase the incentives to be in line with UK listed market practice. This reflects the significant growth and performance of the Group over the last three years. We are now an established FTSE250 company and the Group wants to ensure that the policy has the flexibility to attract and retain senior executives to achieve the Group's future growth ambitions. All proposed increases in incentive quantum will also be commensurate with an increase in stretch in performance targets.
- The new policy complies with the requirements of the UK Corporate Governance Code, in so far as it includes paying a proportion of the annual bonus in deferred shares; longer vesting time horizons for long term incentives (i.e. a three-year performance period and two year holding period); and a post-employment shareholding guideline. However, as noted on page 98, our Executive Directors' pensions are not currently aligned with those available to the wider workforce, but will be from 31 December 2022.
- The new policy seeks to address the significant gap to market practice in the United States that we have faced when attracting and retaining Non-Executives when competing with NASDAQ listed Board opportunities (within the overall constraints of being a UK main market listed company). The proposed changes to the policy for Non-Executive Directors recruited from or based in the United States provides alignment with shareholders whilst ensuring that our Non-Executive Directors continue to be independent.

Summary of changes for Executive Directors who are not Overseas Executive Directors

The following table summarises the principal differences between the policy approved in 2018 and the policy for which approval will be sought at the 2021 AGM as regards the incumbent Executive Directors along with the intended implementation of the new policy in 2021 for the incumbent Executive Directors.

Reward Element	Current Policy	Proposed Policy for Executive Directors who are not Overseas Executive Directors and 2021 implementation
Base salary and benefits	No maximum salary, but increases are normally in line with the level of increase awarded (to other employees in the Group). Typical provisions are included to award higher increases in appropriate circumstances. A typical range of benefits is provided.	No significant changes. For 2021, the Executive Directors' salaries have been increased to: — John Dawson: £455,000 (a 5.7% increase); and — Stuart Paynter: £310,000 (a 29.5% increase). No significant changes are proposed in relation to benefits. For reference the proposed base salary increase for the wider workforce for 2021 is 4.3%
Retirement benefits	Defined pension contribution (or cash allowance) of up to 15% of salary.	The 15% contribution will continue for incumbent Executive Directors until the end of 2022, at which point their contribution will be aligned with the contribution available to the wider workforce (currently 7.5%).
Annual Bonus	Maximum of 125% of salary. 50% of any bonus is paid in cash and 50% in deferred shares become exercisable over three years.	The maximum bonus opportunity is increased to 150% of base salary, with the same deferral arrangements continuing to apply. For 2021, John Dawson and Stuart Paynter will have a bonus opportunity of 150% of salary.
Long term incentives	Annual grant of nil or nominal cost shares awards ("Performance Shares Awards") vesting subject to the achievement of performance targets, typically assessed over a three-year performance period. Maximum award of 125% of salary for the CEO and 100% of salary for any other Executive Director.	The maximum long term incentive opportunity is increased to 200% of base salary for the CEO and 175% of salary for other Executive Directors. For 2021:- — John Dawson will be granted a Performance Shares Award over 200% of base salary. — Stuart Paynter will be granted a Performance Shares Award over 175% of base salary. Two year holding period will continue to apply. The proposed performance measures and targets are set out below.

In the 2018 Directors' Remuneration Report, we explained that John Dawson's and Stuart Paynter's salaries were significantly below market for companies of our size and complexity and our intention to address this over a two to three-year period. Since then the size and complexity of the business has continued to increase significantly. Our market capitalisation has more than doubled from a 12 month average market capitalisation of c.£350 million in 2018 to over £750 million currently and we are now an established FTSE250 company.

The 2021 base salary increase for both John Dawson and Stuart Paynter, reflects the third year of a phased base salary increase. In the case of Stuart Paynter, the increase also reflects that he has been in role for more than three and a half years and that his performance and contribution have been exceptional. Specifically, this has included several successful fundraises, the transition to FTSE250 status, and ensuring growth has been managed in a financially positive way, prioritising OPEX and CAPEX expenditure appropriately, resulting in a healthy balance sheet and strong cash position. These achievements have strongly positioned the Group to take advantage of strategic opportunities. These increases position base salaries for both John Dawson and Stuart Paynter in the lower quartile for comparable UK companies.

The increases in the annual bonus and long term incentive opportunities also reflect the significant increase in size and complexity of the business over the last three years. Maximum opportunities are aligned with market practice for UK companies of a similar size and complexity. These higher incentive opportunities also take into account that base salaries continue to be positioned at the lower quartile.

Summary of changes for Overseas Executive Directors

Base salary: The base salary of an Overseas Executive Director would be determined at the time of recruitment taking into account the relevant skills and experience of the individual and the overall compensation package.

Retirement benefits: In line with best practice under the Corporate Governance Code, the pension contribution (or cash in lieu) for any new Overseas Executive Directors will be aligned to the wider workforce (currently 7.5%). The following table summarises the increase in incentive opportunities reserved for a new Overseas Executive Director.

Reward Element	Proposed Policy for Overseas Executive Directors
Annual Bonus	The maximum bonus opportunity is 200% of base salary, No change to deferral arrangements: 50% of any bonus is paid in cash and 50% in deferred shares become exercisable over three years.
Long term incentives	Maximum long term incentive is 500% of base salary Annual grant of Performance Shares Awards which vest subject to a performance test and continued employment, normally over a period of three years A two year holding period will also to apply following the three-year performance period.

The following comparator group of US-based biotechnology companies was used for benchmarking purposes: MeiraGTX; Rubius Therapeutics; Homology Medicines; G1 Therapeutics; Orchard Therapeutics; Gossamer Bio; Adverum Biotechnologies; Rocket Pharmaceuticals; NGM Biopharmaceuticals; Sangamo Therapeutics; Bluebird Bio; Regenxbio; Voyager Therapeutics; AvroBio; Beam; Autolus Therapeutics; Akouos; Passage Bio. In choosing our comparator peer group we have aligned ourselves with a biotechnology cohort rather than with the traditional CDMO sector. The Remuneration Committee believes that the significant application of leading edge technology in our platform business and our continued focus on our own and partnered products makes this choice appropriate.

This positions the overall maximum incentive opportunity for a new Overseas Executive Director towards the lower end of the market compared to NASDAQ listed biotechnology businesses. In a competitive market for talent, not having the ability to grant a comparable incentive quantum to NASDAQ listed biotechnology businesses, presents a real risk to the business as the Company is likely to need to recruit a new CEO during the course of the next three years.

The use of these maximum incentive opportunities for an incoming Overseas Executive Director will not be automatic. However, we strongly believe that having the ability to offer incentive opportunities up to these levels to such an incoming CEO is critical to the business and is in the best interests of all shareholders.

As noted above, we are mindful of the need to ensure that potential increases in incentive quantum in the future are commensurate with appropriately stretching targets for maximum vesting. We have also aligned the shareholding guidelines with the LTIP opportunity so that any LTIP award in line with this higher opportunity is balanced with a higher shareholding requirement.

Our intention would be to offer Performance Shares Awards to an incoming Overseas Executive Director. However, because granting market value options (typically without any performance conditions) is standard market practice in NASDAQ listed biotechnology businesses in the United States, we are proposing that the new recruitment policy includes the flexibility to grant Performance Shares Awards and/or market value options (albeit with any market value option subject to the satisfaction of performance conditions – in line with best practice in the UK for Executive Directors and as with any Performance Shares Award). This flexibility in the recruitment policy would only be used if the Remuneration Committee consider this to be an absolute necessity for the recruitment of an Overseas Executive Director.

The overall maximum long term incentive opportunity would continue to be capped at up to 500% of base salary (in performance share equivalents) where a market value option is valued at one-third of a performance share. Furthermore, within this maximum 500% (face value) will be a requirement that no more than 375% of salary will be awarded in face value terms as market value options to any Overseas Executive Director in respect of any year.

Performance measures and targets

We will include flexibility under the new policy to set measures and targets taking into account the strategic needs of the business.

A key component of the Group's strategy is to develop cell and gene therapy products from pre-clinical proof of concept through to the end of Phase I or Phase II clinical studies before partnering or out-licencing. Annual bonus targets for a particular year are therefore likely to include specific product development targets depending on the stage of development of each opportunity. The annual bonus objectives are also likely to include targets related to generating recurring revenues such as from manufacturing or development services to third parties.

The performance metrics for the long term incentive awards are determined to ensure that the most appropriate targets are set for the Group's situation at the time. As with the long term incentive awards granted in 2020, the Remuneration Committee believes that share price growth and revenue growth remain key measures of performance for the 2021 grants, although we propose to replace the absolute share price performance measure with a relative share price/Total Shareholder Return (TSR) measure. Taking into account the feedback from shareholders, from 2021, we are intending to introduce a strategic measure linked to achievement of specific development milestones into the long term incentive. For the grants to be made in 2021, it is intended that the performance measures will be weighted 40% share price/TSR; 40% revenue growth; and 20% strategic goals.

Measure	Weighting	Approach
Relative TSR/share price	40%	— Vesting based on the Company's TSR over a three-year performance period relative to the TSR performance of companies in the NASDAQ Biotechnology Index — Threshold vesting 25%: Median performance — Maximum vesting: Upper quartile performance — TSR will be assessed over a three-year period from the date of grant of the awards, consistent with our current approach to the share price measure, with a three month averaging period applied, again consistent with our current approach to the share price measure.
Revenue Growth	40%	— Threshold vesting 25%: 15% CAGR per annum over a three-year performance period — Maximum vesting: 30% CAGR per annum over a three-year performance period
Product related strategic milestones	20%	The strategic measure and targets are commercially sensitive and will be disclosed when this is no longer the case, and no later than when the awards vest. The measure will be aligned with the Group's strategy with the level of vesting determined by reference to the achievements, with 25% vesting for delivery of a threshold milestone.
Underpin	Applies to the whole award	Consistent with previous awards, the whole award will be subject to an underpin such that it will only vest to the extent that the Remuneration Committee considers the overall performance of the business over the performance period justifies it.

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

There will continue to be a performance underpin, such that the awards will only vest to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it. Share price growth will also be determined by averaging the Company's share price over the three months prior to vesting to avoid rewarding for short term spikes in performance.

We are mindful of the need to ensure that the proposed increases in incentive quantum for 2021 and in the future are commensurate with appropriately stretching targets for maximum vesting and as noted above the Revenue Growth measure for the 2021 awards requires a 30% CAGR for maximum vesting, compared to a 24% CAGR for the 2020 awards.

UK governance and Corporate Governance Code features of the Policy

In line with best practice and the Corporate Governance Code:

— The current policy includes a requirement that the Executive Directors build and maintain a holding of 150% of salary, although in practice this was increased to 200% with effect from 1 January 2019. In the new policy, this limit will be the higher of 200% of salary and the relevant Executive Director's normal annual LTIP opportunity.

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

— Recovery provisions enhanced to enable their application in the event of material corporate failure and serious reputational damage.

Other minor changes have been made to the policy approved in 2018 as a consequence of these principal changes or to aid the operation of the policy or to take account of developments in practice since 2018.

Non-Executive Directors

The new policy as it relates to Non-Executive Directors has been determined by Board.

In line with usual practice, our current policy does not include a limit on the quantum of Non-Executive Directors' fees, providing that these are set taking into account the responsibilities of the role and expected time commitment. The base fee has not been increased for 2021 and so will remain at the 2020 level of £65,000. However, having regard to the increased size and complexity of the Group and corresponding increase in the scope of the role and expected time commitment, additional fee elements have been introduced with effect from 1 December 2020, as outlined below.

Fee element	2021 level
Additional fee for holding the office of Senior Independent Director	£10,000
Additional fee for holding the position of Chair of the Remuneration Committee	£10,000
Additional fee for holding the position of Chair of the Audit Committee	£10,000
Base fee uplift for Non-Executive Directors based outside the UK to recognise the additional time commitment (including but not limited to the additional expected time commitment for travel to the UK as well as the additional time commitment where the Non-Executive Director is based in a different time zone).	£15,000

We are also competing against NASDAQ listed biotechnology businesses for Non-Executive Directors. It is almost unanimous practice for our peers in the United States for stock options and/or restricted stock awards to be made to Non-Executive Directors on appointment and thereafter on an annual basis. The fact that we cannot offer stock options or restricted stock grants to non-UK based Non-Executive Directors has a presented us with a significant challenge in attracting experienced non-UK based Non-Executive Directors from biotechnology businesses in the United States. This has been an on-going challenge in negotiations with non-UK based Non-Executive Directors the Group is seeking to recruit.

We recognise that as a UK main market listed business, from a Corporate Governance Code perspective Chairs and Independent Non-Executive Directors should not receive incentive awards geared to the share price or corporate performance.

Therefore, subject to the approval of the new policy at the AGM, we propose to award an additional fee of up to £50,000 per annum to any Non-Executive Director recruited from or based in the United States to reflect US market levels of remuneration for Non-Executive Directors. This additional fee will be payable subject to their agreement that the after tax amount of this additional fee will be applied in the acquisition of shares at market value which must be retained for at least 12 months from acquisition. This seeks to address the significant gap to market practice in the United States that we face when attracting and retaining Non-Executive Directors in competition with, or from NASDAQ listed businesses where equity awards are an ongoing feature of the overall package. For US based Non-Executive Directors this positions the overall fee levels closer to the lower end of the market compared to US peers. This also provides alignment with shareholders whilst ensuring that our Non-Executive Directors continue to be independent. We will reassess this element of the policy after three years, in line with the next scheduled review of the policy.

In setting these additional fee elements, the Board considered in particular whether the different fee elements depending upon the location of the Non-Executive Directors would negatively impact the collegiate approach of the Board. However, the Board was of the unanimous opinion that the approach was appropriate given the different circumstances and market remuneration levels and the need to ensure that the Company has the ability to attract and retain Non-Executive Directors with appropriate skills and experience.

2020 business performance and incentive impact

In January 2021, the Remuneration Committee met to consider the achievement of the 2020 objectives and the annual bonus award for 2020.

The performance of the business in 2020 is set out in detail in the Strategic Report from pages 30 to 37 and the performance against bonus objectives is described on page 41 and pages 106 and 107. The Remuneration Committee considered overall business performance as part of its assessment of the annual bonus out-turn and concluded the overall bonus payments earned by reference to the annual bonus performance measures to be appropriate, and accordingly approved the award to John Dawson of a bonus of 106% of salary and to Stuart Paynter a bonus of 110% of salary. The bonuses will be paid 50% in cash and 50% in deferred shares.

Vesting of the Performance Shares Awards granted under the LTIP in 2017

Performance Shares Awards were granted on 13 July 2017 to John Dawson when the share price was 495p and to Stuart Paynter on 25 September 2017 when the share price was 430p (with the share price in each case stated after adjustment for the 50 to 1 share consolidation in May 2018).

In the case of Stuart Paynter, the award includes both the element of the award granted on 25 September 2017 and the element of the award granted on 7 August 2018 as mentioned on page 78 of the Company's 2018 Directors' Remuneration Report. The performance conditions were as follows:

Average annual compound share price growth over the three-year period starting with the date of grant[1]	Percentage of the options granted that will vest
Less than 10%	0%
10% (i.e. 33.1% over 3 years)	25%
Between 10% and 20%	Calculated on a straight line basis between 25% and 100%
20% or more (i.e. 72.8% over 3 years)	100%

1 In the case of the element of Stuart Paynter's award granted on 7 August 2018, the performance condition is assessed from 25 September 2017.

The Performance Shares Awards granted under the LTIP in 2017 vested during 2020. The share price was averaged across three months prior to the end of the applicable assessment period. Details are provided on page 108.

The awards were also subject to a performance underpin, such that they would vest only to the extent that the Remuneration Committee considered that the overall performance of the business across the period justified it. The Remuneration Committee reviewed performance against this underpin and concluded the overall payments to be appropriate.

Other matters

The Remuneration Committee reviewed the Group's Gender Pay Gap Report for 2020 and was pleased to see the growth of the Group over the year and the progression towards an equal male/female split at the more senior levels of the organisation and that this has had a positive impact on the Group's median and mean gender pay gap. For full details of the report please visit our website at www.oxb.com.

Shareholder engagement

I am grateful to shareholders for their support in approving our previous Annual Report on Remuneration at the 2020 AGM, with over 98% of votes cast in favour. I would also like to thank shareholders and investor bodies for their constructive input and engagement in relation to developing the new policy. As we considered our proposals for the new policy, the Remuneration Committee had the opportunity to consult with shareholders representing more than 59.8% of the shares in the Company. We have tried to incorporate as much investor feedback as possible whilst balancing different stakeholder views.

We believe that the current policy operated as intended and consider that the remuneration received by the Executive Directors in respect of 2020 was appropriate, taking into account Group and personal performance, and the experience of shareholders and employees.

I welcome feedback at any point in time from our entire shareholder base regarding our policy and its application, and I hope that we will earn your support at the forthcoming AGM.

Dr. Heather Preston
Chair, Remuneration Committee

Alignment of the Policy with the 2018 Corporate Governance Code

(not audited)

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

Principle	
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Remuneration Committee engages regularly with Executives, shareholders and their representative bodies in order to explain the approach to Executive pay.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The purpose, structure and strategic alignment of each element of pay has been clearly laid out in the Remuneration Policy.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Both the annual bonus and LTIP are subject to malus and clawback provisions. This allows the Remuneration Committee to have appropriate regard to risk considerations. Annual bonus deferral and the application of the two year holding period to awards under the LTIP provide longer term alignment with shareholders' interests. The Remuneration Committee also has discretion to override formulaic outcomes, which may not accurately reflect the underlying performance of the Group.
Predictability: the range of possible values of rewards to individual directors and other limits or discretions should be identified and explained at the time of approving the policy.	Details of the range of possible values of rewards and other limits or discretions can be found on page 105.
Proportionality: the link between individual awards, the delivery of strategy and the long term performance of the company should be clear. Outcomes should not reward poor performance.	The Remuneration Committee believes total remuneration should fairly reflect performance of the Executive Directors and the Group as a whole, taking into account underlying performance and shareholder experience. The Remuneration Committee considers the approach to wider workforce pay and policies when determining Directors' remuneration to ensure that it is appropriate in this context.
Alignment to Culture: incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The Group's values are: 'Have integrity', 'Be inspiring' and 'Deliver innovation'. These three values govern the way that the Group does business, how the Group works together and the interactions the Group has with all its stakeholders. The Group's values are an important factor in measuring performance, and the Group recognises and rewards adherence to the values. Executive Directors are rewarded on both what they deliver and how that is delivered, which reinforces the Group's purpose and values.

Annual Report on remuneration

In this report:

— nil or nominal cost shares awards under the Company's LTIP are referred to as "Performance Shares Awards"; and

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

Remuneration Committee role and members

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

— recommending to the Board the policy and framework for the remuneration of the Executive Directors. The remuneration of the Non-Executive Directors is a matter for the Board;

— approval of individual remuneration packages for the Chair, the Executive Directors and the Senior Executive Team (including the Company Secretary);

— approval of annual performance incentive plans and bonuses payable;

— approval of Performance Shares Awards for Executive Directors and the Senior Executive Team (including the Company Secretary); and

— approval of awards granted to all employees under the Group's share plans.

The Remuneration Committee members during 2020 comprised Dr. Heather Preston (Chair, with effect from 24 June 2020), Stuart Henderson and Dr. Roch Doliveux. Dr. Andrew Heath was Chair of the Remuneration Committee from 1 January 2020 until 23 June 2020. Other Directors are invited to attend meetings on an agenda driven basis.

Remuneration Committee activities during 2020

During 2020 the Remuneration Committee met 12 times. The main activities and decisions were as follows:

— Development of the new policy and engagement with shareholders in relation to its terms.

— 12 February 2020 – the Remuneration Committee considered whether or not bonuses should be paid to the Executive Directors in respect of 2019 in light of the performance against the Group's 2019 objectives. The outcome of these discussions was reported in the 2019 Annual Report.

— 22 June 2020 – the Remuneration Committee considered the granting of options to employees under the Group's Long Term Incentive Plan, Deferred Bonus Plan and Employee Share Option Scheme.

— 13 July and 28 September 2020 – the Remuneration Committee considered the extent to which the share price performance conditions for the July 2017 and September 2017 grants of options had been met and whether vesting was appropriate by reference to the performance underpin. The outcome was that 61.6% of the options granted in July 2017 and 100% of the options granted in September 2017 would vest, more information is included on page 108.

— 7 September 2020 – the Remuneration Committee approved an invitation to all employees to participate in the 2020 offer under the Company's Sharesave scheme.

— The Remuneration Committee had oversight of the introduction of a Group-wide cash bonus scheme which will give employees at all levels the opportunity to share in the success of the Group by receiving a cash bonus linked to their grade level and their own personal performance.

Single total figure of remuneration

(audited)

The following tables show a single total figure of remuneration for 2020 for each Director and comparative figures for 2019.

2020	Salary £'000	Benefits[1] £'000	Bonus £'000	LTIP[2] £'000	Pension[4] £'000	Total £'000	Total fixed remuneration	Total variable remuneration
John Dawson	431	11	457	294	65	1,258	507	751
Stuart Paynter	239	11	263	533	36	1,082	286	796
Total	**670**	**22**	**720**	**827**	**101**	**2,340**	**793**	**1,547**

2019	Salary £'000	Benefits[1] £'000	Bonus £'000	LTIP [3] £'000	Pension[4] £'000	Total £'000	Total fixed remuneration	Total variable remuneration
John Dawson	410	11	359	386	54	1,220	475	745
Stuart Paynter	228	11	205	–	32	476	271	205
Total	**638**	**22**	**564**	**386**	**86**	**1,696**	**746**	**950**

1 Benefits comprise medical insurance and the provision of a car allowance.
2 This comprises the Performance Shares Awards granted under the LTIP in 2017 which vested on 13 July 2020 (in the case of John Dawson) and on 25 September 2020 (in the case of Stuart Paynter). The relevant performance criteria and the performance against them are set out on page 105 to 108. The values are calculated by reference to the share price at the last day of the period over which the share price was averaged to determine the extent of vesting (751p in the case of John Dawson and 819p in the case of Stuart Paynter).
3 This comprises the Performance Shares Awards granted under the LTIP in 2016, which vested in May 2019. The relevant performance criteria and the performance against them are set out on page 83 of the 2019 Directors' Remuneration Report. The values are calculated by reference to the share price at the last day of the period over which the share price was awarded to determine the extent of vesting (690p).
4 Pension contributions are made into the Group's defined contribution scheme, or at the election of the Director, as a cash allowance in lieu of a company pension contribution –John Dawson and Stuart Paynter had elected to receive such a cash allowance.

The following table sets out in respect of the Performance Shares Awards granted under the LTIP in 2017 the amount of the value attributable to the share price at the grant of the awards and the amount that is attributable to the growth in share price to vesting. No discretion has been exercised in respect of vesting as a result of share price performance.

	Total value	Value attributable to share price at grant[1]	Value attributable to growth in share price to at vesting[2]
John Dawson	£293,633	£193,540	£100,093
Stuart Paynter	£533,292	£279,995	£253,297

1 In the case of John Dawson, the price at grant is 495p. In the case of Stuart Paynter, the price at grant is 430p, with this price being used for both the element of the award granted on 25 September 2017 and the element of the award granted on 7 August 2018 as mentioned on page 78 of the Company's 2018 Directors' Remuneration Report.
2 In the case of John Dawson, the price at vest was 751p. In the case of Stuart Paynter, the price at vest was 819p.

In January 2021, the Remuneration Committee met to consider the achievement of the 2020 objectives and the annual bonus award for 2020. The performance of the business 2020 is set out in detail in the Strategic Report from pages 30 to 37.

Performance against the Group objectives for 2020, on which the Executives' bonuses are based, was as follows:

Objective	Weighting	Performance assessed	Assessment against objective	% of bonus awarded
Partners/Capacity/Technology Advancement To service the Group's customers as agreed and reach key milestones for Novartis and other key partners. Receive appropriate regulatory approvals for Oxbox.	20%	— Regulatory approval by MHRA of vector production in Oxbox by first half of 2020 (5% of bonus earned from maximum 5%) — The Group also achieved the initiation of two GMP batches for client programmes, in addition to those for Novartis (5% of bonus earned from maximum 5%) — The following objectives were not achieved: · The onset of the COVID-19 pandemic in 2020 delayed the Group's initiation of the Group's in-house fill and finish inspection by MHRA (0% earned from bonus opportunity of 5%) · At the request of a client, the Group did not transfer a process for the client into the Group's Oxbox facility. This provided a vacancy in Oxbox for other clients. The Group utilised this vacancy to manufacture the Oxford AstraZeneca COVID-19 vaccine programme. (0% earned from bonus opportunity of 5%)	Partially met equivalent to target performance	10%
Patent/product advancement and innovation To advance two new platform products into the Group's portfolio, alongside technical (two new patentable inventions) and process innovations (rapid process and improved process) to the platform to keep the Group ahead of the competition.	20%	— The Group successfully initiated an improved manufacturing process into GMP (5% of bonus earned from maximum 5%) — Two new patentable inventions for platform process (5% of bonus earned from maximum 5%) — The pipeline was also strengthened by the advancement of one new product, OXB—401, through proof of concept in a suitable disease model. (2.5% of bonus earned from maximum 5%) — Management made the decision, after carefully considering all stakeholder groups, to re-prioritise the internal programme for innovation aimed at delivering a rapid and improved first-in-man process, in order to divert resources to the development of the Oxford AstraZeneca COVID-19 vaccine programme (0% earned from bonus opportunity of 5%)	Partially met equivalent to target performance	12.5%
Financial objectives To achieve revenue and Operating EBITDA targets, which are driven by the budget, which includes new manufacturing deals and a product out-licensing deal, along with strengthening the balance sheet. Set in the regime of aggressively growing sales with strict control of costs and look to create internal divisions for financial reporting.	35%	— Internal divisions were created for financial reporting (5% of bonus earned from maximum 5%) — Successfully completed a £40 million capital raise in June 2020 (5% of bonus earned from maximum 5%) — Cash in-flow achieved in line with budget (5% of bonus earned from maximum 5%) — The Group was very close to achieving the revenue targets and exceeded the Operating EBITDA target set in the budget (15% of bonus earned from maximum 20%)	Largely met – equivalent to performance between target and maximum	30%
Business development To continue to execute new deals, to out-license one product, agree three platform technology deals and to start two new feasibility studies.	15%	— Three platform technology deals were signed with Juno Therapeutics/ Bristol Myers Squibb, Beam Therapeutics and Janssen Pharmaceuticals, respectively (5% of bonus earned from maximum 5%) — Two new feasibility studies with Janssen Pharmaceuticals and Legend Biotech were also achieved. (5% of bonus earned from maximum 5%) — The objective to Spin-out/out-license assets into SPV or other alternative structure was not achieved (0% earned from bonus opportunity of 5%)	Mainly met – equivalent to performance between target and maximum	10%

Objective	Weighting	Performance assessed	Assessment against objective	% of bonus awarded
Organisational development To build a culture which provides competitive rewards/benefits and staff support systems to ensure a balanced productive workforce for the future. Focus on stakeholder engagement, as well as the implementation of ESG targets through the Group's Responsible Business strategy. To enhance the Group's organisation effectiveness programme, implementing a business change portfolio.	10%	— The employee reward strategy was successfully completed and rolled out which included competitive grading, pay structures, and associated benefits. (2% of bonus awarded from maximum 2%). — The Group also designed and implemented an integrated performance, development and talent programme. (2% of bonus awarded from maximum 2%) — Projects to drive stakeholder engagement under section 172 of the Companies Act 2006 (e.g. employees, suppliers and broader community) were undertaken by the Group (2% of bonus awarded from maximum 2%) — ESG targets (as described in the ESG section of the Strategic Report) of reduction in waste going to landfill, increase in number of apprenticeships and establishing a sustainability forum within Oxford Biomedica were set and achieved (2% of bonus awarded from maximum 2%) — The Group was also able to drive the business change portfolio to deliver demonstrable business benefit from system investment such as the introduction of a Laboratory Information Management System (LIMS) and the Quality Management System QPulse (2% of bonus awarded from maximum 2%)	Met in full – equivalent to maximum performance	10%

The Remuneration Committee noted that performance against each of the Group's objectives had been marked with no adjustment made to compensate for the effects of the COVID-19 pandemic. The Remuneration Committee recommended, and the Board approved, that an additional "vaccine adjustment" of 12.5% be awarded to acknowledge the success of the contract with AstraZeneca and related work which had not been envisaged when the 2020 goals and objectives had been set.

In addition to these corporate objectives, the Group also sets annual ESG (formerly Responsible Business) objectives, which involve every part of the business. Detail of the Responsible Business objectives for 2020 is more particularly set out in the five pillars for ESG (formerly Responsible Business), on pages 51 to 66.

John Dawson's bonus is entirely (100%) linked to the achievement of the corporate objectives. The bonus for Stuart Paynter is 80% linked to corporate objectives and 20% linked to personal objectives.

The personal element of the bonus for Stuart Paynter was assessed by reference to the achievement of clear personal objectives and targets, which supported the strategic objectives of the business. The objectives and targets are considered by the Group to be commercially sensitive, as they will give our competitors insight into our strategic plans, and so are not disclosed in detail. However, the principal areas of the personal objectives were related to leading a successful fundraise, optimising the financial strategy for the Group and enhancing the internal controls within the financial function of the Group.

The Remuneration Committee undertook a robust assessment of the achievements of Stuart Paynter with respect to his personal objectives, and based on achievements against those objectives, awarded a bonus equal to 110% of salary.

Accordingly, bonuses earned by the Executive Directors in respect of 2020 were:

— John Dawson: £457,000 (106% of salary); and

— Stuart Paynter: £263,000 (110% of salary).

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

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

The single total figures of remuneration for Non-Executive Directors are shown in the table below. Because the Non-Executive Directors do not receive any remuneration other than fees, no separate totals are included in the table below.

Fees	**2020 £'000**	2019 £'000
Dr. Roch Doliveux	**119**	–
Dr. Andrew Heath	**65**	65
Stuart Henderson	**67**	65
Dr. Heather Preston	**67**	65
Dr. Sam Rasty	**7**	–
Dr. Lorenzo Tallarigo	**72** [1]	150
Total	**397**	345

1 Dr. Lorenzo Tallarigo stepped down from the Board on 23 June 2020. In the table above his fees for 2020 are his fees to the date on which he stepped down from the Board. Payments to him after that date are described on page 111.

Dr. Roch Doliveux was appointed to the Board with effect from 24 June 2020. Dr. Sam Rasty was appointed to the Board with effect from 1 December 2020. Dr. Lorenzo Tallarigo retired from the Board with effect from 23 June 2020.

Both Robert Ghenchev and Martin Diggle elected to receive no fees for their services as Directors.

Aggregate Directors' emoluments	**2020 £'000**	2019 £'000
Salaries	**670**	638
Benefits	**22**	22
Pension/cash alternative	**101**	86
LTIP	**827**	386
Bonuses	**720**	564
Non-Executive Directors fees	**397**	345
Total	**2,737**	2,041

Performance Shares Awards granted under the LTIP and vesting during 2020

(audited)

Performance Shares Awards were granted under the LTIP on 13 July 2017 to John Dawson and Peter Nolan (now retired) when the share price was 495p and to Stuart Paynter on 25 September 2017 when the share price was 430p (with the share price in each case stated after adjustment for the 50 to 1 share consolidation in May 2018). In the case of Stuart Paynter, the award includes both the element of the award granted on 25 September 2017 and the element of the award granted on 7 August 2018 as mentioned on page 78 of the Company's 2018 Directors' Remuneration Report. The performance conditions were as follows:

Average annual compound share price growth over the three-year period starting with the date of grant[1]	Percentage of the options granted that will vest
Less than 10%	0%
10% (i.e. 33.1% over 3 years)	25%
Between 10% and 20%	Calculated on a straight line basis between 25% and 100%
20% or more (i.e. 72.8% over 3 years)	100%

1 In the case of the element of Stuart Paynter's award granted on 7 August 2018, the performance condition is assessed from 25 September 2017.

The Performance Shares Awards granted under the LTIP in 2017 vested during 2020. The share price was averaged across three months prior to the end of the applicable assessment period. Over the three-year performance period, the annual compound share price growth and vesting out-turn was as follows:

	Annual compound share price growth over three years	Vesting out-turn
Awards granted to John Dawson and Peter Nolan[1]	44.8%	61.6%
Award granted to Stuart Paynter	81%	100%

1 As previously disclosed, Peter Nolan retained the benefit of his Performance Shares Award granted in 2017.

The awards were also subject to a performance underpin, such that they would vest only to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it. The Remuneration Committee reviewed performance against this underpin and concluded the overall payments to be appropriate. Clawback and malus provisions will apply to the awards.

The value of the awards vesting during 2020 are detailed below:

	Number of awards granted that vested[1]	Share price at the date on which the shares vest	Value of awards on vesting[2]
John Dawson	39,099	751p	£293,633
Stuart Paynter	65,115	819p	£533,292
Peter Nolan	16,107	751p	£120,964

1 Number of shares post 30 May 2018 share consolidation.
2 The values are calculated by reference to the share price on the last day of the applicable averaging period (751p in the case of John Dawson's and Peter Nolan's awards and 819p in the case of Stuart Paynter's awards).

Performance Shares Awards granted under the LTIP during 2020

(audited)

On 26 June 2020, the Executive Directors were awarded the following Performance Shares Awards under the LTIP:

	Basis of award (% of salary)	Number of shares under award	Face value of grant
John Dawson	125%	70,805	£538,118
Stuart Paynter	100%	31,500	£239,400

The number of shares under award was calculated by reference to the average share price of 760p in the five business days ending with the date of the award.

The awards are nil cost options and are subject to a three-year vesting period. They are subject to the achievement of the performance conditions set out below, which are weighted equally between the share price measure and the revenue measure:

Compound annual growth rate of the company's share price over the three-year period starting with the date of grant[1]	Percentage of the options subject to the share price measure that will vest	Compound annual growth rate of the company's revenue between 2018 and 2021[2]	Percentage of the options subject to the revenue measure that will vest
Less than 10%	0%	Less than 15%	0%
10% (i.e. 33.1% over 3 years)	25%	15% (i.e. 52.1% over 3 years)	25%
Between 10% and 17.5%	Calculated on a straight line basis between 25% and 100%	Between 15% and 24%	Calculated on a straight line basis between 25% and 100%
17.5% or more (i.e. 62.2% over 3 years)	100%	24% or more (i.e. 90.7% over 3 years)	100%

1 The starting share price is 760p, being the average share price over the five business days ending with the date of grant. The end share price shall be calculated as the average of the closing price for the three months period prior to 26 June 2023.
2 Calculated by comparing the audited revenue figure as of 31 December 2019 of £64.1million with the audited revenue figure as of 31 December 2022.

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

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

Performance Shares Awards to be granted under the LTIP during 2021

Details of the Performance Shares Awards to be granted under the LTIP in 2021 are set out in the annual statement from the Remuneration Committee Chair.

Statement of Directors' shareholding and share interests

(audited)

The Remuneration Committee has adopted a shareholding guideline for the Executive Directors, which specifies a shareholding equivalent to 200% of base salary.

The value of the shares as at 31 December 2020 has been determined based on a share price of 1,030p (being the prevailing closing share price on 31 December 2020). Under this criteria John Dawson meets the shareholding guideline, with Stuart Paynter working towards meeting this guideline.

The interests in shares of the Directors who served during the year as at 31 December 2020 were as follows:

	Shares held outright		Vested but unexercised options		Deferred bonus plan not yet exercisable		Unvested Performance Shares Awards subject to performance conditions	
Executive Directors	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
John Dawson	**90,343**	88,468	**476,249**	394,516	**75,367**	52,002	**196,096**	188,765
Stuart Paynter	**10,742**	6,770	**65,115**	–	**35,674**	20,723	**87,505**	121,120

Non-Executive Directors		
Dr. Roch Doliveux	**125,000**	–
Martin Diggle[1]	**10,738,616**	11,668,640
Dr. Andrew Heath	**11,628**	55,000
Stuart Henderson	**8,862**	7,925
Dr. Heather Preston	**–**	–
Robert Ghenchev[2]	**–**	–
Dr. Sam Rasty	**–**	–
Dr. Lorenzo Tallarigo[3]	**54,988**	52,891

1 Includes the interest of Vulpes Life Science Fund, Vulpes Testudo Fund and other parties connected to Martin Diggle.
2 Robert Ghenchev was appointed to the Board as a Non-Executive Director with effect from 24 June 2019.
Robert Ghenchev is Head of Growth Equity at Novo Holdings which has a holding of 8,253,000 shares.
3 Dr. Lorenzo Tallarigo retired from the Board with effect from 23 June 2020 and his 2020 number of shares is as at that date.

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

During 2020 the following options have vested and lapsed:

LTIP	Unvested at 1 January 2020	Vesting during 2020	Lapsed during 2020	Awarded during 2020	Unvested at 31 December 2020
John Dawson	188,767	39,009	24,467	70,805	196,096
Stuart Paynter	121,120	65,115	–	31,500	89,620

Deferred bonus	Unvested at 1 January 2020	Vesting during 2020	Awarded during 2020	Unvested at 31 December 2020
John Dawson	52,002	24,353	23,602	51,251
Stuart Paynter	20,723	7,391	13,500	26,832

During 2020, John Dawson and Stuart Paynter did not exercise any options.

In 2021, the performance criteria for the Performance Shares Awards granted in respect of 2018 will be assessed. The awards are subject to a share price growth target by reference to a price of 904p. The vesting conditions are as follows:

Average annual compound share price growth over the three-year period starting with the date of grant	Percentage of the options granted that will vest
Less than 10%	0%
10% (i.e. 33.1% over 3 years)	25%
Between 10% and 17.5%	Calculated on a straight line basis between 25% and 100%
17.5% or more (i.e. 62.2% over 3 years)	100%

Payment to past Directors and payments for loss of office

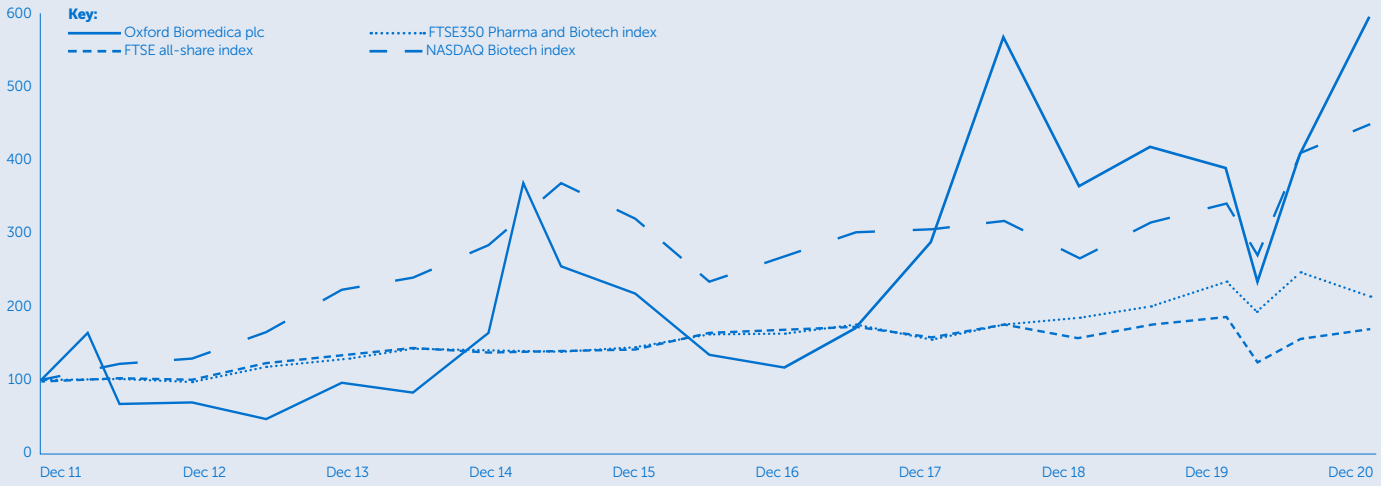
(audited)

Dr. Lorenzo Tallarigo stepped down from the Board on 23 June 2020. His fees in 2020 to this date are included in the single total figure of remuneration table on page 108. Dr. Lorenzo Tallarigo received a payment of £38,000 in lieu of notice.

As previously disclosed, Peter Nolan retained the benefit of his Performance Shares Award granted in 2017, the vesting of which is disclosed on page 108.

Performance graph and comparison with CEO's remuneration

The chart below illustrates the Company's TSR performance since January 2012 relative to the FTSE all-share index, the FTSE350 Pharma and Biotech index and the NASDAQ Biotech index. The FTSE all-share index has been selected because it represents a broad-based measure of investment return from equities. The FTSE350 Pharma and Biotech index, comprising Pharma and biotech companies listed in the UK and are constituents of the FTSE350 index, and the NASDAQ Biotech index in the United States (NASDAQ Biotech) market, provide further benchmarks that are more specific comparators.



CEO's remuneration in last ten years

Year		2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
CEO's total single figure of remuneration	£'000	413	401	468	680	732	653	811	1,311	1,220	**1,258**
LTIP vesting	% of maximum	0%	40%	0%	0%	100%	50%	25%	80%	100%	**62%**
Annual bonus	% of maximum	0%	17%	30%	75%	42%	50%	85%	92%	70%	**85%**

Percentage change in remuneration of Directors and employees

The table below shows the percentage change in salary/fees, benefits and bonus between 2019 and 2020 for the Directors. Dr. Roch Doliveux and Dr. Sam Rasty were appointed during 2020 and, accordingly, they have been excluded from the table below. Neither Martin Diggle nor Robert Ghenchev received any remuneration for their role, and accordingly they have been excluded from the table below. The average percentage change in the same elements of remuneration over the same period are in respect of a comparator group of employees. The regulations require that the comparator group is all employees of the Company; however, as the Company (Oxford Biomedica plc) has no employees and for consistency with prior years the Remuneration Committee has chosen as the comparator group all those employees other than the Directors who were employed by Oxford Biomedica UK Ltd throughout the whole of both 2019 and 2020.

	Salary/Fees			Benefits			Bonus		
Year	**2020**	2019	% increase	**2020**	2019	% increase	**2020**	2019	% increase
John Dawson	**431**	410	5	**11**	11	0	**457**	359	27
Stuart Paynter	**239**	228	5	**11**	11	0	**263**	205	28
Dr. Andrew Heath	**65**	65	0	**–**	–	–	**–**	–	–
Stuart Henderson	**67**	65	3	**–**	–	–	**–**	–	–
Dr. Heather Preston	**67**	65	3	**–**	–	–	**–**	–	–
Dr. Lorenzo Tallarigo[1]	**72**	150	N/A	**–**	–	–	**–**	–	–
Comparator employee group	**14,965**	13,726	9	**337**	303	11	**2,025**	1,023	98

1 Dr. Lorenzo Tallarigo retired from the Board on 23 June 2020.

CEO's pay ratio

The table below sets out the CEO's pay ratio at the 25th, median and 75th percentile employee within the organisation. The Group used Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as this calculation methodology for the ratios was considered to be the most accurate method. The 25th, median and 75th percentile pay ratios were calculated using the full time equivalent remuneration for all UK employees as at the end of 2018, 2019, and 2020 respectively. Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Share Option Scheme or the LTIP. From 2020 all eligible employees (previously only certain employees) may participate in discretionary bonus schemes. The Group aims to provide a competitive remuneration package which is appropriate to promote the long term success of the Group and to apply this policy fairly and consistently to attract and motivate staff. The Group considers the median pay ratio to be consistent with the Group's wider policies on employee pay, reward and progression.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2018	Option A	1:48	1:37	1:27
2019	Option A	1:42	1:32	1:24
2020	Option A	1:40	1:30	1:23

Pay details for the individuals are set out below:

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

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

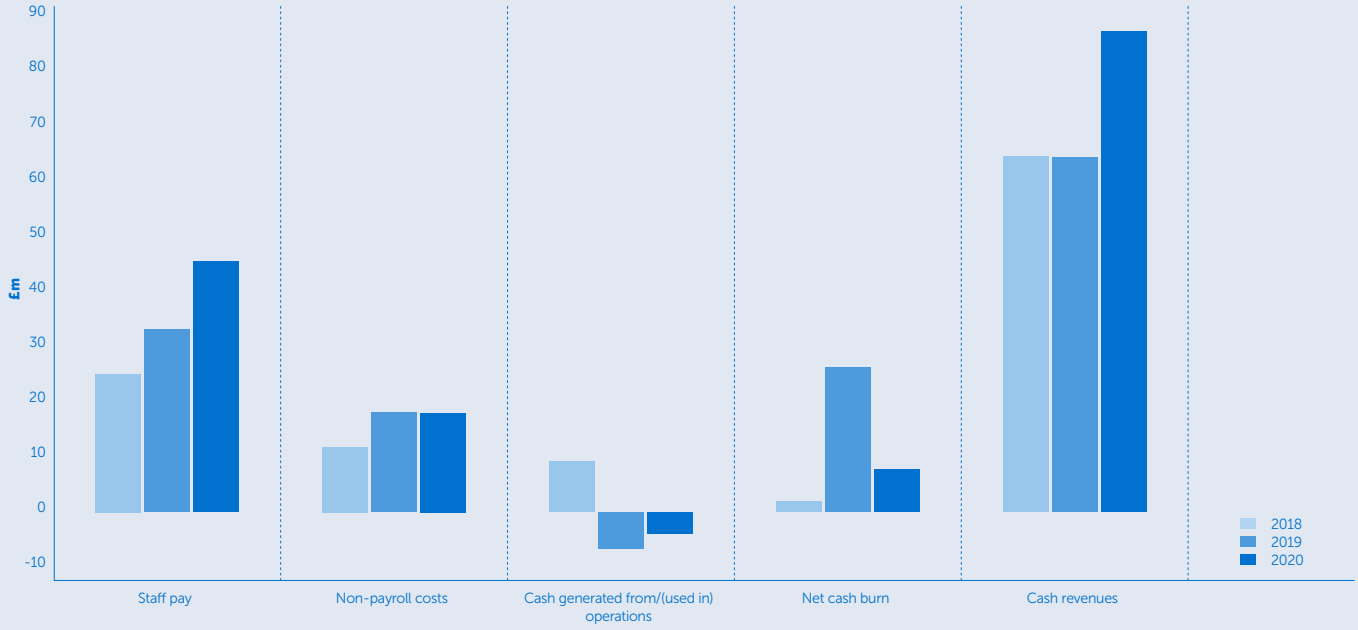
2020	CEO	25th percentile	Median	75th percentile
Salary (£'000)	£431	£28	£37	£47
Total remuneration (£'000)	£1,258	£31	£42	£55

Relative importance of spend on pay

The chart below illustrates the spend on employee remuneration compared with the Group's key cash measures.

Since the Group does not make dividend or other distributions, these have not been included in the table.

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



Statement of voting at AGM

At the 2020 AGM, the 2019 Directors' Remuneration Report was approved by shareholders as follows:

Resolution	Votes for (including discretionary)	% for	Votes against	% against	Total votes cast (excluding votes withheld)	Votes withheld (abstentions)
Approval of the Directors' Remuneration Report	48,971,273*	98.2%	909,694*	1.8%	49,880,967*	74,856*

* The number of votes reflects that the vote took place after the 50 to 1 share consolidation in May 2018.

At the 2018 AGM, the 2018 Directors' Remuneration Policy was approved by shareholders as follows:

Resolution	Votes for (including discretionary)	% for	Votes against	% against	Total votes cast (excluding votes withheld)	Votes withheld (abstentions)
Approval of the Directors' Remuneration Policy	1,930,039,150	97.2%	56,288,698	2.8%	1,986,327,848	8,903,541

Advisers to the Remuneration Committee

Deloitte LLP acted as adviser to the Remuneration Committee during 2020. Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees for advice to the Remuneration Committee during 2020 were £32,400 plus VAT. The advice received from Deloitte LLP was both objective and independent. Deloitte also advised the Group on below Board remuneration and in relation to the operation of its share plans during 2020.

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

Dr. Heather Preston
Chair, Remuneration Committee

15 April 2021

Directors' Remuneration Policy

(not subject to audit)

The Company's Directors' Remuneration Policy set out in the 2017 Annual Report was approved by shareholders at the 2018 AGM and took effect from the close of that meeting. In accordance with the applicable legislation, the Company is required to seek approval for a new Directors' Remuneration Policy at the 2021 AGM. The approach taken by the Remuneration Committee to the determination of the new policy and the differences between the new policy and the policy approved by shareholders at the 2018 AGM are described in the statement from the Remuneration Committee Chair on pages 96 to 123.

The following section of this Directors' Remuneration Report sets out the policy for which shareholder approval will be sought at the 2021 AGM. Subject to shareholder approval, the policy will apply with effect from the close of that meeting.

In this policy:

— nil or nominal cost shares awards under the Company's LTIP are referred to as "Performance Shares Awards"; and

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

Policy table

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Executive Directors			
Base salary To provide a base salary which is sufficient to attract and retain Executive Directors of a suitable calibre.	Base salaries are initially set by reference to market information at the time of appointment and taking into account the experience and previous package of the new Executive Director. Base salaries are normally reviewed annually taking into account a number of factors which may include (but are not limited to): – underlying Group performance; – role, experience and individual performance; – competitive salary levels and market forces; and – pay and conditions elsewhere in the Group. Any changes are normally effective from 1 January.	While there is no maximum salary, increases will normally be in line with the level of salary increase awarded (in percentage of salary terms) to other employees in the Group. Salary increases above this level may be awarded in appropriate circumstances, such as, but not limited to: – where an Executive Director has been promoted or has had a change in scope or responsibility; – to reflect an individual's development or performance in role (e.g. to align a newly appointed Executive Director's salary with the market over time); – where there has been a change in market practice; or – where there has been a change in size and/or complexity of the business. Such increases may be implemented over such time period as the Remuneration Committee deems appropriate	While no formal performance conditions apply, an individual's performance in role is taken into account in determining any salary increase.
Benefits To provide benefits on a market competitive basis.	Benefits are provided in line with market practice and may include medical insurance (including for the Executive Director's spouse or partner and dependants), life assurance, permanent health insurance, provision of a company car or a car allowance, assistance with the preparation of tax returns, tax equalisation arrangements, other benefits consistent with those typically offered in their country of residence and other appropriate benefits determined by the Remuneration Committee. Additional benefits may be provided based on individual circumstances, including the location of the Executive Director. These may include, for example, travel expenses.	There is no predetermined maximum but the totals are reviewed annually by the Remuneration Committee.	Not applicable.
Retirement benefits To provide funding for retirement.	The Group operates a defined contribution scheme for all employees, including Executive Directors. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement instead of some or all of the contributions to a pension plan. Non-UK national Executive Directors may be permitted to participate in home country pension arrangements where appropriate.	**Any Executive Director appointed before 1 January 2021** A maximum employer contribution or cash supplement (or combination thereof): – of 15% of base salary up to 31 December 2022; and – with effect from 1 January 2023, not exceeding the contribution available to the wider workforce (currently 7.5%). **Any Executive Director appointed after 1 January 2021** A maximum employer contribution or cash supplement (or combination thereof) not exceeding the contribution available to the wider workforce (currently 7.5%).	Not applicable.
Sharesave scheme To create alignment with the Group and promote a sense of ownership.	Executive Directors are entitled to participate in a tax qualifying all employee Sharesave scheme under which they may make monthly savings contributions over a period of three or five years linked to the grant of an option over the Company's shares with an option price which can be at a discount of up to 20% to the market value of shares at grant (or such other discount as may be permitted by the applicable legislation from time to time). Executive Directors will be able to participate on the same basis as other qualifying employees in any other all-employee share scheme adopted by the Group.	For the Sharesave scheme, participation limits and the level of discount permitted in setting the exercise price are those set by the UK tax authorities from time to time. For any other all-employee share plan, the maximum will be determined in accordance with the plan rules and will be the same as for other qualifying employees.	Not subject to performance measures in line with usual practice.

Component and purpose	Operation	Maximum potential	Performance targets and metrics
Annual bonus To incentivise and reward delivery of the Group's objectives. Delivery of part of the bonus in deferred shares aligns the incentive package with shareholders' interests.	Bonus targets and measures are typically reviewed annually and any pay-out is determined by the Remuneration Committee after the year end. The Remuneration Committee has discretion to amend the pay-out should: (1) any potential pay-out not reflect the Remuneration Committee's assessment of overall performance; (2) any potential pay-out be inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the performance period; or (3) there be any other reason why an amendment is appropriate. Ordinarily, 50% of the bonus is delivered as cash and 50% is delivered in deferred shares. The Remuneration Committee may permit or require the deferral of a greater proportion of any bonus earned. Deferred shares ordinarily become exercisable in three equal instalments on the first, second and third anniversaries of the award. The deferred shares are not subject to further performance targets. Additional shares may be awarded in respect of deferred shares to reflect the value of dividends over the deferral period. These dividend equivalents may assume the reinvestment of dividends into shares on a cumulative basis. Recovery provisions apply as summarised below.	**Any Overseas Executive Director** The maximum bonus opportunity is 200% of base salary. **Any Executive Director appointed before 1 January 2021 and any Executive Director appointed after that date who is not an Overseas Executive Director** The maximum bonus opportunity is 150% of base salary.	The performance metrics may be based on financial or strategic objectives (which may include ESG metrics and individual objectives). Metrics and targets are set by the Remuneration Committee taking into account the strategic needs of the business. Financial objectives are typically assessed over a financial year, but may be assessed over part of the year. Given the nature of the business, these objectives and metrics may change significantly each year. There is no minimum bonus earned if threshold performance is not met. For financial metrics, up to 50% of the maximum which may be earned for a metric is earned for on-target performance, rising to 100% for meeting or exceeding the maximum level of performance. For strategic objectives, the bonus will be earned between 0% and 100% based on the Remuneration Committee's assessment of the extent to which the objective has been achieved.
Long Term Incentives To augment shareholder alignment by providing Executive Directors with longer term interests in shares whilst requiring challenging performance before the awards vest.	At the discretion of the Remuneration Committee, annual grants of nil or nominal cost shares awards ("Performance Shares Awards") which vest subject to the achievement of performance targets, typically assessed over a three-year performance period. **Holding period** Vested shares will be subject to a holding period of two years after vesting before they are "released". The holding period will be structured either on the basis that: (1) the Executive Director is not entitled to acquire shares until the end of it; or (2) the Executive Director is entitled to acquire shares following vesting but that (other than as regards sales to cover tax liabilities and any exercise price) the Executive Director is not able to dispose of those shares until the end of it. **Dividend equivalents** Additional shares may be awarded in respect of any Performance Shares Award to reflect the value of dividends over the period between the grant and the date on which the Executive Director is first able to acquire the vested shares. These dividend equivalents may assume the reinvestment of dividends into shares on a cumulative basis. Recovery provisions apply as summarised below.	**Any Overseas Executive Director** The maximum Performance Shares Award in respect of a financial year is 500% of base salary. **Any Executive Director appointed before 1 January 2021 and any Executive Director appointed after that date who is not an Overseas Executive Director** The maximum Performance Shares Award is: – 175% of base salary in respect of a financial year for an Executive Director other than the CEO; and – 200% of base salary in respect of a financial year for the CEO.	Performance conditions will be based on financial measures or the achievement of strategic objectives (which may include ESG metrics). Financial measures may include (but are not limited to) share price and revenue measures. The Remuneration Committee has discretion to amend the formulaic vesting out-turn should: (1) any formulaic output not reflect the Remuneration Committee's assessment of overall performance; (2) any formulaic output be inappropriate in the context of circumstances that were unexpected or unforeseen at the date of grant; or (3) there be any other reason why an amendment is appropriate. For the achievement of threshold performance in respect of a financial measure, up to 25% of the award will vest rising to 100% of the award vesting for achieving or exceeding maximum performance; for below threshold performance, none of the award will vest. For strategic measures, vesting will be determined between 0% and 100% depending upon the Remuneration Committee's assessment of the extent to which the measure has been achieved.

Notes to the policy table

Recovery provisions

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

Annual bonus:

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

Long term incentive awards:

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

Circumstances in which malus and/or clawback may be applied

Malus or clawback may be applied in the event of:

— A material misstatement of the Group's financial results;

— An error in the information or assumptions on which the award was granted or vests including an error in assessing any applicable performance conditions;

— A material failure of risk management by the Group;

— Serious reputational damage to the Group;

— Material misconduct on the part of the participant; or

— Material corporate failure.

Share ownership guidelines

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

Shareholding guidelines during employment

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

Shareholding requirement after employment

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

Performance targets and metrics

Performance targets for the annual bonus are set by the Remuneration Committee after taking into account the strategic needs of the business. A key component of the Group's strategy is to develop cell and gene therapy products from pre-clinical proof of concept through to the end of Phase I or Phase II clinical studies before partnering or out-licencing. Annual bonus targets for a particular year are therefore likely to include specific product development targets depending on the stage of development of each opportunity. The annual bonus objectives are also likely to include targets related to generating recurring revenues such as from manufacturing or development services to third parties.

The performance metrics for long term incentives are determined to ensure that the most appropriate targets are set for the Group's situation at the time. The approach to performance measures for the awards to be granted in 2021 is set out on page 100. It is the Group's current intention that up to 30% of the overall long term incentive opportunity may be based on the delivery of specific strategic milestones in the future. It is intended that there will continue to be a performance underpin, such that the awards will only vest to the extent that the Remuneration Committee considers that the overall performance of the business across the period justifies it.

The Remuneration Committee retains the ability to adjust or set different performance measures if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business, or a change in prevailing market conditions) which cause the Remuneration Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Operation of share plans

Awards and options may be adjusted in the event of a variation of share capital or other relevant event in accordance with the rules of the applicable share plan. The Group's share plans may be operated in accordance with their terms, including that awards may be granted as cash based awards over a notional number of shares, and that share awards may be settled in whole or in part in cash at the election of the Remuneration Committee; the Remuneration Committee would only use these cash provisions for operational flexibility, for example if a regulatory restriction in any territory prevented the Company from offering shares to an Executive Director. Where a long term incentive award is granted as a "Market Value Option" as referred to in the "Approach to recruitment remuneration" section below, it may be settled on the basis that the participant receives for nil-cost a number of shares with a market value equal to the "gain" at exercise in the vested shares.

Differences in remuneration policy for all employees

The structure of the reward package for the wider employee population is based on the principle that it should be sufficient to attract and retain the best talent and be competitive within the biotech sector, remunerating employees for their contribution linked to the Group's holistic performance.

All employees receive a base salary and are entitled to participate in benefits, including the Group's defined contribution pension scheme to which the Group contributes.

In 2020, the Group introduced a Group-wide cash bonus scheme which will give employees at all levels the opportunity to share in the success of the Group by receiving a cash bonus linked to their grade level and their own personal performance. The maximum bonus receivable varies between the participating employees. 50% of the bonuses of the Executive Directors' and Senior Executive Team are delivered in deferred shares, whereas all other staff receive 100% of their bonuses in cash.

Where possible, the Group also encourages employee share ownership through a number of share plans that allow employees to benefit from the Group's success. Generally speaking, a much higher proportion of total remuneration for the Executive Directors is linked to business performance, compared to the rest of the employee population, so that remuneration will increase or decrease in line with business performance and to align the interests of Executive Directors and shareholders.

Consideration of employment conditions elsewhere in the Group

Each year the Remuneration Committee is briefed on the structure and quantum of the all-employee remuneration framework as well as throughout the year being informed about the context, challenges and opportunities relating to the remuneration of the wider workforce to enable the Remuneration Committee to consider the broader employee context when making Executive remuneration decisions.

The Chief Executive Officer determines the overall salary increases and bonuses for all employees, other than the Executive Directors, the Senior Executive Team and Company Secretary which are subject to the approval of the Remuneration Committee. The Group is committed to offering highly competitive reward packages for all employees. Every year, the Group benchmarks salaries and benefits against the local biotech and pharmaceutical market which informs the decision making process. The Chief Executive Officer discusses the overall increase in payroll cost and the total amount to be paid in bonuses with the Chair of the Remuneration Committee before implementing the salary increases and bonuses.

The Remuneration Committee spent considerable time in the second half of 2020 formulating this Remuneration Policy (set out on pages 114 to 123) which included canvassing the views of shareholders. While the Remuneration Committee has not consulted with employees when preparing this policy, the Remuneration Committee considers the pay and employment conditions of all other employees when setting and implementing the policy, and as noted above, the level of salary increase for the wider workforce is taken into account when determining any salary increase for Executive Directors. The Remuneration Committee acknowledges that by deciding not to share the policy, detailing Executive pay with the workforce until it had completed the consultation process with shareholders, it has not been in compliance with Provision 41 of the Corporate Governance Code. The Remuneration Committee intends to engage with the workforce on this once the new Remuneration Policy has been finalised.

Component and purpose	Operation	Maximum potential
Non-Executive Directors		
Non-Executive Directors' fees and benefits To compensate Non-Executive Directors for their services to the Group	The Chair's fees are set by the Remuneration Committee. The fees of other Non-Executive Directors are determined by the Board. The Chair and Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, assistance with the preparation of tax returns, or other benefits that may be appropriate. Travel and accommodation expenses in connection with attendance by the Chair and Non-Executive Directors at Board meetings (and any tax thereon) are paid by the Company. The Chair and Non-Executive Directors do not participate in any of the Group's incentive plans and do not receive pension contributions.	There is no overall maximum, but fees are set taking into account the responsibilities of the role and expected time commitment. **Base fee and additional fees** Non-Executive Directors receive a base fee, with additional fees for chairing Board Committees and holding the office of Senior Independent Director. Supplementary fees may be paid for other responsibilities or time commitments. **Additional fees for Non-Executive Directors based outside the UK** An additional fee may be paid to any Non-Executive Director outside the UK to recognise the additional time commitment associated with their role. An additional fee of up to £50,000 per annum may be paid to any Non-Executive Director recruited from or based in the United States to reflect market levels of remuneration in the United States for Non-Executive Directors, subject to their agreement that the after tax amount of this additional fee will be applied in the acquisition of shares at market value which must be retained for at least 12 months from acquisition.

Total remuneration opportunity

The total remuneration for John Dawson and Stuart Paynter that could result from the proposed remuneration policy in 2021 under four different performance levels is shown below.

Performance level	Fixed pay	Annual Bonus (including any amount deferred under the DBP)	LTIP
Minimum performance	Fixed elements of remuneration only: – base salary – being the proposed salary for 2021 – pension contribution or salary supplement – assuming a contribution/supplement rate of 15%; and – benefits – benefits for 2020 as stated in the single figure table on page 111.	No bonus.	No award vesting.
On-target performance	As above.	75% of salary (50% of maximum) awarded for achieving target performance.	25% of maximum vesting for achieving target performance, being: – for John Dawson, equivalent to 50% of salary; and – for Stuart Paynter equivalent to 43.75% of salary.
Maximum performance	As above.	150% of salary awarded for achieving maximum performance.	100% vesting for achieving maximum performance, being: – for John Dawson equivalent to 200% of salary; and – for Stuart Paynter equivalent to 175% of salary.
Maximum performance plus an assumed 50% increase in the share price for the purposes of the LTIP	As above.	As above.	100% vesting for achieving maximum performance plus an assumed 50% increase in the share price, being: – for John Dawson equivalent to 300% of salary; and – for Stuart Paynter equivalent to 262.5% of salary.

Approach to recruitment remuneration

The Remuneration Committee's overarching principle for recruitment remuneration is to pay no more than is necessary to attract an Executive Director of the calibre required to shape and deliver the Group's business strategy, recognising that the Group competes for talent with NASDAQ listed US biotechnology businesses. In determining each element of pay and the package as a whole upon recruitment, the Remuneration Committee will take into account all relevant factors including, but not limited to, the skills and experience of the individual, the market rate for an individual of that experience, as well as the importance of securing the best person for the role. As detailed in the policy table in order to take account of differences in competitive market practice between the UK and the United States (in particular, NASDAQ listed biotechnology businesses in the United States) the maximum annual bonus and the maximum long term incentive plan opportunity will depend on whether a new Executive Director is an Overseas Executive Director. The use of these maximum incentive opportunities for an incoming Overseas Executive Director will not be automatic. However, the Company strongly believes that having the ability to offer incentive opportunities up to these levels to an incoming Overseas Executive Director recruited from or based in the United States is critical to the business and is in the best interests of all shareholders.

The remuneration package of the new Executive Director will be subject to the principles and limits referred to below:

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities, subject to good performance, where it is considered appropriate.
- Retirement and other benefits will be provided in line with the policy.
- The intention would be to offer Performance Shares Awards to an incoming Overseas Executive Director. However, because granting share options with a per share exercise price equal to the market value of a share at grant ("Market Value Options") (typically without any performance conditions) is standard market practice in NASDAQ listed biotechnology businesses the recruitment policy includes the flexibility to grant Performance Shares Awards and/or Market Value Options albeit with any Market Value Option subject to the satisfaction of performance conditions typically assessed over a three-year performance period, as with Performance Shares Awards. In line with best practice in the UK for Executive Directors a two year holding period will also apply in line with the policy table. This flexibility in the recruitment policy would only be used if the Remuneration Committee considered this to be an absolute necessity for the recruitment of an Overseas Executive Director in the future. The overall maximum long term incentive opportunity would continue to be capped at up to 500% of base salary in Performance Shares Award equivalents, where a Market Value Option is valued at one-third of a Performance Shares Award. Included within that maximum, no more than 375% of base salary will be awarded in face-value terms in Market Value Options to any Executive Director in respect of a financial year.

  For the avoidance of doubt, these arrangements would be available for the ongoing remuneration package for an Overseas Executive Director and not just their initial awards.
- The Remuneration Committee will not offer non-performance related incentive payments (for example a "guaranteed sign-on bonus").
- Other elements may be included in the following circumstances:
  - an interim appointment being made to fill an Executive Director role on a short term basis
  - if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short term basis
  - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis
  - if the Executive Director will be required to relocate in order to take up the position, it is the Group's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Remuneration Committee
- The Remuneration Committee may also alter the performance measures, performance period, vesting period, deferral period and holding period of the annual bonus, deferred bonus awards or long term incentives if the Remuneration Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the following Directors' Remuneration Report
- The maximum level of short and long term incentive opportunity which may be granted (excluding "buyout" awards as referred to below) will follow the limits in the "policy table" on pages 115 to 116, as amended in the case of any Overseas Executive Director on the basis described above.

Any share awards referred to in this section will be granted as far as possible under the Group's existing share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Compensation for the forfeiture of any remuneration arrangements with a previous employer would be considered on a case-by-case basis. The Remuneration Committee will generally seek to structure such "buyout" awards or payments on a like for like basis to the remuneration arrangements forfeited. Any such payments or awards are limited to the expected value of the forfeited awards. Where considered appropriate, such special recruitment awards will be liable to forfeiture or "malus" and/or "clawback" on early departure.

Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees for new Non-Executive Directors will be in line with the policy.

Service contracts and policy on payment for loss of office

Executive Directors' service contracts are subject to 12 months' notice from both the Group and from the Director. Executive Directors may be required to work during the notice period or be paid in lieu of notice if not required to work for the full notice period.

The details of service contracts and letters of appointment of those who served as Directors during the year are:

Service contracts		Contract date	Unexpired term at 31 December 2020	Notice period
John Dawson	10 October 2008	N/A	12 months	12 months
Stuart Paynter	29 August 2017	N/A	12 months	12 months

Letters of appointment	Date of appointment	Unexpired term at 31 December 2020	Notice period
Dr. Lorenzo Tallarigo	1 February 2016	N/A[1]	3 months
Dr. Roch Doliveux	24 June 2020	29 months	3 months
Martin Diggle	4 October 2015	10 months	3 months
Dr. Andrew Heath	1 January 2016	6 months	3 months
Stuart Henderson	1 June 2016	5 months	3 months
Dr. Heather Preston	15 March 2018	2 months	3 months
Robert Ghenchev	24 June 2019	17 months	3 months
Dr. Sam Rasty	1 December 2020	35 months	3 months

1 Lorenzo Tallarigo retired from the Board on 23 June 2020.

All Directors are subject to re-election by shareholders on an annual basis.

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy
Payment in lieu of notice	Contractual termination payments may not exceed the Director's current salary and benefits (including pension contributions and any applicable salary supplement) for the notice period. Alternatively, the Company may continue to provide the relevant benefits.
Annual Bonus	This will be at the discretion of the Remuneration Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be pro-rated for time in service during the bonus period and will, subject to performance, be paid at the usual time (although the Remuneration Committee retains discretion to pay the bonus earlier in appropriate circumstances). The Remuneration Committee has discretion to pay the whole of any bonus earned for the year of departure and preceding year in cash.
Deferred Bonus Awards	The extent to which any unvested award will vest will be determined in accordance with the applicable share plan rules. Unvested awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, the sale of his employer or any other reason at the discretion of the Remuneration Committee, the Remuneration Committee shall determine whether the award will vest at cessation or at the normal date. In either case, this will be determined by the Remuneration Committee, taking into account, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the deferral period. Awards may then be exercised during such period as the Remuneration Committee determines. Awards which have already become exercisable at the date of cessation may be exercised for such period as the Remuneration Committee determines.
Long Term Incentives	The treatment of long term incentive awards will be determined in accordance with the applicable share plan rules. **Unvested awards** Unvested long term incentive awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, the sale of his employer or any other reason at the discretion of the Remuneration Committee, the Remuneration Committee shall determine whether the award will vest at cessation or continue until the end of the performance period. In either case, the extent of vesting will be determined by the Remuneration Committee taking into account the extent to which the performance condition is satisfied and, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the performance period. If the award continues, the holding period will ordinarily apply until its originally anticipated end date, although the Remuneration Committee has discretion to release the award at an earlier date. **Vested awards in a holding period** If an Executive Director ceases employment with the Group after an award has vested but before the end of its holding period, the award will continue to the end of the holding period (unless the cessation is for summary dismissal, in which case it will lapse). The award will be released to the extent it has vested by reference to the performance conditions. The Remuneration Committee retains discretion to release the award at cessation.

	Policy
Change of control	**Unvested awards** The extent to which unvested deferred bonus awards and long term incentive awards will vest will be determined in accordance with the rules of the relevant plan. – Deferred bonus awards will vest in full in the event of a takeover, merger or other relevant corporate event. – Long term incentive awards will vest early on a takeover, merger or other relevant corporate event. The Remuneration Committee will determine the level of vesting taking into account the extent to which the performance condition is satisfied and, unless the Remuneration Committee determines otherwise, the period of time elapsed from the date of grant to the date of the relevant event relative to the performance period. **Vested awards in a holding period** Vested long term incentive awards will be released on a takeover, merger or other relevant corporate event to the extent they have vested by reference to the performance conditions.
Other payments	Payments may be made either in the event of a loss of office or a change of control under the Sharesave scheme, which is governed by its rules and the legislation relating to such tax qualifying plans. There is no discretionary treatment for leavers or on a change of control under this scheme. In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees and any other all-employee share plan. In cases where an Executive Director was recruited from outside the UK and has been relocated to the UK as part of their appointment, the Company will pay reasonable repatriation costs for leavers at the Remuneration Committee's discretion. The Remuneration Committee retains discretion to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Where a 'buyout' or other award is made in connection with recruitment, the leaver provisions would be determined no later than the time of the award.

Existing contractual arrangements

The Remuneration Committee retains discretion to make any remuneration payment or payment for loss of office outside the policy in this report (including exercising any discretions available to it in connection with any such payment):

— where the terms of the payment were agreed before the policy came into effect (provided that, in the case of any payment agreed after the Company's 2018 Annual General Meeting, they are in line with the policy in place at the time the terms were agreed or were otherwise approved by shareholders); or

— where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration of the individual becoming a Director of the Company; and

— to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Statement of consideration of shareholder views

The Remuneration Committee greatly values the continued dialogue with shareholders and regularly engages with shareholders and representative bodies to take their views into account when setting and implementing the Company's remuneration policies. The Company engaged extensively with shareholders and their proxy advisors on the 2021 Remuneration Policy review. More detail on the engagement with shareholders in 2021 can be found in the Remuneration Committee Chair's letter on pages 96 to 103.

Corporate Governance
Directors' Report

for the year ended 31 December 2020

The Directors present their Annual Report and audited consolidated financial statements for the year ended 31 December 2020 as set out on pages 144 to 147. This report should be read in conjunction with the Corporate Governance Report on pages 80 to 85. Discussions regarding financial information contained in this Annual Report may contain forward-looking statements with respect to certain of the plans, current goals and expectations relating to the future financial condition, business performance and results of the Group and Company. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Group and Company. Readers are cautioned that, as a result, the actual future financial condition, business performance and results of the Group may differ materially from the plans, goals and expectations expressed or implied in such forward looking statements.

Strategic Report

The Strategic Report including the outlook for 2021 on page 37, is on pages 15 to 67. The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable. In reaching this conclusion, the Audit Committee initially discussed the requirements with the Group's auditors when discussing the strategy for the 2020 audit, and the full Board have had an opportunity to review and comment on the contents of the report. Since the Board met seven times for routine meetings in 2020 the Directors consider that they are sufficiently well informed to be able to make this judgement.

Key financial performance indicators (KPIs)

Key financial performance indicators are outlined in the Chief Financial Officer's review on pages 42 to 50.

Corporate Governance

The Group's statement on corporate governance is included in the Corporate Governance Report on pages 80 to 95.

Risk management

The Group's exposure to risks is set out on pages 70 to 77 (Principal risks, uncertainties and risk management) and on page 159 (note 3: financial risk management).

Dividends

The Directors do not recommend payment of a dividend (2019: £nil).

Directors

Details of the Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on pages 78 to 79 and page 82. The contracts of employment of the Executive Directors are subject to a twelve months' notice period. The Directors' remuneration and their interests in the share capital of the Company at 31 December 2020 are disclosed in the Directors' Remuneration Report on pages 96 to 113.

Appointment and replacement of Directors

Directors may be appointed by an ordinary resolution at any general meeting of shareholders, or may be appointed by the existing Directors, provided that any Director so appointed shall retire at the next AGM and may offer themselves for re-election. In order to ensure that the Company complies with the Corporate Governance Code all Directors will retire at each AGM and may offer themselves for re-election. A Director may be removed in the following ways: by an ordinary resolution at a general meeting; if he or she is prohibited by law from being a Director; in the event of bankruptcy; if he or she is suffering from specified mental disorders; if he or she is absent without consent for more than six months; or by request in writing by all the other Directors. Any Director may appoint another Director or another person approved by the other Directors as an alternate Director.

Directors' third party indemnity provision

The Group maintains a qualifying third party indemnity insurance policy to provide cover for legal action against its Directors. This was in force throughout 2020 and up to the date of approval of the financial statements.

Share capital

Structure of the Company's capital

At 31 December 2020, the Company had 83,320,585 ordinary shares in issue, all allotted and fully paid. There are no restrictions on the transfer of shares in the Company or on voting rights. All shares are admitted to trading on the premium segment of the main market of the London Stock Exchange.

Rights to issue and buy back shares

Each year at the AGM the Directors seek rights to allot shares. The authority, when granted, lasts for 15 months or until the conclusion of the next AGM if sooner. At the last AGM held remotely on 23 June 2020, authority was given to allot up to 25,661,692 shares (that number being one third of total issued share capital of the Company at the time), subject to the normal pre-emption rights reserved to shareholders contained in the Companies Act 2006, and to allot up to a further 25,661,692 shares, solely in a rights issue. Authority was also given, subject to certain conditions, to waive pre-emption rights over up to 7,698,504 shares, being 10% of the shares then in issue. No rights have been granted to the Directors to buy back shares.

Substantial shareholdings

At 15 March 2021, the latest practical date prior to approval of the Directors' Report, the Company had been notified of the following shareholdings amounting to 3% or more of the ordinary share capital of the Company.

Shareholder	Number of ordinary shares	Percentage of issued share capital
Vulpes Investment Management	9,768,615	11.9%
Novo Holdings	8,253,000	10.0%
M&G Investments	7,134,434	8.7%
Liontrust Asset Management	4,132,643	5.0%
Nine Ten Capital	3,117,228	3.8%
Hargreaves Lansdown Asset Management	3,086,179	3.7%
Mr. S M H Shah	2,898,750	3.5%
Artisan Partners	2,620,800	3.2%

No other person has reported an interest in the ordinary shares of the Company required to be notified to the Company. No person holds shares carrying special rights with regard to control of the Company.

Employees

In accordance with s172 of the Companies Act 2006, the Group communicates and consults regularly with employees throughout the year. During 2020, the Group established a Workforce Engagement Panel comprising employees representing all levels and functions across the Group. In addition, the Group has designated Non-Executive Director, Stuart Henderson, for gathering the views of the workforce and will oversee employee engagement between the Board and the workforce. Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Group's Sharesave Scheme, share option scheme or the LTIP. All employees who have completed probation participate in discretionary bonus schemes.

The Group's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The Group does all that is practicable to meet its responsibility towards the employment and training of disabled people.

Further details on employees, health and safety, environmental matters and corporate social responsibility are in the ESG statement on pages 51 to 66.

Employee share schemes

The Group has established an Employee Benefit Trust (EBT) to hold shares purchased in order to settle shares awarded to Executive Directors and other senior managers under the 2013 Deferred Bonus Plan. The EBT currently holds 93,726 shares with a value of £965,000 at year end on which all the related options have vested. The EBT also administers the 2015 Deferred Bonus Plan in as far as subscribing for and applying the share capital for nil cost options in the Company exercised by Senior Management. Settlement of the funds occurs through the Group. At the end of 2020 bonuses to Senior Management with a value of £667,000 vested and will be converted to nil cost options during 2021. Refer note 25 of the consolidated financial statements for further information.

Agreements that take effect, alter, or terminate because of a takeover bid or on change of control

There are no such agreements that the Directors consider are material. There are no agreements providing for compensation for loss of office for Directors or employees in the event of a takeover bid.

Going concern

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

The Group made a loss for the year ended 31 December 2020 of £6.2 million, but generated net cash flows from operating activities for the year of £3.1 million. Furthermore, the Group raised an additional £38.3 million in cash through a successful equity fundraise in June 2020. The Group ended the year with cash and cash equivalents of £46.7 million.

In considering the basis of preparation of the Annual Report and financial statements, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2021 annual budget and forecasts for 2022. These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

— A substantial revenue downside affecting the core LentiVector® platform business,

— No revenues from new customers,

— Significant decreases in forecasted existing customer milestone and royalty revenues,

— The impacts 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 £46.7 million at the end of December 2020 and £65.9 million at the end of March 2021,

— The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary,

— A large proportion of 2021 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give additional certainty to revenues 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 the lockdown period,

— The Group's history of being able to access capital markets.

The Directors have also considered the impact of the UK's decision to leave the European Union. Although Brexit has significantly affected the fiscal, monetary and regulatory landscape in the UK, the Group has assessed its impact on its operations to be minor. Further information regarding this issue is provided on page 76.

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 financial statements on a going concern basis.

Viability Statement

Assessment of prospects

In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over the three years to December 2023. They believe three years to be appropriate due to the inherent significant uncertainties of forecasting within and beyond this time horizon given the nature of the business sector in which the Group operates. The assessment has been informed by refreshing in 2020, the strategy adopted by the Board in 2016, and the evolution of the business over the last twelve months.

The Group's strategy is to exploit its LentiVector® platform to develop cell and gene therapy products in its own portfolio and to support the development of other companies' products. The Group is generating growing revenues and other operating income from licensing its platform technology, generating upfront receipts and royalties, and from fees for providing process development and bioprocessing services to other companies. Over the three years to December 2023 the Directors believe that revenues from licensing its technology to third parties and from providing process development and bioprocessing services to its partners will be sufficient to support a sustainable Group.

The following factors are considered both in the formulation of the Group's strategy, and in the assessment of the Group's prospects over the 3 year period:

— The principal risks and uncertainties faced by the Group, including emerging risks as they are identified (such as climate change), and the Group's response to these.

— The prevailing economic climate and global economy, competitor activity, market dynamics and changing customer behaviours.

— The potential short and longer term economic impact of Brexit.

— How the Group can best position itself to take advantage of the current opportunities within the cell and gene therapy, and adenovirus markets.

— Opportunities for further product and technology investment and innovation.

— The resilience afforded by the Group's enviable technology platform and innovation capabilities.

Assessment of viability

The Group has experienced an incredibly challenging, yet transformative twelve months since the pandemic hit the UK in March 2020, ranging from initial implementation of cash preservation steps, through to rapid recruitment and bringing on-stream extra GMP suites to become an instrumental part of the Oxford AstraZeneca COVID-19 vaccine supply chain. During this period, the robustness of the Group's operations and the long term nature of our customers' investments has been proven, and through the inspiring innovation and integrity of our employees the Group has added new LentiVector® platform customers such as Juno/Bristol Myers Squibb and Beam Therapeutics, successfully raised £38.3 million in equity finance, appointed a new Chair and further strengthened the Board.

The financial viability of the Group has been assessed, taking into account the Group's current financial position, its market leading expertise in the use of Lentiviral vectors in cell and gene therapy, and its more recently developed capabilities in adenovirus vaccine production, and assumes the group continues to execute on its growth strategy. This assessment has been made using long range financial planning assumptions, augmented by the preparation of more detailed cash flow forecasts over the period to the end of 2022 that also consider the impact of severe but plausible downside scenarios, including scenarios arising from the Group's principal risks as outlined on pages 70 to 77.

In modelling these downside scenarios, the Group has considered the principal risks that are most likely to have a direct and material impact on the viability of the Group. These risks are outlined below. It's important to note that while each risk could adversely affect the Group's financial performance, as the Group's customer product portfolio expands its resilience to individual product setbacks and its reliance on securing individual new products reduces. Hence, the combination of downside risks that would need to crystalize to make the business unviable becomes increasingly remote. In addition, there are significant upside opportunities that aren't assumed in the Group's financial plans, so the scenarios modelled are considered realistically balanced.

Scenario	Risk	Description
No revenues from new customers	Business development risk	The Group is unable to attract new customers, or existing customers do not add additional products to their existing programmes.
A substantial downside affecting the core LentiVector® platform business	Collaborator and partner risk	Customers discontinue their existing programmes or transfer them to other suppliers.
	Bioprocessing revenue risk	The Group is unable to produce batches for customers meeting the required specification.
	COVID-19	New and existing customers discontinue or delay their programmes due to uncertainty around the future impact of the global pandemic.
Significant decreases in forecasted existing customer milestones and royalties	Pharmaceutical and product development risks	Customers terminate or delay their existing programmes due to the products under development not meeting safety and efficacy requirements.

In addition to the above, there is also a risk that in an increasingly competitive market the Group is unable to access sufficient capital to maximise the value from its leading position. While the Group has no requirement to raise additional capital in the near term to fund its current operating activities, it continues to assess whether additional capital is required to make further beneficial investments in pursuit of the Group's long term growth strategy to maximise shareholder value.

Management also needs to ensure that costs stay flexible and can be aligned with revenues which can sometimes be lumpy, or could potentially stop quickly in the case of a vaccine for a pandemic. However, over the last twelve months the business has demonstrated that it has solid foundations, and the necessary controls in place to successfully manage its financial resources dynamically and effectively.

As mentioned above, the hypothetical downside scenarios modelled over the period to the end of 2022 were purposefully severe whilst remaining realistically plausible, with the aim of creating outcomes that could threaten the viability of the Group. However, in the event of these scenarios arising there are various options available to the Group to maintain its liquidity and continue its operations e.g. (i) accessing new external funding; (ii) more radical short term cost reduction actions; and (iii) reducing capital expenditure.

Over the longer 3 year viability assessment period, assuming the Group continues to execute its hybrid growth strategy it has strong prospects for revenue growth arising from its expanding customer product portfolio and increasingly broad spectrum of capabilities, and as such the Directors are confident in the ongoing viability of the business.

Conclusion

The Directors anticipate that the Group has strong prospects for attracting and fulfilling the demands from more customer programmes, and in doing so being able to continue the recent growth in customer activity for the foreseeable future. The Group's financial forecasts reflect these assumptions and therefore the Directors have concluded that there is a reasonable expectation, although not a certainty, that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to December 2023.

Amendment of the Company's articles of association

Amendment of the Company's articles may be made by special resolution at a general meeting of shareholders.

Compliance with Listing Rule 9.8.4R

The Directors have reviewed the requirements of LR 9.8.4R. The majority of these do not apply to the Group but the following are applicable.

Listing Rule	Information required	Response
LR 9.8.4 (5) and (6)	Arrangement under which a Director has waived current or future emoluments.	Martin Diggle and Robert Ghenchev elected to receive no fees for their services as Directors (page 108).
LR 9.8.4 (7) and (8)	Allotment of shares other than to existing shareholders in proportion to holdings.	Allotment of shares on exercise of options by employees under approved share schemes (note 23, page 175). Allotment of shares in accordance with the equity fundraise in June 2020 (page 125)

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements on the same basis. In addition, the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and estimates that are reasonable, relevant and reliable;

— state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;

— assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and financial statements

We confirm that to the best of our knowledge:

— the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

— the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Statement as to disclosure of information to auditors

In accordance with s418 of the Companies Act 2006, so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Independent auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

Greenhouse gas emissions report

Details on greenhouse gas emissions are set out in the ESG Report in the Strategic Report on page 60.

Statement of employee engagement

Details of the actions that has been taken during the financial year in order to keep employees informed of matters of concern and awareness of the financial and economic factors affecting the performance of the Group is described in Group's Stakeholders section of the Strategic Report for Employees on pages 22 and 23.

Statement of engagement with suppliers, customers and others

The statement of how the Directors has engaged with suppliers, customers and others is described in the Group's Stakeholders section of the Strategic Report on pages 22 and page 23, with a working example in action on pages 24 and 25.

Annual General Meeting

The AGM will be held on Thursday, 27 May 2021 at our Windrush Court laboratories and offices but the Group encourages shareholders to attend the AGM by webcast and vote by proxy.

By order of the Board

Stuart Paynter
Director

15 April 2021

Independent auditors' report
To the members of Oxford Biomedica plc

1. Our opinion is unmodified

We have audited the financial statements of Oxford Biomedica plc ("the Company") for the year ended 31 December 2020 which comprise the consolidated and Company statements of financial position, the consolidated statement of comprehensive income, the consolidated and Company statements of changes in equity, and consolidated and Company statements of cash flows for the year then ended, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 29 May 2018. The period of total uninterrupted engagement is for the three financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole £716k (2019: £520k) 0.82% (2019: 0.81%) of revenue

Coverage: 100% (2019: 100%) of group revenue

Key audit matters vs 2019

Event driven	**New:** Contract revenue recognition ▲
Recurring risks	Bioprocessing revenue recognition ◄►
	Going concern ▼
	Recoverability of parent Company's investment in and loan due from subsidiaries ◄►

The uncertain customer claim was settled in the year and therefore not been separately identified in our audit report this year.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Contract revenue recognition (Customer license revenues £9.4 million) Refer to page 88 (Audit Committee Report), pages 150–151 (accounting policy) and pages 160–161 (financial disclosures).	**Accounting treatment** The Group enters into a number of multiple element contracts with differing terms. There are inherent judgements required to be made by the Group in the following areas: — Identification of performance obligations of the contract, primarily the licence fees and milestones, — Assessing the allocation of the total transaction price to each performance obligation with reference to their standalone selling price, and — Whether revenue for each performance obligation satisfies the criteria for recognition over time or at a point in time. Depending on the outcome of the judgements made on each of the areas described above, there is a risk that revenue is recognised in the wrong period. The risk is new compared to 2019 as a result of the contracts entered into in the year.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: — **Accounting analysis:** Evaluation of the Group's revenue accounting policy against the accounting standard. — **Testing application:** Assessing and challenging management's judgements made, in line with accounting policies and with reference to significant contracts, including: • Assessment of the goods or services promised in the contract and whether they are distinct and therefore separate performance obligations, • Assessment of the stand-alone selling prices of individual components, through benchmarking across the other customer contracts, and • Assessment of the contract terms against the requirements of the accounting standard to determined the timing of revenue recognition, over time or at a point in time. **Our results:** We found the Group's treatment of revenues derived from new contracts entered into to be acceptable.
Bioprocessing revenue recognition and related contract liabilities (£1.4 million; 2019: £1.8 million) Refer to page 89 (Audit Committee Report) and page 158 (critical accounting judgements and estimates – estimation).	**Subjective estimate** Bioprocessing revenue relates to the manufacture of lentiviral vectors and is recognised over time. Bioprocessing of lentiviral vectors is complex, such that batches may fail to meet the required specifications due to contamination or inadequate yield. Therefore, there is a risk that amounts recognised as revenue over time will subsequently be reversed. Management uses historical data to estimate a refund liability (bioprocessing contract liability) for future batch failures at the balance sheet date. The effect of this matter is that, as part of our risk assessment, we determined that the value of the refund liability has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: — **Accounting analysis:** Assessing the assumptions made by the Group in determining their estimate of future batch failures. — **Personnel interviews:** Corroborating reasonableness of assumptions with individuals in the technical team, including the Qualified Person, who holds the regulatory license for releasing finished products. — **Historical comparisons:** Evaluating the accuracy of the failure rate as previously recognised, based on developments through the year. — **Sensitivity analysis:** Performing sensitivity analysis to assess the reasonable range of potential outcomes. — **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the estimation uncertainty involved in the recognition of the bioprocessing contract liability. **Our results:** We found the resulting estimate of the bioprocessing refund liability to be acceptable (2019: acceptable).

Independent auditors' report
To the members of Oxford Biomedica plc

	The risk	Our response
Going concern Refer to page 88 (Audit Committee Report) and page 148 (accounting policy)	**Disclosure quality** The financial statements explain how management has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. Their judgement is based on the evaluation of the inherent risks to the Group and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements The risk most likely to adversely affect the Group's and Company's available financial resources over this period is the ability to mitigate and control expenditures due to the non-materialisation of expected revenues in the LentiVector® business, no revenues from new customers, non-materialisation of expected revenues from existing customer milestone and royalty revenues, and uncertainties around the expected revenues from existing customers under long term contracts. The risk for our audit is whether or not those risks are such that they amount to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the Directors' sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: — **Benchmarking assumptions:** Critically assessing the Group's revenue downside scenario, comparing to prior results and our wider knowledge of the business and markets served. — **Evaluating Directors' intent:** Evaluating the achievability of the actions the Directors consider they would take to improve the position should the risks materialise, which included reductions in employee related costs, discretionary project spend and capital expenditure in the forecast period, taking into account the extent to which the Directors can control the timing and outcome of these. — **Assessing transparency:** Considering whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, and related downsides. **Our results:** We found the group's judgement that there was no material uncertainty to be disclosed to be appropriate (2019: disclosure of a material uncertainty).
Recoverability of parent Company's investment in and intercompany loans due from subsidiaries (£166.4 million; 2019: £146.8 million) Refer to page 154 (accounting policy) and page 167 (financial disclosures).	**Low risk, high value** The carrying amount of the parent Company's investment in the sole trading subsidiary represents 87.34% of the Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the account balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures included: — **Test of details:** Confirming the mathematical integrity of the company's value in use model — Comparing the carrying amount of the investment to the value in use of the Group's cash flow forecasts, being an indication of its recoverable amount. — Comparing the carrying amount of the investment and loans owed by Group undertakings with the expected value of the business based on the Group's market capitalisation. — **Historical comparisons:** Assessing cashflow forecasts against historical results achieved in the year and in previous years to assess historical reliability of the forecasts. — **Sensitivity analysis:** Performing sensitivity analysis to evaluate the impact of reasonably possible changes to key assumptions. **Our results:** The results of our testing were satisfactory and we considered the valuation of the parent Company's investment in and intercompany loans due from subsidiaries to be acceptable (2019: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £716k (2019: £520k), determined with reference to a benchmark of group revenue of which it represents 0.82% (2019: 0.81%).

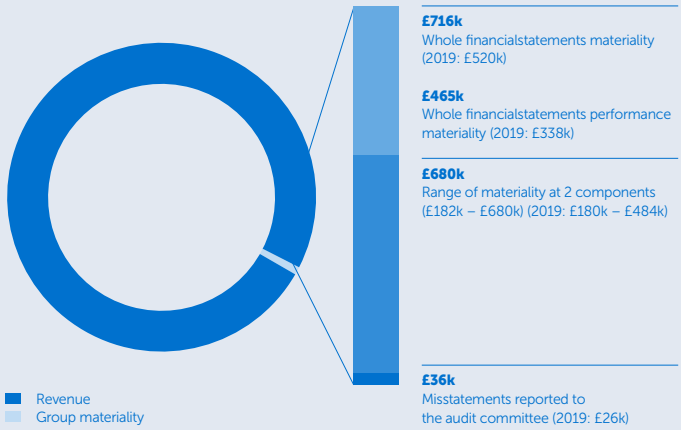
Materiality for the parent Company financial statements as a whole was set at £182k (2019: £180k), determined with reference to a benchmark of Company total assets, of which it represents 0.10% (2019: 0.12%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2019: 65%) of materiality for the financial statements as a whole, which equates to £465k (2019: £338k) for the group and £117k (2019: £117k) for the parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies identified during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £36k (2019: £26k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 2 (2019: 3) reporting components, we subjected 2 (2019: 2) to full scope audits for group purposes. The components within the scope of our work accounted for 100% of Group revenues, Group profit before tax and Group total assets (2019: all 100%) and were audited by one engagement team (2019: one engagement team).



Revenue
£87,728k (2019: £64,060k)

Group materiality
£716k (2019: £520k)

Independent auditors' report
To the members of Oxford Biomedica plc

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report. Our conclusions based on this work are:

— we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;

— we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period; and

— the related statement under the Listing Rules set out on pages 126–127 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

— Enquiring of management, the Directors and the Audit Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

— Reading Board, Audit Committee and other relevant meeting minutes.

— Considering remuneration incentive schemes and performance targets for management and the Directors.

— Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible incentives and pressures to increase the Group's stock price or earnings trend, our overall knowledge of the control environment and the nature of revenues that involve subjective estimates and judgements, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. In particular the risk that the judgements taken in recognising contract revenue are inappropriate and that bioprocessing and process development revenues are recorded in the wrong period through the percentage of completion derived at the year end reporting date, and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in the accounting estimate relating to the bioprocessing refund liability.

We did not identify any additional fraud risks.

We performed procedures including:

— Assessing the judgements made by the Group in recognition of contract revenues, as described in more detail in section 2 of our audit report.

— Assessing the accuracy and appropriateness of underlying data and assumptions used to determine the percentage of completion of bioprocessing batches and process development work packages in progress at the year end reporting date.

— Assessing whether credit notes issued after the year end report date were indicative of inappropriate revenues having been recognised in the year.

— Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with key words included in the description, those posted to seldom used accounts and those posted to unusual account combinations, including those with entries to revenue, estimates and cash with an unexpected double entry.

— Evaluated the business purpose of significant unusual transactions.

— Assessing significant accounting estimates for bias.

Independent auditors' report
To the members of Oxford Biomedica plc

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management, including legal counsel, and the Directors (as required by auditing standards), and discussed with management, including legal counsel, and the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: healthcare regulations, such as good manufacturing practice (GMP), good clinical practice (GCP) and good laboratory practice (GLP) standards for laboratories and manufacturing facilities (through audits by the MHRA), health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial nature of the Group's activities and regulated nature of the industry in which it operates.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management, including legal counsel, and the Directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

— we have not identified material misstatements in the Strategic Report and the Directors' Report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

— Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the Directors' confirmation within the viability statement (pages 128–129) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal risks, uncertainties and risk management disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on pages 128–129 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Independent auditors' report
To the members of Oxford Biomedica plc

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of Directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 130–131, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

William Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

15 April 2021

Oxford Biomedica enter 2021 and beyond with a rapid growth, a proven strategy, experienced leadership and financial strength.

With an ever increasing number of partner programmes and continued broader market growth in cell and gene therapy, the future has never looked more exciting and the Group is well positioned to maximise the opportunities ahead.

Consolidated statement of comprehensive income

for the year ended 31 December 2020

Continuing operations	Note	2020 £'000	2019 £'000
Revenue	4	**87,728**	64,060
Cost of sales		**(41,655)**	(35,723)
Gross profit		**46,073**	28,337
Research and development costs		**(29,749)**	(22,546)
Bioprocessing costs		**(10,720)**	(7,378)
Administrative expenses		**(11.262)**	(11,881)
Other operating income	4	**795**	884
Change in fair value of asset held at fair value through profit and loss		**(831)**	(1,883)
Operating loss	4	**(5,694)**	(14,467)
Finance income	6	**34**	104
Finance costs	6	**(912)**	(6,526)
Loss before tax		**(6,572)**	(20,889)
Taxation	8	**327**	4,823
Loss and total comprehensive expense for the year	9, 27	**(6,245)**	(16,066)

There was no other comprehensive income or loss.

The loss for the year is attributable to the owners of the parent.

Group financial statements

Statement of financial positions

for the year ended 31 December 2020

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Assets					
Non-current assets					
Intangible assets	11	**73**	95	**–**	–
Property, plant and equipment	12	**72,304**	61,932	**–**	–
Investments and loans in subsidiary	14	**–**	–	**166,388**	146,761
Trade and other receivables	16	**3,605**	3,605	**–**	–
Deferred tax assets	22	**–**	359	**–**	359
		75,982	65,991	**166,388**	147,120
Current assets					
Inventories	15	**6,912**	2,579	**–**	–
Assets at fair value through profit and loss	13	**239**	2,719	**–**	–
Trade and other receivables	16	**53,926**	30,045	**–**	–
Current tax assets	8	**126**	5,351	**–**	–
Cash and cash equivalents	17	**46,743**	16,243	**23,630**	2
		107,946	56,937	**23,630**	2
Current liabilities					
Trade and other payables	18	**19,716**	14,297	**134**	109
Contract liabilities	19	**27,258**	13,156		
Deferred income	19	**1,006**	1,006	**–**	–
Lease liabilities	31	**4,475**	482	**–**	–
		52,455	28,941	**134**	109
Net current assets/(liabilities)		**55,491**	27,996	**23,496**	(107)
Non-current liabilities					
Provisions	20	**5,839**	5,086	**–**	–
Contract Liabilities	19	**1,003**	1,695	**–**	–
Deferred income	19	**2,515**	3,310	**–**	–
Lease liabilities	31	**9,370**	7,907	**–**	–
Deferred tax liabilities	22	**–**	359	**–**	–
		18,727	18,357	**–**	–
Net assets		**112,746**	75,630	**189,884**	147,013
Equity attributable to owners of the parent					
Ordinary shares	23	**41,161**	38,416	**41,161**	38,416
Share premium account	24	**258,017**	222,618	**258,017**	222,618
Other reserves	28	**2,291**	2,291	**16,849**	11,072
Accumulated losses	27	**(188,723)**	(187,695)	**(126,143)**	(125,093)
Total equity		**112,746**	75,630	**189,884**	147,013

The Company's registered number is 03252665.

The Company made a loss for the year of £2,242,000 (2019: £2,016,000).

The financial statements on pages 144 to 184 were approved by the Board of Directors on 15 April 2021 and were signed on its behalf by:

John Dawson
Chief Executive Officer

Group financial statements

Statements of cash flows

for the year ended 31 December 2020

	Note	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Cash flows from operating activities					
Cash used in operations	29	**(3,889)**	(6,636)	**(1,858)**	(1,301)
Tax credit received		**7,005**	3,128	**–**	–
Net cash generated from/(used in) operating activities		**3,116**	(3,508)	**(1,858)**	(1,301)
Cash flows from investing activities					
Purchases of property, plant and equipment	12	**(13,358)**	(25,774)	**–**	–
Proceeds on disposal of property, plant and equipment		**–**	2	**–**	–
Proceeds on disposal of investment assets		**2,523**	6,270	**–**	–
Interest received		**34**	104	**–**	–
Net cash used in investing activities		**(10,801)**	(19,398)	**–**	–
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	23, 24	**41,060**	54,132	**41,060**	54,132
Costs of share issues	24	**(1,724)**	(769)	**(1,724)**	(769)
Proceeds from the exercise of warrants	23	**–**	1,345	**–**	1,345
Loan to subsidiary		**–**	–	**(13,850)**	(53,416)
Interest paid		**–**	(2,513)	**–**	–
Redemption fee		**–**	(866)	**–**	–
Payment of lease liabilities		**(1,151)**	(835)	**–**	–
Loans repaid		**–**	(43,589)	**–**	–
Net cash generated from financing activities		**38,185**	6,905	**25,486**	1,292
Net increase/(decrease) in cash and cash equivalents		**30,500**	(16,001)	**23,628**	(9)
Cash and cash equivalents at 1 January		**16,243**	32,244	**2**	11
Cash and cash equivalents at 31 December	17	**46,743**	16,243	**23,630**	2

Group financial statements
Statements of changes in equity attributable to owners of the parent

for the year ended 31 December 2020

Group	Notes	Ordinary shares £'000	Share premium account £'000	Reserves: Merger £'000	Reserves: Treasury £'000	Reserves: Warrant £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019		33,034	172,074	2,291	–	1,218	(173,876)	34,741
Year ended 31 December 2019:								
Loss for the year		–	–	–	–	–	(16,066)	(16,066)
Total comprehensive expense for the year		–	–	–	–	–	(16,066)	(16,066)
Transactions with owners:								
Share options								
Proceeds from shares issued	23, 24	162	495	–	–	–	–	657
Value of employee services	26, 27	–	–	–	–	–	2,247	2,247
Issue of shares excluding options	23, 24	3,875	49,600	–	–	–	–	53,475
Exercise of warrants		1,345	1,218	–	–	(1,218)	–	1,345
Cost of share issues	24	–	(769)	–	–	–	–	(769)
At 31 December 2019		**38,416**	**222,618**	**2,291**	**–**	**–**	**(187,695)**	**75,630**
Year ended 31 December 2020:								
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(6,245)**	**(6,245)**
Total comprehensive expense for the year		**–**	**–**	**–**	**–**	**–**	**(6,245)**	**(6,245)**
Transactions with owners:								
Share options								
Proceeds from shares issued	23, 24	**245**	**841**	**–**	**–**	**–**	**(26)**	**1.060**
Value of employee services	27	**–**	**–**	**–**	**–**	**–**	**3,752**	**3,752**
Deferred tax on share options	8	**–**	**–**	**–**	**–**	**–**	**273**	**273**
Issue of shares excluding options	23, 24	**2,500**	**37,500**	**–**	**–**	**–**	**–**	**40,000**
Cost of share issues	24	**–**	**(1,724)**	**–**	**–**	**–**	**–**	**(1,724)**
Transfer of share premium related to warrants[2]	24	**–**	**(1,218)**	**–**	**–**	**–**	**1,218**	**–**
At 31 December 2020		**41,161**	**258,017**	**2,291**	**–**	**–**	**(188,723)**	**112,746**

Company	Notes	Ordinary shares £'000	Share premium account £'000	Reserves: Merger £'000	Reserves: Warrant £'000	Reserves: Other £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2019		33,034	172,074	1,580	1,218	7,933	(123,077)	92,762
Year ended 31 December 2019:								
Loss for the year		–	–	–	–	–	(2,016)	(2,016)
Total comprehensive expense for the year	10	–	–	–	–	–	(2,016)	(2,016)
Transactions with owners:								
Share options								
Proceeds from shares issued	23, 24	162	495	–	–	–	–	657
Credit in relation to employee share schemes	25, 26	–	–	–	–	1,559	–	1,559
Issue of shares excluding options	23, 24	3,875	49,600	–	–	–	–	53,475
Exercise of warrants		1,345	1,218	–	(1,218)	–	–	1,345
Cost of share issues	24		(769)	–	–	–	–	(769)
At 31 December 2019		**38,416**	**222,618**	**1,580**	**–**	**9,492**	**(125,093)**	**147,013**
Year ended 31 December 2020:								
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(2,242)**	**(2,242)**
Total comprehensive expense for the year	10	**–**	**–**	**–**	**–**	**–**	**(2,242)**	**(2,242)**
Share options								
Proceeds from shares issued	23, 24	**245**	**841**	**–**	**–**	**–**	**(26)**	**1,060**
Credit in relation to employee share schemes	25, 26	**–**	**–**	**–**	**–**	**5,777[1]**	**–**	**5,777**
Issue of shares excluding options	23, 24	**2,500**	**37,500**	**–**	**–**	**–**	**–**	**40,000**
Cost of share issues	24	**–**	**(1,724)**	**–**	**–**	**–**	**–**	**(1,724)**
Transfer of share premium related to warrants[2]	24	**–**	**(1,218)**	**–**	**–**	**–**	**1,218**	**–**
At 31 December 2020		**41,161**	**258,017**	**1,580**	**–**	**15,269**	**(126,143)**	**189,884**

Note 1 – In 2020, the Company recognized a £3.4 million increase in its investment in its operating subsidiary Oxford Biomedica (UK) Ltd (refer note 14 of the financial statements) due to equity settled share based payments granted to employees and service providers in subsidiaries. Of the £3.4 million, £2.7million relates to amounts which should have been recognised at 31 December 2019. In addition £700,000 of deferred bonus that was included in the 2019 consolidated balance sheet has been recognised within group equity in the current period. The prior year balance sheet has not been adjusted on the grounds that the Directors do not believe this item is qualitatively material to users of the financial statements, it has no impact on distributable reserves of the Company. The disclosure relating to such share based payment awards is detailed in Note 25 of the of the accompanying Consolidated Financial Statements.

Note 2 –During the period the Directors reviewed their presentation of share premium and found that the share premium has been overstated following the issue of warrants in the comparative period – to correct this they have transferred £1,218,000 from share premium to retained earnings.

Notes to the consolidated financial statements

for the year ended 31 December 2020

1, Accounting policies

Oxford Biomedica plc (Oxford Biomedica or the Company) is a public company limited by shares, incorporated and domiciled in England, and listed on the London Stock Exchange. The consolidated financial statements for the year ended 31 December 2020 comprise the results of the Company and its subsidiary undertakings (together referred to as the Group).

The Company's principal subsidiary is Oxford Biomedica (UK) Limited.

The Group is a cell and gene therapy research, development and bioprocessing business providing services to third parties as well as performing internal research and development for its own purposes. The Group currently has no marketed pharmaceutical products.

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

The Group and parent Company financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and these Group financial statements were also in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. As more fully explained in the Directors' Report on pages 124 to 136 and below, the going concern basis has been adopted in preparing the financial statements.

A summary of the more important Group accounting policies are set out below.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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.

The Group made a loss for the year ended 31 December 2020 of £6.2 million, but generated net cash flows from operating activities for the year of £3.1 million. Furthermore, the Group raised an additional £38.3 million in cash through a successful equity fundraise in June 2020. The Group ended the year with cash and cash equivalents of £46.7 million.

In considering the basis of preparation of the Annual Report and financial statements, the Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, based in the first instance on the Group's 2021 annual budget and forecasts for 2022. These cash flow forecasts also take into consideration severe but plausible downside scenarios including:

— A substantial revenue downside affecting the core LentiVector® platform business,

— No revenues from new customers,

— Significant decreases in forecasted existing customer milestone and royalty revenues,

— The impacts 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 £46.7 million at the end of December 2020 and £65.9 million at the end of March 2021,

— The Group has the ability to control capital expenditure costs and lower other operational spend, as necessary,

— A large proportion of 2021 forecasted revenues are covered by binding purchase orders and rolling customer forecasts which give additional certainty to revenues 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 the lockdown period,

— The Group's history of being able to access capital markets.

The Directors have also considered the impact of the UK's decision to leave the European Union. Although Brexit has significantly affected the fiscal, monetary and regulatory landscape in the UK, the Group has assessed its impact on its operations to be minor. Further information regarding this issue is provided on page 76.

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 financial statements on a going concern basis.

Accounting developments

The Group has adopted the following IFRSs in these financial statements.

— IFRS 16: Leases. This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17.

— IFRIC 23: Uncertainty over Income Tax Treatments.

— Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.

— Amendments to IAS 28: Long term Interests in Associates and Joint Ventures.

— Amendments to IFRS 9: Prepayments Features with Negative Compensation

— Annual Improvements to IFRS Standards 2015-2017 Cycle.

Of these standards that became effective from 1 January 2019, only IFRS 16 had a material impact on the Group financial statements.

Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiary undertakings for the year to 31 December each year. Subsidiaries are entities that are directly or indirectly controlled by the Group. Subsidiaries are consolidated from the date at which control is transferred to the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group does not currently have any associates.

All intragroup transactions and balances are eliminated on consolidation.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Any excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those of the Group.

The Group and Company have elected not to apply IFRS 3 'Business combinations' retrospectively to business combinations which took place prior to 1 January 2004, namely the acquisition in 1996 of 100% of the issued share capital of Oxford Biomedica (UK) Limited that has been accounted for by the merger accounting method.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the transaction date. Assets and liabilities in foreign currencies are retranslated into sterling at the rates of exchange ruling at the Statement of financial position date. Differences arising due to exchange rate fluctuations are taken to the statement of comprehensive income in the period in which they arise.

Revenue

Revenue comprises income derived from bioprocessing of clinical product for partners, fees charged for providing development services to partners, product and technology licence transactions, royalties, options, and funded research and development programmes.

Platform

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. The gross amount due from customers on all partnerships in progress for which costs incurred plus recognised profits exceed progress billings is presented separately as a contract asset within the note to Trade and Other receivables as presented in the Statement of financial position.

Consideration received in excess of the stage of completion will be deferred until such time as it is appropriate to recognise the revenue.

Revenues for providing process development activities to partners are recognised during the period in which the service is rendered on a percentage of completion basis.

Technology licences that have been established by the Group have all been determined as "right to use" licences, rather than "right to access" licences. As such, the revenue from these licences is recognised at the point in time at which the licence transfers to the customer.

The granting of the technology licences to the Group's background intellectual property and know-how constitutes a "right to use" licence as our customers are able to conduct development work on the licence independent of the Group. The Group is incentivised separately for its performance obligations in relation to development work and milestone payments. The criteria for recognising these technology licences as "right to access" licences has therefore not been met.

Milestones relating to bioprocessing or process development activities have been identified as separate performance obligations as they involve the transfer of a distinct good or service, determined with reference to conditions stipulated in the relevant agreements or contracts. Each milestone is determined as either binary or non-binary.

Milestones that are considered to be binary relate to the achievement of specific events rather than the provision of, for example, support. Milestones related to the achievement of specific deliverables are considered to be binary Milestones and will be recognised in full once it is deemed highly probable that the obligation will be met.

Milestones related to the provision of support services are considered to be non-binary Milestones and are recognised on a percentage of completion basis, but taking into account the likelihood of achievement of the deliverable. Amounts receivable on delivery of a milestone performance obligation represents variable consideration and have been allocated to the relevant performance obligation.

Options to technology licences are considered to form part of the technology licence performance obligation and as such are recognised when the customer exercises the option to obtain that licence. Options to technology licences are not considered to be material rights.

Non-cash consideration is recognised at fair value through profit and loss. As required by IFRS 15, stock and fixed assets received in partial lieu of cash payments from customers for commercial development services and bioprocessing batches are recognised at the fair value of the goods/services provided in relation those stock and fixed assets for revenue recognition purposes, with a corresponding entry being passed within cost of goods and depreciation to account for the cost of these items.

Product

Product licences that have been established by the Group have all been determined as "right to use" licences, rather than "right to access" licences. As such, the revenue from these licences is recognised at the point in time at which the licence transfers to the customer.

The granting of the product licences to the Group's background intellectual property and know-how constitutes a "right to use" licence as our customers are able to conduct development work on the licence independent of the Group. The Group is incentivised separately for its performance obligations in relation to development work and milestone payments. The criteria for recognising these technology licences as "right to access" licences has therefore not been met.

Amounts receivable in respect of milestone payments are considered to be separate performance obligations which are binary and will be recognised in full once it is deemed highly probable that the specific performance obligations stipulated in the licence agreement have been met. Payments linked to "success" such as regulatory filing or approval, or achievement of specified sales volumes, are recognised in full when the relevant event has occurred.

Non-binary milestones are recognised on a percentage of completion basis in the period in which related costs are incurred, or over the estimated period to completion of the relevant phase of development or associated clinical trials. Amounts receivable on delivery of a milestone performance obligation represents variable consideration and have been allocated to the relevant performance obligation.

Royalty revenue is recognised as the underlying sales occur.

Research and development revenue and associated costs are recognised over time. Progress is determined based on the cost-to-cost method.

Cost of sales

Cost of sales comprises the cost of bioprocessing clinical product for partners, the cost of customer development project activities, and royalties arising on partners' licences.

The cost of customer development project activities includes the labour costs, overheads and other directly attributable material and third party costs. Costs are recognised as incurred.

The cost of bioprocessing clinical product for partners includes the raw materials, labour costs, overheads and other directly attributable third party costs. Costs are recognised as incurred.

The Group's products and technologies include technology elements that are licensed from third parties. Royalties arising from such partners' licences are treated as cost of sales. Where royalties due have not been paid they are included in accruals. Where revenue is spread over a number of accounting periods, the royalty attributable to the deferred revenue is included in prepayments.

Research, development and bioprocessing

Research, development and bioprocessing expenditure is charged to the statement of comprehensive income in the period in which it is incurred.

Employee benefit costs

Employee benefit costs, notably holiday pay and contributions to the Group's defined contribution pension plan, are charged to the statement of comprehensive income on an accruals basis. The assets of the pension scheme are held separately from those of the Group in independently administered funds. The Group does not offer any other post-retirement benefits.

Share based payments

The Group's employee share option schemes, long term incentive plans, a Sharesave scheme and deferred bonus plans allow group employees to acquire shares of the Company subject to certain criteria. The fair value of options granted is recognised as an expense of employment in the statement of comprehensive income with a corresponding increase in equity. The fair value is measured at the date of grant and spread over the period during which the employees become unconditionally entitled to the options. The fair value of options granted under the share option schemes and share save scheme is measured using the Black-Scholes model. The fair value of options granted under the LTIP schemes, which includes market condition performance criteria, is measured using a Monte Carlo model taking into account the performance conditions under which the options were granted. The fair value of options granted under the deferred bonus plan is based on the market value of the underlying shares at the date of grant of these options.

At each financial year end, the Group revises its estimate of the number of options that are expected to become exercisable based on forfeiture such that at the end of the vesting period the cumulative charge reflects the actual options that have vested, with no charge for those options which were forfeit prior to vesting. When share options are exercised the proceeds received are credited to equity.

Options over the Company's shares have been awarded to employees of Oxford Biomedica (UK) Ltd. In accordance with IFRS 2 'Share-based Payments', the expense in respect of these awards is recognised in the subsidiaries' financial statements. In accordance with IFRS 2 the Company has treated the awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment and a corresponding credit to reserves.

Employee Benefit Trust

The Oxford Biomedica Employee Benefit Trust (EBT) has been set up to hold market-purchased shares to settle the 2013 Deferred Bonus Share Awards made to Executive Directors and employees. Within the Company financial statements, the investment in the Oxford Biomedica Employee Trust forms part of the Investments and loans in subsidiary taking the form of a loan to subsidiaries. The EBT is consolidated within the Group financial statements.

Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining relevant interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured if:

— there is a change in the Group's estimate of the amount expected to be payable under a residual future lease payments;

— the Group changes its assessment of whether it will exercise a purchase, extension or termination options; or

— there is a revised in-substance fixed lease payment.

If a lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities as a category on the face of the Statement of Financial Position.

Short term or low-value leases

The Group has elected not to recognise right-of-use assets and lease liabilities of short term and low-value lease. The Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Grants

Income from government and other grants is recognised over the period necessary to match them with the related costs which they are intended to compensate. Grant income is included as other operating income within the statement of comprehensive income, and the related costs are included within research, development and bioprocessing costs, and administrative expenses. Where grant income received exceeds grant income recognised, it is included within deferred income on the Statement of financial position, whilst where grant income recognised exceeds grant income received, it is included within accrued income on the Statement of financial position.

Finance income and costs

Finance income and costs comprise interest income and interest payable during the year, calculated using the effective interest rate method. It also includes the revaluation of external loans denominated in a foreign currency.

Taxation

In 2020 and before, the Group was entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The Group receives a Research and Development Expenditure Credit ('RDEC') which is accounted for as a reduction in research and development costs in the statement of comprehensive income, and within trade and other receivables in the Statement of financial position. The credit is paid in arrears once tax returns have been filed and agreed.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the Statement of financial position date.

Deferred tax is calculated in respect of all temporary differences identified at the Statement of financial position date. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits within the same jurisdiction in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the Statement of financial position date.

Measurement of deferred tax liabilities and assets reflects the tax consequence expected to fall from the manner in which the asset or liability is recovered or settled.

Property, plant and equipment

Property, plant and equipment are carried at cost, together with any incidental expenses of acquisition, less depreciation. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values on a straight-line basis over the expected useful economic lives of the assets concerned. Depreciation of an asset begins when it is available for use. The principal annual rates used for this purpose are:

Freehold property	10%
Leasehold improvements	10% (or the remaining lease term if shorter)
Office equipment and computers	20–33%
Bioprocessing and laboratory equipment	20%

The assets' residual values and useful lives are reviewed annually. Residual values are set at zero and will be reassessed should the asset's selling price exceed its net book value.

The bioprocessing plants are reviewed annually for impairment triggers and, where necessary, a full impairment review is performed.

Assets under construction are capitalised throughout the course of the construction period with depreciation starting once the asset is available for use.

Assets capitalised under a category of fixed assets may be transferred to another category within fixed assets if, upon review, it is identified that the asset is more appropriately identifiable with that other category of fixed asset.

Intangibles

Where the intangible asset has a finite life, amortisation is charged on a straight-line basis over the remaining useful economic life from the time it becomes available for use. Where the useful life of the intangible asset cannot be determined, the asset is carried at cost but tested annually for impairment. Intangible assets are amortised over the length of the patent life; current lives range from 5 to 19 years.

Investments in subsidiaries

Investments are carried at cost less any provision made for impairment. Options over the Company's shares have been awarded to employees of subsidiary companies. In accordance with IFRS2, the Company treats the value of these awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment.

Investments in subsidiary undertakings, including shares and loans, are carried at cost less any impairment provision. Such investments are subject to review, and any impairment is charged to the statement of comprehensive income.

At each year end the Directors review the carrying value of the Company's investment in subsidiaries. Where there is a material and sustained shortfall in the market capitalisation, or a significant and sustained change in the business resulting in a decrease in market capitalisation, the Directors consider this to be a trigger of an impairment review as set out in IAS 36, and the carrying value of the Company's investments in subsidiaries is adjusted. The Directors consider that reference to the market capitalisation of the Group is an appropriate external measure of the value of the Company's subsidiaries for this purpose.

At year end the Directors will assess the requirement to write back a portion or all of any impairment previously recognised on its investment in subsidiaries. Factors which will be taken into account with regard to this decision will be the Groups track record of improved financial results across the last three to four years, as well as the expectation of future impairments being required after a write back was accounted for.

Financial assets

Assets at fair value through profit and loss

The gain or loss on Assets at fair value through profit and loss is recognised in the statement of comprehensive income.

Investments

Other investments held by the Group are classified as at fair value through profit and loss.

Bank deposits

Bank deposits with original maturities between three months and twelve months are included in current assets and are valued at amortised cost.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are recognised initially at the transaction price as these assets do not have significant financing components and are subsequently measured at amortised cost. The Group recognises loss allowances for receivables under the expected credit loss model as established by evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits repayable on demand, and other short term highly liquid investments with original maturities of three months or less.

Deposits

Deposits consist of amounts held in escrow and is included within other receivables within the Statement of financial position until such time as the restrictions relating to those amounts have been lifted.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Contract liabilities

Contract liabilities primarily relate to the advance consideration received from customers for commercial development work and bioprocessing batches, as well as options and funded research and development activities.

Deferred income

Deferred income primarily relates to the advance consideration received for grants and lease incentives.

Provisions

Provisions for dilapidation costs and other potential liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to the passage of time is recognised as a finance cost.

Share capital

Ordinary shares are classified as equity. Costs of share issues are charged to the share premium account.

Merger reserve

A merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under s612 and s613 of the Companies Act 2006.

2, Critical accounting judgements and estimates

In applying the Group's accounting policies, management is required to make judgements and assumptions concerning the future in a number of areas. Actual results may be different from those estimated using these judgements and assumptions. The key sources of estimation uncertainty and the critical accounting judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key accounting matters

Judgements

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

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

Number of distinct performance obligations

Upon review of certain customer contracts and preparation of accounting papers setting out the accounting treatment as per IFRS 15, the Group is required to exercise judgement in identifying the distinct performance obligations contained within the contract. These have been identified as being:

— The granting of the technology licences

— Milestones relating to bioprocessing or process development activities

The fair value allocation of revenue to each performance obligation

Because there is no readily available market price for many of the performance obligations contained in the customer contracts, the Group exercises judgment in estimating the stand alone selling price of each of these performance obligations. Key areas of judgement are assessed to be:

— The stand alone selling price of technology licences. The Group assesses the stand alone selling price of licences in terms the stand alone selling price of previously recognised customer technology licences, but also the size of the market of the target indication and other market related observable inputs,

— The stand alone selling price of bioprocessing batches. The Group assesses the stand alone selling price of the batches in terms the stand alone selling price of its other customer contract batch selling prices,

— The stand alone selling price in terms of the annual full time equivalent rate to charge for process development activities. The Group assesses the full time equivalent rate in terms the stand alone equivalent rate of its other customer contract equivalent rates,

Timing of revenue recognition: technology licence revenues

One of the key judgemental areas identified within the collaboration agreements is the timing of recognition of licence revenue based on the achievement of the relevant performance obligation. The individual factors and aspects relating to licence revenue is assessed as part of the IFRS 15 accounting paper prepared for each agreement and a judgement is made as to whether the licence fee performance obligation related to the granting of the licence to the customer has been achieved. If it was judged that the performance obligations on licences granted in 2020 had not been met, revenues would have been £9.4 million lower with the revenue expected to be recognised in future when the performance obligations were deemed to have been met.

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, revenues would have been £2.4 million higher with a corresponding decrease in revenues in future years.

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 estimation in terms of the assessment of the correct stage of completion including the expected costs of completion for that specific bioprocessing batch. The value of the revenue recognised and the related contract asset raised with regard to the bioprocessing batches which remain in progress at year end is £21,260,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £2,126,000 higher or lower.

Percentage of completion of fixed price process development revenues

As it satisfies its performance obligations the Group recognises revenue and the related contract asset with regard to fixed price process development work packages. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct percentage of completion for that specific process development work package. The value of the revenue recognised and the related contract asset raised with regard to the work packages which remain in progress at year end is £6,677,000. If the assessed percentage of completion was 10 percentage points higher or lower, revenue recognised in the period would have been £667,000 higher or lower.

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, depreciation and operating lease payments to account for the cost of these items. The value of revenue recognised during 2020 related to these items amounts to £3.3 million (2019: nil).

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 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 £137,000 higher or lower. The estimate will increase or decrease based on the number of bioprocessing batches undertaken, the percentage of completion of those bioprocessing batches, and the number of batches which go out of specification over the assessment period.

Consequently, bioprocessing revenue of £1.4 million (2019: £1.8 million) has not been recognised during 2020 with the corresponding credit to contract liabilities (note 19). This revenue will be recognised as the batches complete bioprocessing.

3, Financial risk management

Financial risk factors

The Group has a simple corporate structure with the Company and its only operating subsidiary both being UK domiciled. Monitoring of financial risk is part of the Board's ongoing risk management, the effectiveness of which is reviewed annually. The Group's agreed policies are implemented by the Chief Financial Officer, who submits reports at each Board meeting. The Group does not use financial derivatives, and it is the Group's policy not to undertake any trading in financial instruments.

(a) Foreign exchange risk

In 2020 the Group's revenues were mostly receivable in Sterling and US Dollars, and certain of its expenditures were payable in Euros and US Dollars. The majority of operating costs are denominated in Sterling. A 10% difference in the £/$ exchange rate would have had an impact of approximately £1,351,000 (2019: £1,373,000) over the year and would lead to an unrealised foreign exchange gain/loss of £nil million (2019: £4.3 million) on any outstanding loan balance.

The Group also has exposure to the £/€ exchange rate due to the need to fund certain expenditure denominated in Euros. Had the £/€ exchange rate been 10% different, the impact on cost in 2020 would have been approximately £228,000 (2019: £343,000). The Group's policy is to hold the majority of its funds in Sterling and US Dollars. No other hedging of foreign currency cash flows is undertaken.

(b) Interest rate risk

The Group's policy is to maximise interest receivable on deposits, subject to maintaining access to sufficient liquid funds to meet day to day operational requirements and preserving the security of invested funds. With the current low level of bank interest rates, interest receivable on bank deposits in 2020 was just £34,000 (2019: £104,000).

On 28 June 2019 the Group repaid its $55 million (£43.6 million) loan facility with Oaktree Capital Management ("Oaktree") financed through £53.5 million of equity issued to Novo Holdings in May 2019. The loan facility was fully repaid at a cost of £43.6 million plus a redemption fee of £0.9 million, and the security over the assets of the Group was removed.

If interest rates had been 1% higher in 2020 the impact on cash interest paid would have been £nil (2019: £215,000).

(c) Credit risks

Cash balances are mainly held on short term deposits with financial institutions with a credit rating of at least A, in line with the Group's policy to minimise the risk of loss.

Trade debtors are monitored to minimise the risk of loss (note 16).

Derivative financial instruments and hedging

There were no material derivatives at 31 December 2020 or 31 December 2019 which have required separation, and hedge accounting has not been used.

Fair value estimates

The fair value of short term deposits with a maturity of one year or less is assumed to be the book value.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimise the cost of capital.

Group	**2020 £'000**	2019 £'000
Net debt	**(46,743)[1]**	(16,243)[1]
Equity	**115,071**	75,630
Debt/equity	**(41%)**	(21%)

Note 1: Represents Cash balance only as no debt.

Notes to the consolidated financial statements

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4, Segmental analysis

Segmental reporting

The chief operating decision-maker has been identified as the Senior Executive Team (SET), comprising the Executive Directors, Chief Medical Officer, Chief Technical Officer, Chief Scientific Officer, Chief Business Officer, Chief Operations Officer, Chief People Officer and General Counsel. The SET monitors the performance of the Group in two business segments:

(i) Platform – this segment consists of the revenue generating bioprocessing and process development activities undertaken for third parties (i.e the partner programmes CDMO business). It also includes internal technology developments and technical intellectual property within the LentiVector® platform.

(ii) Product – this segment consists of the clinical and pre-clinical development of *in vivo* and *ex vivo* cell and gene therapy products (gene therapeutics) which are owned by the Group.

Revenues, other operating income and operating loss by segment

Revenues, Operating EBITDA and Operating loss represent our measures of segment profit and loss as they are a primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments.

2020	Platform £'000	Product £'000	Total £'000
Revenue	87,117	611	87,728
Other operating income	795	–	795
Operating EBITDA[1]	13,857	(6,518)	7,339
Depreciation, amortisation and share based payment	(11,048)	(1,155)	(12,203)
Change in fair value of asset held at fair value through profit and loss	(831)	–	(831)
Operating profit/(loss)	1,979	(7,673)	(5,694)
Net finance cost			(878)
Loss before tax			(6,572)

2019	Platform £'000	Product £'000	Total £'000
Revenue	50,997	13,063	64,060
Other operating income	884	–	884
Operating EBITDA[1]	(11,699)	6,458	(5,241)
Depreciation, amortisation and share based payment	(6,584)	(759)	(7,343)
Revaluation of investments	(1,883)	–	(1,883)
Operating profit	(20,166)	5,699	(14,467)
Net finance cost			(6,422)
Loss before tax			(20,889)

1 Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and Assets at fair value through profit and loss, and Share Based Payments) is a non-GAAP measure often used as a surrogate for operational cash flow as it excludes from operating profit or loss all non-cash items, including the charge for share based payments options. A reconciliation to GAAP measures is provided on page 42.

Other operating income of £0.8 million (2019: £0.9 million) includes grant income to develop our supply chain capabilities of £0.8 million (2019: £0.9 million) and is included within the Platform segment.

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

A geographical split of operating 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 GBP and is generated in the UK.

2020	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	67,893	611	68,504
Licence fees, milestones and royalties	19,224	–	19,224
Total	**87,117**	**611**	**87,728**

2019	Platform £'000	Product £'000	Total £'000
Bioprocessing/Commercial development	45,715	1,553	47,268
Licence fees, milestones and royalties	5,282	11,510	16,792
Total	**50,997**	**13,063**	**64,060**

Revenue by geographical location

The Group's revenue derives wholly from assets located in the United Kingdom. Analysed by location the Group's revenues derive predominantly from Europe:

Revenue by customer location	2020 £'000	2019 £'000
Europe	**52,817**	46,602
Rest of world	**34,911**	17,458
Total revenue	**87,728**	64,060

In 2020 AstraZeneca, Novartis, and Juno/Bristol Myers Squibb each generated more than 10% of the Group's revenues. In 2019 Novartis, Sio Gene Therapies (formerly Axovant Gene Therapies) and Orchard Therapeutics each generated more than 10% of the Group's revenues. The change year on year is due to the volume of activities for new customers, AstraZeneca and Juno/Bristol Myers Squibb, and a decrease in the level of development and manufacturing activities for Orchard therapeutics. Sio Gene Therapies (formerly Axovant Gene Therapies) is not included in 2020 as no further significant licences or milestones were achieved (2019: £11.5 million).

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5, Employees and directors

The monthly average number of persons (including Executive Directors) employed by the Group during the year was:

By activity	2020 Number	2019 Number
Office and management	**46**	38
Research, development and bioprocessing	**563**	462
Total	**609**	500

Employee benefit costs	2020 £'000	2019 £'000
Wages and salaries	**35,909**	27,438
Social security costs	**4,486**	2,861
Other pension costs (note 30)	**2,244**	1,769
Share based payments (note 25)	**3,030**	1,559
Total employee benefit costs	**45,669**	33,627

Key management compensation	2020 £'000	2019 £'000
Wages and salaries	**3,177**	3,417
Social security costs	**1,038**	512
Other pension costs	**207**	186
Share based payments	**1,804**	869
Total	**6,226**	4,984

The key management figures above include Executive and Non-Executive Directors and the other members of the Senior Executive Team. Further information about the remuneration of individual Directors, including the highest paid Director, is provided in the audited part of the Directors' Remuneration Report on page 105 which forms part of these financial statements.

The Company had no employees during the year (2019: zero).

6, Finance income and costs

Group	2020 £'000	2019 £'000
Finance income:		
Bank interest receivable	**34**	104
Total finance income	**34**	104
Finance costs:		
Unwinding of discount in provisions (note 20)	**(38)**	(57)
Revaluation of liabilities in foreign currency	**–**	(969)
Interest payable	**(874)**	(5,500)
Total finance costs	**(912)**	(6,526)
Net finance costs	**(878)**	(6,422)

On 28 June 2019 the Group repaid its $55 million (£43.6 million) loan facility with Oaktree Capital Management ("Oaktree") financed through £53.5 million of equity issued to Novo Holdings in May 2019. The loan facility was fully repaid at a cost of £43.6 million plus a redemption fee of £0.9 million, and the security over the assets of the Group was removed.

Up to 29 June 2019, interest payable consisted of the cash interest paid on the Oaktree loan facility at 9.0% plus US$ three month LIBOR, subject to a minimum of 1%.

7, Expenses by nature

	Notes	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Employee benefit costs	5	**45,669**	33,627	**494**	382
Depreciation of property, plant and equipment	12	**9,598**	5,765	**–**	–
Amortisation	11	**22**	22	**–**	–
Raw materials and consumables used in bioprocessing		**11,971**	13,374	**–**	–
Operating lease payments		**173**	104	**–**	–
Net loss on foreign exchange		**(627)**	(255)	**–**	–

Company employee benefit costs of £494,000 (2019: £382,000) relates to non-executive costs paid by Oxford Biomedica UK Ltd and recharged to the Company.

Depreciation is charged to cost of goods, research and development, and bioprocessing costs in the statement of comprehensive income.

During the year the Group (including its subsidiaries) obtained services from the Group's auditors and their associates as detailed below:

Services provided by the Group's auditors	Group 2020 £'000	Group 2019 £'000
Fees payable for the audit of the parent company and consolidated financial statements	**50**	25
Fees payable for other services:		
The audit of the Company's subsidiaries	**235**	165
Additional fees relating to prior year audit	**98**	26
Review of interim results	**35**	20
Audit related assurance services and grant income audits	**–**	94
Total	**418**	330

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8, Taxation

During 2019 and before the Group was entitled to claim tax credits in the United Kingdom under the Small company scheme for certain research and development expenditure. During 2020 the Group ceased being eligible to claim a research and development tax credits under the Government's small company scheme.

	Group	
Current tax	**2020 £'000**	2019 £'000
United Kingdom corporation tax research and development credit	**–**	5,018
Corporation tax	**(1,140)**	–
	(1,140)	5,018
Adjustments in respect of prior periods:		
United Kingdom corporation tax research and development credit	**1,467**	(473)
Current tax	**327**	4,545
Deferred tax		
Relating to the origination of timing allowances	**–**	278
Deferred Tax (note 22)	**–**	278
Taxation Credit	**327**	4,823

The amount of £1,140,000 included as part of the £327,000 taxation credit within the statement of comprehensive income for the year ended 31 December 2020 comprises the corporation tax payable on the amount claimed as a Large Company Tax credit (RDEC) within research and development expenses in the statement of comprehensive income.

The adjustment of current tax in respect of the prior year of £1,467,000 (2019: £473,000) relates to a higher than anticipated tax receipt received in 2020 (£473,000), and an expected tax repayment relating to prior years (£994,000). The 2019 sum of £5,018,000 represents the Small company tax credit receivable by the Group in that year.

The United Kingdom corporation tax research and development credit is paid in arrears once tax returns have been filed and agreed. The tax credit recognised in the financial statements but not yet received is included in current tax assets in the Statement of financial position.

During 2020 the Group recognised £273,000 of current tax relating to tax relief obtained on exercise of share options directly within equity.

The Company has no tax liability, nor is it entitled to tax credits (2019: £nil).

The tax credit for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Loss on ordinary activities before tax	**(6,572)**	(20,889)	**(1,883)**	(1,246)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**1,249**	3,969	**358**	237
Effects of:				
Expenses not deductible for tax purposes	**(1,046)**	(464)	**(18)**	–
R&D relief mark-up on expenses	**–**	2,434	**–**	–
Income not taxable	**26**	–	**–**	–
Current tax relief less than accounting charge on share options	**(277)**	(20)	**–**	–
Recognition of previously unrecognised tax losses	**–**	682	**–**	–
Amounts not recognised	**–**	(33)	**41**	90
Deferred tax not recognised	**(753)**	(288)	**–**	–
Origination and reversal of timing differences on deferred tax	**15**	–	**(386)**	–
Taxable gains on disposal of shares	**(354)**	(937)	**(354)**	603
Tax losses carried forward to future periods	**–**	(47)	**–**	(160)
Adjustments in respect of prior periods	**1,467**	(473)	**–**	–
Total tax credit /(charge) for the year	**327**	4,823	**(359)**	770

At 31 December 2020, the Group had tax losses to be carried forward of approximately £89.3 million (2019: £84.2 million). Of the Group tax losses, £89.3 million (2019: £84.2 million) arose in the United Kingdom.

9, Basic and diluted loss per ordinary share

The basic loss per share of 7.81p (2019: earnings of 22.10p) has been calculated by dividing the loss for the period by the weighted average number of shares in issue during the year ended 31 December 2020 (79,944,911; 2019: 72,709,944).

The Group made a loss for the period ended 31 December 2020. There is therefore no difference between the basic loss per ordinary share and the diluted loss per ordinary share in the period.

10, Loss for the financial year

As permitted by section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been included in these financial statements. The Company's loss for the year was £2,242,000 (2019: £2,016,000).

11, Intangible assets

	2020 £'000	2019 £'000
Cost at 1 January and 31 December	**5,636**	5,636
Accumulated amortisation and impairment		
At 1 January	**5,541**	5,519
Amortisation charge for the year	**22**	22
At 31 December	**5,563**	5,541
Net book amount at 31 December	**73**	95

Intangible assets comprise intellectual property rights. The Group has not capitalised any internally generated intangible assets.

12, Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right of use asset £'000	Total £'000
Cost						
At 1 January 2020	21,427	21,908	7,395	20,174	11,400	82,304
Additions at cost	1,678	4,659	1,484	5,537	6.361	19,719
Reclassification	226	652	227	(1,105)	–	–
Change in estimate	–	–	–	–	251	251
At 31 December 2020	**23,331**	**27,219**	**9,106**	**24,606**	**18,012**	**102,274**
Accumulated depreciation						
At 1 January 2020	8,360	1,679	3,054	6,440	839	20,372
Charge for the year	2,084	1,840	1,556	2,737	1,381	9,598
Reclassification	–	–	–	–	–	–
At 31 December 2020	**10,444**	**3,519**	**4,610**	**9,177**	**2,220**	**29,970**
Net book amount at 31 December 2020	**12,887**	**23,700**	**4,496**	**15,429**	**15,792**	**72,304**

	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right of use asset £'000	Total £'000
Cost						
At 1 January 2019	21,283	7,735	5,088	12,337	–	46,443
Adoption of IFRS 16 (Leases)	–	(1,263)	–	–	7,618	6,355
Additions at cost	144	15,436	2,681	7,513	3,782	29,556
Reclassification	–	–	(374)	374	–	–
Disposals	–	–	–	(50)	–	(50)
At 31 December 2019	**21,427**	**21,908**	**7,395**	**20,174**	**11,400**	**82,304**
Accumulated depreciation						
At 1 January 2019	6,324	1,450	2,416	4,462	–	14,652
Adoption of IFRS 16 (Leases)	–	(188)	–	–	188	–
Charge for the year	2,036	417	877	1,784	651	5,765
Reclassification	–	–	(239)	239	–	
Disposals	–	–	–	(45)	–	(45)
At 31 December 2019	**8,360**	**1,679**	**3,054**	**6,440**	**839**	**20,372**
Net book amount at 31 December 2019	**13,067**	**20,229**	**4,341**	**13,734**	**10,561**	**61,932**

Leasehold improvements are capital improvements to buildings which the Group leases. Bioprocessing and laboratory equipment is equipment purchased for our laboratory and bioprocessing processes, and are generally movable from one facility to another.

The Company had no property, plant and equipment at 31 December 2020 or 31 December 2019.

13, Assets at fair value through profit and loss

Assets at fair value through profit and loss: Group	2020 £'000	2019 £'000
At 1 January	**2,719**	–
Reclassification of investment as asset at fair value through profit and loss	**–**	10,966
Additions	**874**	–
Costs to sell asset at fair value through profit and loss	**–**	(94)
Sale of shares	**(2,523)**	(6,270)
Change in fair value of available-for-sale asset	**(831)**	(1,883)
At 31 December	**239**	2,719

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

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 and 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 and loss (current assets).

14, Investments and loans in subsidiaries

	2020 £'000	2019 £'000
Shares in group undertakings		
At 1 January and 31 December	**15,182**	15,182
Loans to group undertakings		
At 1 January	**248,152**	194,736
Loan advanced in the year	**13,850**	53,416
At 31 December	**262,002**	248,152
Total investments in shares and loans to group undertakings	**277,184**	263,334
Accumulated impairment		
At 1 January and 31 December	**126,065**	126,065
Net book amount at 31 December	**151,119**	137,269
Capital contribution in respect of employee share schemes		
At 1 January	**9,492**	7,933
Additions in the year (note 26 and 27)	**5,777**	1,559
At 31 December	**15,269**	9,492
Total investments	**166,388**	146,761

The application of the expected credit loss model has had no significant impact on the level of impairment of the loan to group undertakings as the market value of the Group, of which Oxford Biomedica (UK) Ltd. as the operational company makes up almost all of the value, considerably exceeds the value of the loan and investment made by the parent company.

The loan from Oxford Biomedica plc to Oxford Biomedica (UK) Limited is unsecured and interest free. The loan is not due for repayment within 12 months of the year end.

Interests in subsidiary undertakings

	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by the Group and Company	Nature of business
Oxford Biomedica (UK) Limited	Great Britain	1p ordinary shares	100%	Gene therapy research and development
Oxford Biomedica (Ireland) Limited	Ireland	1p ordinary shares	100%	Product release
Oxxon Therapeutics Limited	Great Britain	1p ordinary shares	100%	Dormant

The registered office of both Oxford Biomedica (UK) Ltd and Oxxon Therapeutics Limited is Windrush Court, Transport Way, Oxford, OX4 6LT. The registered office of Oxford Biomedica (Ireland) Ltd is Earlsfort Terrace, Dublin 2, DO2 T380, Ireland.

In addition, the Group set up the Oxford Biomedica Employee Benefit Trust (EBT) to hold market-purchased shares to settle the 2013 deferred bonus share awards made to Executive Directors and employees (note 25).

All of the above subsidiaries have been consolidated in these financial statements.

At each year end the Directors review the carrying value of the Company's investment in subsidiaries. Where there is a material and sustained shortfall in the market capitalisation, or a significant and sustained change in the business resulting in a decrease in market capitalisation, the Directors consider this to be a trigger of an impairment review as set out in IAS 36, and the carrying value of the Company's investments in subsidiaries is adjusted. The Directors consider that reference to the market capitalisation of the Group is an appropriate external measure of the value of the Group for this purpose. Cumulative impairment of £126.0 million has been recognised up to 31 December 2020.

15, Inventories

Group	**2020 £'000**	2019 £'000
Raw Materials	**6,912**	2,579
Total inventory	**6,912**	2,579

Inventories constitute raw materials held for commercial bioprocessing purposes.

During the year, the Group wrote down £134,000 (2019: £171,000) of inventory which is not expected to be used in production or sold onwards. The Company holds no inventories.

16, Trade and other receivables

	Group		Company	
Current	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Trade receivables	**27,214**	12,766	**–**	–
Contract assets	**16,508**	13,406	**–**	–
Other receivables	**4,163**	563	**–**	–
Other tax receivable	**3,412**	1,537	**–**	–
Prepayments	**2,629**	1,773	**–**	–
Total trade and other receivables	**53,926**	30,045	**–**	–

Non-current trade and other receivables constitute other receivables of £3,605,000 (2019: £3,605,000) which consists of deposits held in escrow as part of the Windrush Innovation Centre and Oxbox lease arrangements.

The fair value of trade and other receivables are the current book values. The Group has performed an impairment assessment under IFRS 9 and has concluded that the application of the expected credit loss model has had an immaterial impact on the level of impairment of receivables.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2020 £'000	2019 £'000
Sterling	**57,517**	25,939
US Dollar	**14**	7,711
	57,531	33,650

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above. The Group does not hold any collateral as security.

Trade receivables

Included in the Group's trade receivable balance are debtors with a carrying amount of £9,502,000 (2019: £7,472,000) which were past due at the reporting date and of which £9,460,000 has been received after the reporting date.

Ageing of past due but not impaired trade receivables:

	2020 £'000	2019 £'000
0–30 days	**9,502**	1,142
30–60 days	**21**	–
60+ days	**–**	6,330
	9,523	7,472

Contract assets

Contract assets relates to the Group's rights to consideration for work completed but not invoiced at the reporting date for commercial development work and bioprocessing batches. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The balance of £16.5 million (2019: £13.4 million) mainly relates to commercial development milestones which have been accrued as the specific conditions stipulated in the licence agreement have been met, commercial development work orders accrued on a percentage complete basis which will be invoiced as the related work package completes and bioprocessing batches accrued on a percentage of completion basis which will be invoiced as the manufacturing of the batch is completed.

Contract assets have increased from £13.4 million at the end of 2019 to £16.5 million at the end of 2020 due to the increased levels of bioprocessing and commercial development activities undertaken during the year leading to a higher level of consideration for work completed but not yet billed.

A portion of contract assets relates to fixed price process development work packages which are recognised on a percentage of completion basis and as such requires estimation in terms of the assessment of the correct percentage of completion for that specific work package. The value of the contract asset raised with regard to these work packages is £6,677,000. If the assessed percentage of completion was 1 percentage point higher or lower, revenue recognised in the period would have been £67,000 higher or lower.

The Group performed an impairment assessment under IFRS 9 and has concluded that the application of the expected credit loss model has had an immaterial impact on the level of impairment on contract assets. We have noted there has been no change in the time frame for a right to consideration to become unconditional and the performance obligation to be satisfied.

17, Cash and cash equivalents

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Cash at bank and in hand	**46,743**	16,243	**23,630**	2

18, Trade and other payables

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Trade payables	**7,777**	7,311	**–**	–
Other taxation and social security	**1,585**	1,042	**–**	–
Accruals	**10,354**	5,944	**134**	109
Total trade and other payables	**19,716**	14,297	**134**	109

19, Contract liabilities and deferred income

Contract liabilities and deferred income arise when the Group has received payment for services in excess of the stage of completion of the services being provided.

Contract liabilities and deferred income have increased from £14.9 million at the end of 2019 to £28.3 million at the end of 2020 due to funds received in advance for future bioprocessing and process development activities. Of the £14.9 million balance included in the statement of financial position at the end of 2019, £11.6 million has been recognised as revenue during the 2020 financial year.

Contract liabilities consists primarily of deferred bioprocessing and process development revenues, which are expected to be released as the related performance obligations are satisfied over the period as described below:

Years	0–1 £'000	1–3 £'000	3–5 £'000	5–10 £'000	Total
Contract liabilities	**27,258**	**50**	**948**	**5**	**28,261**
Bioprocessing income	24,327	–	–	–	**24,327**
Process development income	2,914	–	–	–	**2,914**
Licence fees and Milestones	17	50	948	5	**1,020**
Deferred Income	**1,006**	**2,515**	**–**	**–**	**3,521**
Lease incentives	–	–	–	–	**–**
Grant	1,006	2,515	–	–	**3,521**

Included within bioprocessing contract liabilities is revenue of £1.4 million which has not been recognised during 2020 (2019: £1.8 million) relating to the estimate of out of specification batches (see note 2: 'Estimations' for additional information).

Deferred income relates to grant funding received from the UK Government for capital equipment purchased as part of the Oxbox bioprocessing facility expansion. The income will be recognised over the period over which the purchased assets are depreciated.

The Company had no contract liabilities or deferred income in 2020 or 2019.

20, Provisions

	2020 £'000	2019 £'000
At 1 January	**5,086**	1,287
Unwinding of discount	**38**	58
New provision	**–**	3,741
Change in estimate	**251**	–
Additional provision recognised	**464**	–
At 31 December	**5,839**	5,086

	2020 £'000	2019 £'000
Current	**–**	–
Non-current	**5,839**	5,086
Total provisions	**5,839**	5,086

Provisions are exclusively in respect of dilapidations. The dilapidations provisions relate to anticipated costs of restoring the leasehold Yarnton, Oxbox, Windrush Innovation Centre and Corporate Office properties in Oxford, UK to their original condition at the end of the lease terms in 2024, 2033, 2028 and 2030 respectively, 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.

21, Financial instruments

The Group and Company's financial instruments comprise cash and cash equivalents, trade and other receivables, assets at fair value through profit and loss, and trade and other payables. Additional disclosures are set out in the Corporate Governance Report and in note 3 relating to risk management.

The Group had the following financial instruments at 31 December each year:

	Financial assets at fair value through profit and loss		Cash and receivables		Amortised costs, loans and other liabilities	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Cash and cash equivalents (note 17)	**–**	–	**46,743**	16,243	**–**	–
Trade receivables and other receivables (note 16)	**–**	–	**54,902**	31,877	**–**	–
Assets at fair value through profit and loss (note 13)	**239**	2,719	**–**	–	**–**	–
Trade and other payables excluding tax (note 18)	**–**	–	**–**	–	**18,131**	13,255
	239	2,719	**101,645**	48,120	**18,131**	13,255

Floating rate instant access deposits earned interest at prevailing bank rates.

	2020	2019
	Year average	Year average
	Weighted average rate	Weighted average rate
Sterling	**0.01%**	0.55%
US Dollars	**0.00%**	1.62%

Assessment of financial assets by credit risk rating:

Cash and cash equivalents are held with reputable banks with a low assessed risk of default.

All trade receivables are assessed as having a low credit risk rating as the debt is owed by blue chip pharmaceutical groups in the top 10 in the world by market capitalisation, and by biotechnology companies with sufficient cash reserves to satisfy their obligations. There has been no change in the determined risk during 2020, therefore no reconciliation between the 2019 and 2020 closing debtor balance assessed by risk of default has been provided. The opening and closing position was low (2019: low).

Other receivables are rent deposits held in separately administered bank accounts with covenants limiting their use and are as such assessed as having a low risk of default.

Fair value

The Directors consider that the fair values of the Group's financial instruments do not differ significantly from their book values.

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2020 £'000	2019 £'000
Sterling	**37,299**	5,454
Euro	**439**	–
US Dollar	**9,005**	10,789
	46,743	16,243

Financial assets classified as level 1 in hierarchy

The investment asset represented by ordinary shares in Orchard Therapeutics is classified as at fair value through profit and loss. Please refer to note 13 for further information.

Reconciliation of external loan liability

	2020 £'000	2019 £'000
At 1 January	**–**	41,153
Interest payable	**–**	4,819
Foreign exchange movement	**–**	969
Cash interest paid	**–**	(2,486)
Redemption fee	**–**	(866)
Oaktree loan repayment	**–**	(43,589)
At 31 December	**–**	–

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	Equity		Total
	Lease liabilities £'000	Share capital £'000	Share Premium £'000	Total £'000
Balance at 1 January 2020	**8,389**	**38,416**	**222,618**	**269,423**
Changes from financing cash flows				
Share options – Proceeds from shares issued	–	245	841	1,086
Issue of shares excluding options	–	2,500	37,500	40,000
Cost of share issues	–	–	(1,724)	(1,724)
Payment of lease liabilities	(1,151)	–	–	(1,151)
Transfer of share premium related to warrants	–	–	(1,218)	(1,218)
Total changes from financing cash flows	**(1,151)**	**2,745**	**35,399**	**36,993**
Other changes:				
Additions	5,733	–	–	5,733
Interest	874	–	–	874
Closing balance at 31 December 2020	**13,845**	**41,161**	**258,017**	**313,023**

Exposure to Liquidity Risk

		Contractual Cash flows					
	Carrying Amount £'000	**Total £'000**	2 months or less £'000	2–12 months £'000	1–2 years £'000	2–5 years £'000	>5 years £'000
Non derivative financial liabilities:							
Lease Liabilities	**13,845**	**18,732**	–	5,357	1,548	4,418	7,409

22, Deferred taxation

The Company and the Group have recognised deferred tax assets and liabilities at 31 December 2020 and 31 December 2019. In light of the Group's history of losses, recovery of the whole deferred tax asset is not sufficiently certain, and therefore a deferred tax asset has been recognised only to the extent that there is a deferred tax liability. The deferred tax liability as at 31 December 2020 comprised fixed asset temporary differences. The deferred tax liability as at 31 December 2019 comprised expected future taxable gains on the sale of the Orchard investment asset.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 was calculated based on this rate.

The March 2020 Budget announced that the corporation tax rate of 19% would continue to apply with effect from 1 April 2020 and therefore the corporation tax rate would no longer reduce to 17%. This change was substantively enacted on 17 March 2020. As a result, the company's future current tax liability is expected to be subject to the 19% corporation tax rate. Accordingly, the deferred tax balances as at 31 December 2020 have been measured at the corporation tax rate of 19%.

Group – recognised Deferred tax (assets)/liabilities – recognised	Tax losses £'000	Revaluation of investments £'000	Total £'000
At 1 January 2020	(359)	359	–
Origination and reversal of temporary differences	359	(359)	–
At 31 December 2020	**–**	**–**	**–**
At 1 January 2019	(1,129)	1,408	279
Origination and reversal of temporary differences	770	(1,049)	(279)
At 31 December 2019	**(359)**	**359**	**–**

Company – recognised Deferred tax (assets)/liabilities – not recognised	Tax losses £'000	Revaluation of investments £'000	Total £'000
At 1 January 2020	359	–	359
Origination and reversal of temporary differences	(359)	–	(359)
At 31 December 2020	**–**	**–**	**–**
At 1 January 2019	1,129	–	1,129
Origination and reversal of temporary differences	(770)	–	(770)
At 31 December 2019	**359**	**–**	**359**

Group – not recognised Deferred tax (assets)/liabilities – not recognised	Tax depreciation £'000	Loan relationships £'000	Provisions £'000	Tax losses £'000	Share options £'000	Total £'000
At 1 January 2020	(62)	(1,218)	(441)	(15,874)	(1,664)	(19,259)
Origination and reversal of temporary differences	62	(49)	235	(1,569)	(1,575)	(2,896)
At 31 December 2020	**–**	**(1,267)**	**(206)**	**(17,443)**	**(3,239)**	**(22,155)**
At 1 January 2019	(786)	(1,132)	(138)	(15,936)	(1,712)	(19,164)
Origination and reversal of temporary differences	724	(86)	(303)	(448)	48	(95)
At 31 December 2019	**(62)**	**(1,218)**	**(441)**	**(15,874)**	**(1,664)**	**(19,259)**

23, Ordinary shares

Group and Company Issued and fully paid	2020 £'000	2019 £'000
Ordinary shares of 50p each		
At 1 January – 76,859,131 (2019: 66,103,528 post consolidation) shares	**38,416**	33,034
Allotted for cash in placing and subscription – 5,000,000 (2019: 7,750,936) shares	**2,500**	3,875
Allotted on exercise of warrants – nil (2019: 2,689,686) shares	**–**	1,345
Allotted on exercise of share options – 461,454 (2019: 315,917)	**245**	162
At 31 December – 82,320,585 (2019: 76,859,131) shares	**41,161**	38,416

On 19 June 2020, the Group announced an equity fundraising of 5,000,000 new ordinary shares at a price of £8.00 per share. Gross proceeds from the fundraising were £40.0 million; net proceeds were £38.3 million.

In April 2019, Oaktree exercised its warrants which were then converted into 2,689,686 ordinary shares of 50p each. Proceeds from the shares issued were £1.3 million.

On 28 May 2019, the Group announced that Novo Holdings had subscribed to 6,568,024 new ordinary shares at a price of £6.90. Novo Holdings also exercised in full its option to subscribe to a further 1,181,976 new ordinary shares at a price of £6.90 on 29 May 2019. Gross proceeds from the fundraising were £53.5 million; net proceeds were £52.8 million.

24, Share premium account

Group and Company	2020 £'000	2019 £'000
At 1 January	**222,618**	172,074
Premium on shares issued for cash in placing and subscription	**37,500**	49,600
Premium on exercise of warrants	**–**	1,218
Transfer of share premium related to warrants	**(1,218)**	–
Premium on exercise of share options	**841**	495
Costs associated with the issue of shares	**(1,724)**	(769)
At 31 December	**258,017**	222,618

During the period the Directors reviewed their presentation of share premium and found that the share premium has been overstated following the issue of warrants in the comparative period – to correct this they have transferred £1,218,000 from share premium to retained earnings.

25, Options over shares of Oxford Biomedica plc

The Company has outstanding share options that were issued under the following schemes:

— The 2007 Share Option Scheme (approved February 2007)

— The 2015 Executive Share Option Scheme (approved May 2015)

— The 2007 Long Term Incentive Plan (LTIP) (approved February 2007)

— The 2015 Long Term Incentive Plan (LTIP) (approved May 2015)

— The 2013 Deferred Bonus Plan (approved February 2014)

— The 2015 Deferred Bonus Plan (approved May 2015)

— The 2015 Sharesave scheme (approved May 2015)

Share options are granted to Executive Directors and selected senior managers under the Company's Long Term Incentive Plans (LTIP), Deferred Bonus Plans, and to other employees under the Share Option Schemes and Sharesave scheme. All option grants are at the discretion of the Remuneration Committee.

Options granted under the 2007 and 2015 LTIPs to Directors and other senior managers are subject to both revenue and market condition performance criteria and will vest only if, at the third anniversary of the grant, the performance criteria have been met. Failure to meet the minimum performance criteria by the third anniversary results in all the granted options lapsing.

The performance criteria are described in the Directors' Remuneration Report. LTIP awards made to date are exercisable at either par or a nil cost on the third anniversary of the date of grant, and lapse 10 years after being granted. For Directors, options granted in 2019 and 2020 also have a 2 year holding period post vesting.

Options granted under the 2007 Share Option Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are ten years, after which the options expire. Options granted prior to 2012 cannot normally be exercised before the third anniversary of the date of grant. Options granted under the 2007 Scheme during 2012 to 2014, with one exception, vest in tranches of 25% from the first to fourth anniversaries of the grant dates.

Options granted under the 2015 Executive Share Option Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are ten years, after which the options expire. Options granted under the 2015 Scheme cannot normally be exercised before the third anniversary of the date of grant.

Options granted under the 2015 Sharesave Scheme have fixed exercise prices based on the market price at the date of grant. They are not subject to market condition performance criteria and the lives of the options are four years, after which the options expire and the cash saved is returned. Options cannot be exercised before the third anniversary of the date of grant.

Share options outstanding at 31 December 2019 have the following expiry date and exercise prices:

Options granted to employees under the Oxford Biomedica 2007 and 2015 Share Option Schemes

2020 Number of shares	2019 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
5,829	9,718	270p to 290p	Vested	15/03/21 to 04/10/21
10,888	13,608	115p to 155p	Vested	08/05/22 to 21/12/22
21,562	24,525	80p to 140p	Vested	22/05/23 to 19/11/23
25,870	34,302	100p to 200p	Vested	03/06/24 to 17/10/24
49,561[1]	69,768[1]	490p	Vested	13/03/25 to 10/06/25
78,362[1]	130,794[1]	275p	Vested	16/05/26 to 13/10/26
176,562[1]	305,360[1]	495p	13/07/20	13/07/27
225,073[1]	237,104[1]	502p to 904p	15/02/2018 to 07/08/2021	15/02/2028 to 07 08 2028
441,336[1]	459,586[1]	618p to 705p	04/01/2022 to 12/9/2022	04/01/2022 to 12/09/2029
573,318[1]	–	760p to 817p	26/06/2023 to 05/10/2023	26/06/2030 to 05/10/2030
1,608,361	1,284,765			

Note 1 – Options granted under the 2015 Executive share option scheme.

Options granted to employees under the Oxford Biomedica 2015 Sharesave scheme

2020 Number of shares	2019 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
–	66,864	145p	13/10/19	12/04/20
17,225	73,443	330p	12/10/20	12/04/21
67,849	75,845	725p	10/10/21	10/04/22
258,882	268,781	422p	09/10/22	09/04/23
165,724	–	672p	31/10/23	31/04/24
509,680	484,933			

Options granted under the Oxford Biomedica 2007 and 2015 Long Term Incentive Plans

2020 Number of shares	2019 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
139,000	142,000	50p	Vested	30/06/22
66,679	66,679	50p	Vested	12/06/23
34,539	89,082	50p	Vested	20/6/24 to 17/10/24
93,535	113,158	0p	Vested	10/01/25
108,395	122,344	0p	Vested	16/05/26
143,294[2]	218,181[1,2]	0p	Vested	17/07/27 to 25/09/27
191,195[1,2]	191,195[1,2]	0p	15/02/2021 to 07/08/2021	15/02/2021 to 7/8/2021
298,323[1,2]	298,323[1,2]	0p	18/04/2022 to 12/09/2022	18/04/2029 to 12/09/2029
286,869[1,2]	–	0p	26/06/2023	26/06/2030
1,361,829	1,240,962			
3,479,870	3,010,660			

Note 1 – These LTIP awards will vest provided that performance conditions specified in the Directors' Remuneration Report are met.
Note 2 – Options granted under the 2015 LTIP.

Deferred Share Awards

The Executive Directors and certain other senior managers have been awarded deferred bonuses in the form of share options. These options are exercisable at nil p on either the first three anniversaries of the grant or the third anniversary of the grant dependent on the option conditions. Options with a value of £667,000 vested during 2020 (2019: £688,000).

The options granted under the 2013 Deferred Bonus Plan will be satisfied by market-purchased shares held by the Oxford Biomedica Employee Benefit Trust (EBT). As at 31 December 2019, all shares held by the EBT had vested. The EBT is consolidated at year end with the shares held in trust until the exercise of the option. During the year no shares (2019: nil) from the EBT were exercised.

The options granted under the 2015 Deferred Bonus Plan will be satisfied by new issue shares at the time of exercise.

Options granted to employees under the Oxford Biomedica 2013 and 2015 Deferred Bonus Plan

2020 Number of shares	2019 Number of shares	Exercise price per share	Date from which exercisable	Expiry date
93,725	93,725	0p	Exercisable	15/06/24 and 14/10/24
28,924	78,907	0p	Exercisable	04/05/25
48,082	66,592	0p	Exercisable	14/05/26
32,544	53,900	0p	Exercisable	11/07/27
39,642	48,422	0p	07/08/19 to 07/08/21	07/08/28
83,909	86,320	0p	18/04/20 to 18/04/22	18/04/29
68,035	–	0p	20/06/21 to 20/06/23	20/06/30
394,861	427,866			

National insurance liability

Certain options granted to UK employees could give rise to a national insurance (NI) liability on exercise. A liability of £1,043,000 (2019: £529,000) is included in accruals for the potential NI liability accrued to 31 December on exercisable options that were above water, based on the year-end share price of 1,030p (2019: 645p) per share.

26, Share based payments

Sharesave Scheme awards (Model used: Black Scholes)	Options awarded 13 Oct 2020
Share price at grant date	810.00p
Exercise price	672.16p
Vesting period (years)	3
Total number of shares under option	165,724
Expected volatility (weighted average)	47.45%
Expected life (years)	3
Risk free rate (weighted average)	(0.09)%
Fair value per option	310.11p

Share options (Model used: Black Scholes)	Options awarded 26 Jun 2020	Options awarded 05 Oct 2020
Share price at grant date	748p	845.00p
Exercise price	760p	817.20p
Vesting period (years)	3	3
Total number of shares under option	577,953	5,568
Expected volatility (weighted average)	53.22%	47.42%
Expected life (years)	3	3
Risk free rate (weighted average)	(0.07)%	(0.07%)%
Fair value per option	268.00p	285.10p

LTIP awards (Model used: Monte Carlo)	LTIPs awarded 26 Jun 2020
Share price at grant date	748p
Exercise price	0p
Vesting period (years)	3
Total number of shares under option	285,869
Expected volatility (weighted average)	53.22%
Expected life (years)	3
Risk free rate (weighted average)	(0.07)%
Fair value per option	558.50p

The tables below show the movements in the Share Option Scheme, Sharesave scheme and the LTIP during the year, together with the related weighted average exercise prices.

Excluding the LTIP and Deferred Bonus awards which are exercisable at par/nil value, the weighted average exercise price for options granted during the year was 740.7p (2019: 597.8p).

482,073 options were exercised in 2020 (2019: 315,917), including 51,057 of deferred bonus options (2019: 14,664). The total charge for the year relating to employee share-based payment plans was £3,752,000 (2019: £1,559,000), all of which related to equity-settled share based payment transactions.

	2020		2019	
Share options excluding LTIP	**Number**	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 January	**1,769,698**	**419.2p**	1,421,117	419.2p
Granted	**749,245**	**602.8p**	770,299	602.8p
Forfeited	**(58,429)**	**654.9p**	(125,373)	654.9p
Exercised	**(323,794)**	**243.0p**	(253,718)	243.0p
Cancelled	**(18,176)**	**673.8p**	(42,627)	673.8p
Outstanding at 31 December	**2,118,041**	**548.7p**	1,769,698	548.7p
Exercisable at 31 December	**385,859**	**384.5p**	349,579	263.1p
Exercisable and where market price exceeds exercise price at 31 December	**385,859**	**384.5p**	349,579	263.1p

LTIP awards (options exercisable at par value 1p or nil cost)	**2020 Number**	2019 Number
Outstanding at 1 January	**1,240,962**	1,028,263
Granted	**286,869**	313,429
Expired	**(58,780)**	(45,874)
Exercised	**(107,222)**	(54,856)
Outstanding at 31 December	**1,361,829**	1,240,962
Exercisable at 31 December	**585,442**	421,186

Notes to the consolidated financial statements

for the year ended 31 December 2020

Range of exercise prices	2020 Weighted average exercise price	2020 Number of shares	2020 Weighted average remaining life (years)	2019 Weighted average exercise price	2019 Number of shares	2019 Weighted average remaining life (years)
LTIP:						
Exercisable at par or at nil cost	**8.8p**	**1,361,829**	**6.7**	12p	1,240,962	6.8
Deferred bonus:						
Exercisable at par or at nil cost	**0p**	**394,861**	**6.5**	0p	427,866	6.6
Options:						
50p to 150p	**103p**	**35,459**	**2.9**	129p	111,418	5.6
150p to 250p	**181p**	**22,861**	**2.7**	180p	27,881	3.7
250p to 350p	**284p**	**101,416**	**5.3**	293p	213,955	6.6
350p to 650p	**459p**	**495,566**	**7.5**	628p	1,416,444	8.7
650+p	**754p**	**1,462,739**	**8.8**	–	–	–
		3,874,731			3,438,526	

27, Accumulated losses

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
At 1 January	**(187,695)**	(173,876)	**(125,093)**	(123,077)
Loss for the year	**(6,245)**	(16,066)	**(2,242)**	(2,016)
Share based payments	**3,752**[1]	2,247	**–**	–
Deferred tax on share options	**273**	–	**–**	–
Transfer of share premium related to warrants	**1,218**[2]	–	**1,218**[2]	–
Exercise of nil cost option	**(26)**	–	**(26)**	–
At 31 December	**(188,723)**	(187,695)	**(126,143)**	(125,093)

Note 1 – The credit to accumulated losses is made up out of the charge for the year relating to employee share-based payment plans of £2,363,000 (2019: £1,559,000) (note 25), £1,389,000 (2019: £688,000) related to the vesting of deferred share awards made to executive directors and senior managers.

Note 2 – During the period the Directors reviewed their presentation of share premium and found that the share premium has been overstated following the issue of warrants in the comparative period – to correct this they have transferred £1,218,000 from share premium to retained earnings.

Neither the Company nor its subsidiary undertakings had reserves available for distribution at 31 December 2020 or 31 December 2019.

28, Other reserves

Group	Warrant reserve £'000	Merger reserve £'000	Total £'000
At 1 January 2020	–	2,291	2,291
At 31 December 2020	**–**	**2,291**	**2,291**

Group	Warrant reserve £'000	Merger reserve £'000	Total £'000
At 1 January 2019	1,218	2,291	3,509
Exercise of warrants	(1,218)	–	(1,218)
At 31 December 2019	**–**	**2,291**	**2,291**

Merger reserve

The Group merger reserve at 31 December 2020 and 2019 comprised £711,000 arising from the consolidation of Oxford Biomedica (UK) Ltd using the merger method of accounting in 1996, and £1,580,000 from the application of merger relief to the purchase of Oxxon Therapeutics Limited in 2007.

Warrant reserve

On 28 June 2019 the Group repaid its $55 million (£43.6 million) loan facility with Oaktree Capital Management ("Oaktree") financed through £53.5 million of equity issued to Novo Holdings in May 2019. The loan facility was fully repaid at a cost of £43.6 million plus a redemption fee of £0.9 million which forms part of interest payable within finance costs in the statement of comprehensive income, and the security over the assets of the Group was removed.

Under the Oaktree loan agreement the Company issued 134,351,226 (2,687,024 post consolidation) warrants to Oaktree, equivalent to 4.4% of the enlarged Group's share capital. The warrants were exercisable at the nominal share price of 1p and could be exercised at any time over the following ten years. The warrants were fair valued at £1.2 million net of related expenses and this amount was credited to the warrant reserve. A further 2,661 warrants were issued to Oaktree since then due to equity fundraisings by the Company.

On 18 April 2019, Oaktree exercised its warrants representing 2,689,686 ordinary shares of 50p each for total consideration of £1,344,843. The exercise price of the warrants was 50p per warrant. Upon exercise the warrant reserve was released to share premium.

Company	Warrant reserve £'000	Merger reserve £'000	Share Scheme Reserve £'000	Total £'000
At 1 January 2020	–	1,580	9,492	11,072
Credit in relation to employee share schemes	–	–	5,777[1]	5,777
At 31 December 2020	**–**	**1,580**	**15,269**	**16,849**
At 1 January 2019	1,218	1,580	7,933	10,731
Credit in relation to employee share schemes	(1,218)	–	1,559	341
At 31 December 2019	**–**	**1,580**	**9,492**	**11,072**

Options over the Company's shares have been awarded to employees of Oxford Biomedica (UK) Ltd. In accordance with IFRS 2 'Share-based Payment' the expense in respect of these awards is recognised in the subsidiaries' financial statements (see note 26). In accordance with IFRS 2 the Company has treated the awards as a capital contribution to the subsidiaries, resulting in an increase in the cost of investment of £5,777,000 (2019: £1,559,000) (see note 14) and a corresponding credit to reserves.

Note 1 – In 2020, the Company recognized a £3.4 million increase in its investment in its operating subsidiary Oxford Biomedica (UK) Ltd (refer note 14 of the financial statements) due to equity settled share based payments granted to employees and service providers in subsidiaries. Of the £3.4 million, £2.7million relates to amounts which should have been recognised at 31 December 2019. In addition £700,000 of deferred bonus that was included in the 2019 consolidated balance sheet has been recognised within group equity in the current period. The prior year balance sheet has not been adjusted on the grounds that the Directors do not believe this item is qualitatively material to users of the financial statements, it has no impact on distributable reserves of the Company. The disclosure relating to such share based payment awards is detailed in Note 25.

29, Cash flows from operating activities

Reconciliation of loss before tax to net cash used in operations:

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Continuing operations				
Operating loss	**(5,694)**	(14,467)	**(1,883)**	(1,246)
Adjustment for:				
Depreciation	**9,817**	5,765	**–**	–
Amortisation of intangible assets	**22**	22	**–**	–
Loss on disposal of property plant and equipment	**–**	3	**–**	–
Charge in relation to employee share schemes	**3,289**	2,247	**–**	–
Non-cash loss/(gains)	**831**	1,883	**–**	–
Changes in working capital:				
Increase in trade and other receivables	**(25,893)**	(4,586)	**–**	–
Increase in trade and other payables	**5,419**	2,868	**25**	(55)
(Decrease)/increase in deferred income	**(795)**	1,533	**–**	–
Increase/(decrease) in contract liabilities	**13,410**	(3,634)	**–**	
Increase in provisions	**38**	58	**–**	–
(Increase)/decrease in inventory	**(4,333)**	1,672	**–**	–
Net cash used in operations	**(3,889)**	(6,636)	**(1,858)**	(1,301)

30, Pension commitments

The Group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held in independently administered funds. The pension cost charge of £2,244,000 (2019: £1,769,000) represents amounts payable by the Group to the scheme. Contributions of £308,000 (2019: £253,000), included in accruals, were payable to the scheme at the year-end.

31, Leases

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

Right-of-use assets:

Group	Property £'000	Equipment £'000	IT equipment £'000	Total £'000
Balance at 1 January 2020	10,419	–	142	10,561
Additions	2,670	3,691	–	6,361
Change in estimate	251	–	–	251
Depreciation charge for the period	(1,079)	(249)	(53)	(1,381)
Balance at 31 December 2020	**12,261**	**3,442**	**89**	**15,792**

Lease liabilities:

	31 December 2020 £'000
Maturity analysis – contractual undiscounted cash flows	
Less than one year	5,357
One to five years	5,966
More than five years	7,409
Total undiscounted cash flows at 31 December 2020	**18,732**

Lease liabilities included in the Statement of Financial Position	31 December 2020 £'000
Current	4,475
Non-current	9,370
Total lease liabilities at 31 December 2020	**13,845**

Amounts recognised in the profit or loss	31 December 2020 £'000
2020 – Leases under IFRS 16	
Interest on lease liabilities	874
Expense relating to short term leases	247
2019 – Leases under IFRS 16	
Interest on lease liabilities	654
Expense relating to short term leases	137

Amounts recognised in the statement of cash flows	31 December 2020 £'000
Total cash outflow for leases	**1,151**

32, Contingent liabilities and capital commitments

The Group had commitments of £176,000 for capital expenditure for leasehold improvements, plant and equipment not provided for in the financial statements at 31 December 2020 (2019: £1,946,000).

33, Related party transactions

Identity of related parties

The Group consists of a parent, Oxford Biomedica plc, one wholly-owned trading subsidiary (Oxford Biomedica (UK) Limited), the principal trading company, and two dormant subsidiaries, Oxxon Therapeutics Limited which was acquired and became dormant in 2007 when its assets and trade were transferred to Oxford Biomedica (UK) Limited, and Oxford Biomedica (Ireland) Ltd which was incorporated in 2019 as a wholly owned subsidiary of the parent company. The registered address for the Company and all of its UK subsidiaries is Windrush Court, Transport Way, Oxford OX4 6LT. The registered office of Oxford Biomedica (Ireland) Ltd is Earlsfort Terrace, Dublin 2, DO2 T380, Ireland.

The parent company is responsible for financing and setting Group strategy. Oxford Biomedica (UK) Limited carries out the Group strategy, employs all the UK staff including the Executive Directors, and owns and manages all of the Group's intellectual property. The proceeds from the issue of shares by the parent are passed from Oxford Biomedica plc to Oxford Biomedica (UK) Limited as a loan, and Oxford Biomedica (UK) Limited manages Group funds and makes payments, including the expenses of the parent company.

Company: transactions with subsidiaries	**2020 £'000**	2019 £'000
Purchases:		
Parent company expenses paid by subsidiary	**(1,150)**	(1,413)
Cash management:		
Cash loaned by parent to subsidiary	**15,000**	54,829

The loan from Oxford Biomedica plc to Oxford Biomedica (UK) Limited is unsecured and interest free. The loan is not due for repayment within 12 months of the year end. The year-end balance on the loan was:

Company: year-end balance of loan	**2020 £'000**	2019 £'000
Loan to subsidiary	**262,002**	248,152

The investment in the subsidiary, of which the loan forms part, has been impaired by £126 million (note 14) in previous years.

In addition to the transactions above, options over the Company's shares have been awarded to employees of subsidiary companies. In accordance with IFRS 2, the Company has treated the awards as a capital contribution to the subsidiaries, resulting in a cumulative increase in the cost of investment of £11,855,000 (2019: £9,492,000).

There were no transactions (2019: none) with Oxxon Therapeutics Limited.

Company: transactions with related parties

There is an outstanding balance of £nil (2019: £5,417) owed to Dr. Lorenzo Tallarigo at year end. There were no other outstanding balances in respect of transactions with Directors and connected persons at 31 December 2020 (2019: none). Key person remuneration can be seen in note 5 of the financial statements.

Oxford Biomedica specific terminology

LentiVector® platform

Oxford Biomedica's LentiVector® platform technology is an advanced lentiviral vector based gene delivery system which is designed to overcome the safety and delivery problems associated with earlier generations of vector systems. The technology can stably deliver genes into cells with up to 100% efficiency and can integrate genes into non-dividing cells including neurons in the brain and retinal cells in the eye. In such cell types, studies suggest that gene expression could be maintained indefinitely. The LentiVector® platform technology also has a larger capacity than most other vector systems and can accommodate multiple therapeutic genes.

AXO-Lenti-PD (formerly OXB-102: Parkinson's disease)

Axo-Lenti-PD (formerly OXB-102) is a gene-based treatment for Parkinson's disease, a progressive movement disorder caused by the degeneration of dopamine producing nerve cells in the brain. OXB-102 uses the Company's LentiVector® platform technology to deliver the genes for three enzymes that are required for the synthesis of dopamine. The product is administered locally to the region of the brain called the striatum, converting cells into a replacement dopamine factory within the brain, thus replacing the patient's own lost source of the neurotransmitter.

SAR 422459: Stargardt disease

SAR 422459 is a gene-based therapy for the treatment of Stargardt disease. The disease is caused by a mutation of the ABCR gene which leads to the degeneration of photoreceptors in the retina and vision loss. SAR 422459 uses the Group's LentiVector® platform technology to deliver a corrected version of the ABCR gene. A single administration of the product directly to the retina could provide long term or potentially permanent correction.

SAR 421869: Usher syndrome type 1B

SAR 421869 is a gene-based therapy for the treatment of Usher syndrome 1B. The disease is caused by a mutation of the gene encoding myosin VIIA (MY07A), which leads to progressive retinitis pigmentosa combined with a congenital hearing defect. SAR 421869 intends to address vision loss due to retinitis pigmentosa by using the Group's LentiVector® platform™ technology to deliver a corrected version of the MYO7A gene. A single administration of the product could provide long term or potentially permanent correction.

OXB-302 (CAR-T 5T4): cancer

OXB-302 aims to destroy cancerous cells expressing the 5T4 tumour antigen. It uses the Group's LentiVector® platform™ to deliver a Chimeric Antigen Receptor (CAR) to target the 5T4 tumour antigen expressed on the surface of most solid tumours and some haematological malignancies.

Glossary

Terminology not specific to Oxford Biomedica

Biologics License Application (BLA)

The BLA is a request for permission to introduce or deliver for introduction, a biological product into the US market.

BREEAM

BREEAM (Building Research Establishment Environmental Assessment Method), first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method of assessing, rating, and certifying the sustainability of buildings.

CAR-T therapy

Adoptive transfer of T cells expressing Chimeric Antigen Receptors (CAR) is an anti-cancer therapeutic as CAR modified T cells can be engineered to target virtually any tumour associated antigen.

CDMO (Contract Development and Manufacturing Organisation)

A CDMO is a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through to drug manufacturing.

Cell therapy

Cell therapy is defined as the administration of live whole cells in a patient for the treatment of a disease often in an *ex vivo* setting.

Clinical trials (testing in humans)

Clinical trials involving new drugs are commonly classified into three phases. Each phase of the drug approval process is treated as a separate clinical trial. The drug-development process will normally proceed through the phases over many years. If the drug successfully passes through all phases it may be approved by the regulatory authorities:

— Phase I: screening for safety

— Phase II: establishing the efficacy of the drug, usually against a placebo

— Phase III: final confirmation of safety and efficacy

CMC (Chemistry, Manufacturing and Controls)

To appropriately manufacture a pharmaceutical or biologic product, specific manufacturing processes, product characteristics, and product testing must be defined in order to ensure that the product is safe, effective and consistent between batches. These activities are known as CMC, chemistry, manufacturing and controls.

CTL019

CTL019 is a CAR-T cell therapy for patients with B cell cancers such as acute lymphoblastic leukemia (ALL), B cell non-Hodgkin lymphoma (NHL), adult disease chronic lymphocytic leukemia (CLL) and diffuse large B cell lymphoma.

DLBCL

Diffuse large B-cell lymphoma (DLBCL) is a cancer of B cells, a type of white blood cell responsible for producing antibodies. It is the most common type of non-Hodgkin lymphoma among adults.

DNA

Deoxyribonucleic acid (DNA) is a molecule that carries genetic information.

EMA

European Medicines Agency (EMA) is an agency of the European Union in charge of the evaluation and supervision of medicinal products.

Ex Vivo

Latin term used to describe biological events that take place outside the bodies of living organisms.

FDA

US Food and Drug Administration (FDA) is responsible for protecting the public health by assuring the safety, effectiveness, quality, and security of human and veterinary drugs, vaccines and other biological products, and medical devices.

Gene therapy

Gene therapy is the use of DNA to treat disease by delivering therapeutic DNA into a patient's cells which can be in an *ex vivo* or *in vivo* setting. The most common form of gene therapy involves using DNA that encodes a functional, therapeutic gene to replace a mutated gene. Other forms involve directly correcting a mutation, or using DNA that encodes a therapeutic protein drug to provide treatment.

GxP, GMP, GCP, GLP

GxP is a general term for Good (Anything) Practice. GMP, GCP and GLP are the practices required to conform to guidelines laid down by relevant agencies for manufacturing, clinical and laboratory activities.

In Vitro

Latin term (for within the glass) refers to the technique of performing a given procedure in a controlled environment outside of a living organism.

In Vivo

Latin term used to describe biological events that take place inside the bodies of living organisms.

IP

Intellectual Property (IP) refers to creative work which can be treated as an asset or physical property. Intellectual property rights fall principally into four main areas; copyright, trademarks, design rights and patents.

Lentiviral vectors

Gene delivery vector based on lentiviruses.

MSAT

Manufacturing Science and Technology.

MHRA

Medicines and Healthcare products Regulatory Agency (MHRA) is an executive agency of the Department of Health and Social Care in the United Kingdom which is responsible for ensuring that medicines and medical devices work and are acceptably safe.

Oxford AstraZeneca COVID-19 vaccine

The Oxford AstraZeneca COVID-19 vaccine, formerly known as AZD1222, was co-invented by the University of Oxford and its spin-out company, Vaccitech. The Oxford AstraZeneca COVID-19 vaccine uses a replication-deficient chimpanzee viral vector based on a weakened version of a common cold virus (adenovirus) that causes infections in chimpanzees and contains the genetic material of the SARS-CoV-2 virus spike protein. After vaccination, the surface spike protein is produced, priming the immune system to attack the SARS-CoV-2 virus if it later infects the body.

The Oxford AstraZeneca COVID-19 vaccine has already been granted a conditional marketing authorisation or emergency use by the World Health Organisation (WHO) and by more than 50 countries, spanning four continents including in the EU, a number of Latin American countries, India, Australia, Canada and the UK.

Pre-clinical studies

Pre-clinical studies (also known as non-clinical studies) is the stage of research that takes place before clinical trials can begin during which important feasibility, iterative testing and drug safety data is collected.

r/r paediatric ALL

Relapsed or refractory (r/r) acute lymphoblastic leukaemia (ALL) is a type of cancer in which the bone marrow in children and young adults make too many immature B lymphocytes (a type of white blood cell) that are resistant to treatment.

UK Corporate Governance Code

The UK Corporate Governance Code is published by the UK Financial Reporting Council and sets out standards of good practice in relationship to board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Viral vectors

Are tools commonly based on viruses used by molecular biologists to deliver genetic material into cells.

Definitions of non-GAAP measures

Operating EBITDA

(Earnings before Interest, Tax, Depreciation, Amortisation, revaluation of investments and share base payments) is a non-GAAP measure and is often used as a surrogate for operational Cash flow.

Operating EBIDA

Operating EBIDA is an internal measure used by the Group, defined as Operating EBITDA with the R&D tax credit included.

Gross income

Gross income is the aggregate of Revenue and Other operating income.

Adjusted Operating expenses

Being Operating expenses before Depreciation, Amortisation and Share based payments and the revaluation of investments.

Cash burn

Cash burn is net cash generated from operations plus net interest paid plus capital expenditure.

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