

# Press release

## Oxford Biomedica plc Preliminary results for the year ended 31 December 2020

### Saving Lives

**Oxford, UK – 15 April 2021:** Oxford Biomedica plc (LSE: OXB), (“OXB” or “the Group”), a leading cell and gene therapy group, today announces its preliminary results for the year ended 31 December 2020.

**John Dawson, Chief Executive Officer of Oxford Biomedica, said:**

*“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 the year that 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.”*

### FINANCIAL HIGHLIGHTS

- Total revenues increased by 37% to £87.7 million (2019: Revenue of £64.1 million)
- Bioprocessing and commercial development revenues increased by 45% to £68.5 million (2019: £47.3 million) with double digit growth across both activities, driven by new customers AstraZeneca, Beam Therapeutics and Juno/BMS
- Revenues from licences, milestones & royalties increased to £19.2 million (2019: £16.8 million) due to the recognition of a £7.8 million (\$10 million) licence fee from Juno/BMS as well as other licence fees, milestones and royalties from customers
- Operating expenses<sup>1</sup> increased by less than revenues, growing by 23% in the year to £51.7 million (2019: £41.9 million) aided by the move to the lower cost bioreactor manufacturing process
- Operating EBITDA<sup>2</sup> profit of £7.3 million (2019: £5.2 million loss), marginally above guided range
- Operating loss incurred of £5.7 million (2019: £14.5 million loss)
- The platform segment generated an operating profit of £2.0 million ( 2019: 20.2 million loss) whilst the Product segment made a loss of £7.7 million ( 2019: £5.7 million profit)
- Capital expenditure decreased to £13.4 million (2019: £25.8 million) mainly reflecting the Windrush Court laboratory conversion and equipment purchases and leasehold improvements at Oxbox
- Cash of £46.7 million at 31 December 2020 (2019: £16.2 million) and £65.9 million at 31 March 2021
- 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
- Successful £38.3 million (net) equity fundraise in June 2020 to exploit the growth in the cell and gene therapy market

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 15.

2. Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit & 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 16.

## OPERATIONAL HIGHLIGHTS

### 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) upfront payment 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

### 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

### Novartis partnership

- Collaboration with Novartis continued to strengthen with a sixth vector construct added in the first quarter of 2020, with 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

### 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. The Group expects the impact on revenue will be negligible over the coming 24 month period
- 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

### Facilities and capacity expansion

- By October 2020, 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 new site within the Oxford Business Park

### Corporate Governance and Organisational Progress

- In June, the Group welcomed Dr Roch Doliveux as Non-Executive Chairman, 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 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, the Group announced the appointment of Professor Dame Kay Davies as an Independent Non-Executive Director and Martin Diggle stepped down as a Non-Independent 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

### **Analyst briefing**

Management will be hosting a briefing for analysts via conference call and webcast at 13:00 BST (8:00 ET) on 15 April 2021.

A live webcast of the presentation will be available [via this link](#).

If you would like to dial-in to the call and ask a question during the live Q&A, please [follow this link to register and receive dial-in details](#).

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### **About Oxford Biomedica**

Oxford Biomedica (LSE:OXB) is a leading, fully integrated, cell and gene therapy group focused on developing life changing treatments for serious diseases. Oxford Biomedica and its subsidiaries (the "Group") have built a sector leading lentiviral vector delivery platform (LentiVector®), which the Group leverages to develop in vivo and ex vivo products both in-house and with partners. The Group has created a valuable proprietary portfolio of gene and cell therapy product candidates in the areas of oncology, ophthalmology, CNS disorders and liver diseases. The Group has also entered into a number of partnerships, including with Novartis, Bristol Myers Squibb, Sio Gene Therapies, Orchard Therapeutics, Santen, Beam Therapeutics, Boehringer Ingelheim, the UK Cystic Fibrosis Gene Therapy Consortium and Imperial Innovations, through which it has long-term economic interests in other potential gene and cell therapy products. Additionally the group has signed a 3 year master supply and development agreement with AstraZeneca for large-scale manufacturing of the adenoviral based COVID-19 vaccine, AZD1222. Oxford Biomedica is based across several locations in Oxfordshire, UK and employs more than 670 people. Further information is available at [www.oxb.com](http://www.oxb.com)

## **CHAIRMAN'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.

#### **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 lifesaving 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**

## CHIEF EXECUTIVE OFFICER'S AND 2020 PERFORMANCE REVIEW

### 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.

The Group's number of partner programmes grew by 54% from 13 to 20 in the year, adding Juno/Bristol Myers Squibb and Beam Therapeutics to the list of cell and gene therapy leaders that the Group collaborates 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 Oxford Biomedica 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 Oxford Biomedica will provide Juno Therapeutics access to its new approved manufacturing facility, Oxbox.

#### COVID-19 Vaccine production and Partnership with AstraZeneca

The Group's initial 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 until the end of 2021.

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.

### **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<sup>®</sup>) 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<sup>®</sup> (tisagenlecleucel, formerly CTL019).

Global roll out of Kymriah<sup>®</sup> in both relapsed or refractory B-cell acute lymphoblastic leukaemia (r/r ALL) and relapsed or refractory diffuse large B-cell lymphoma (r/r DLBCL) indications continues at pace with more than 28 countries worldwide having approved reimbursement in at least one indication in over 300 qualified treatment centres. Kymriah<sup>®</sup> continues to build momentum showing 71% growth for the full year 2020 over 2019, with sales of \$474 million.

Indication expansion of Kymriah<sup>®</sup> continued to progress well and in December, Novartis announced positive data from the Phase II ELARA trial of Kymriah<sup>®</sup> 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<sup>®</sup> 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.

### **Beam Therapeutics**

In August, the Group signed a development, manufacture and license 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 license to Oxford Biomedica's LentiVector<sup>®</sup> 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<sup>®</sup> 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 (formally 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.

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 preclinical work on OXB-204 (LCA10) and OXB-103 (ALS) and a new preclinical program, 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 on-going 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, Oxford Biomedica entered into two CAR-T research collaboration, 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 preclinical *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 developments of the Group's proprietary pipeline.

## 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.

## Facilities and Capacity Expansion

Post completion of the building phase of the new 84,000 sqft 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 Groups LentiVector® platform partners and three at 1000L scale for the Oxford AstraZeneca COVID-19 vaccine.

The instalment 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.

## **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 positioning 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 propriety 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 November, 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 the Martin Diggles, 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 Oxford Biomedica 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.

## **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 partners 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**

## 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.

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<sup>1</sup> and operating losses improved by £12.5 million and £8.8 million respectively, with the Group generating an Operating EBITDA<sup>1</sup> profit of £7.3 million and an operating loss of £5.7 million
- The Platform division made an Operating EBITDA 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

1. Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit & 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 16.

## 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. 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<sup>1</sup> 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<sup>1</sup> 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 & loss and the share based payment charge. A reconciliation to GAAP measures is provided on page 16.

## 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).

## Key Financial and Non-Financial Indicators

Key Financial Performance Indicators					
£m	2020	2019	2018	2017	2016
Revenue					
Bioprocessing / commercial development	68.5	47.3	40.5	31.8	22.6
Licences, milestones & royalties	19.2	16.8	26.3	5.8	5.2
Total Revenues	87.7	64.1	66.8	37.6	27.8
Operations					
Operating EBITDA <sup>1</sup>	7.3	(5.2)	13.4	(1.9)	(7.1)
Operating profit/(loss)	(5.7)	(14.5)	13.9	(5.7)	(11.3)
Cash flow					
Cash (used in) / generated from operations	(3.9)	(6.6)	9.2	(1.5)	(5.9)
Capex <sup>2</sup>	13.4	25.8	10.1	2.0	6.4
Cash burn <sup>3</sup>	7.8	26.3	1.9	9.8	11.5

Financing					
Cash	<b>46.7</b>	16.2	32.2	14.3	15.3
Loan	-	-	41.2	36.9	34.4
<b>Non-Financial Key Indicators</b>					
Headcount					
Year-end	<b>673</b>	554	432	321	256
Average	<b>609</b>	500	377	295	247

1. Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit & 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 16.

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 17.

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 17.

## 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
Revenue	<b>87.7</b>	64.1	66.8	37.6	27.8

## Operating EBITDA

£m	2020	2019	2018	2017	2016
Revenue	<b>87.7</b>	64.1	66.8	37.6	27.8
Other income	<b>0.8</b>	0.9	1.1	1.8	3.0
Total expenses	<b>(81.2)</b>	(70.2)	(54.5)	(41.3)	(37.9)
Operating EBITDA <sup>1</sup>	<b>7.3</b>	(5.2)	13.4	(1.9)	(7.1)
Non cash items <sup>2</sup>	<b>(13.0)</b>	(9.3)	0.5	(3.8)	(4.2)
Operating (loss)/profit	<b>(5.7)</b>	(14.5)	13.9	(5.7)	(11.3)

1. Operating EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation, revaluation of investments and assets at fair value through profit & 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 16.

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 16.

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.

£m	2020	2019	2018	2017	2016
Research & development <sup>1</sup>	29.7	22.6	18.0	21.6	24.3
Bioprocessing costs	10.7	7.4	1.2	-	-
Administrative expenses	11.3	11.9	7.4	7.3	6.0
Operating expenses	51.7	41.9	26.6	28.9	30.3
Depreciation	(9.8)	(5.8)	(4.3)	(4.1)	(3.3)
Amortisation	-	-	-	(1.2)	(0.3)
Share option charge	(2.4)	(1.6)	(1.1)	(0.7)	(0.6)
Adjusted operating expenses <sup>2</sup>	39.5	34.5	21.2	22.9	26.1
Cost of sales	41.7	35.7	33.3	18.4	11.8
<b>Total expenses<sup>3</sup></b>	<b>81.2</b>	<b>70.2</b>	<b>54.5</b>	<b>41.3</b>	<b>37.9</b>

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
Raw materials, consumables and other external bioprocessing costs	22.0	22.8	18.3	13.2	9.3
Manpower-related	45.3	35.2	26.7	19.3	17.4
External R&D expenditure	1.4	1.4	1.9	1.7	2.8
Other costs	17.1	12.0	7.6	7.1	8.4
RDEC tax credit	(4.6)	(1.2)	-	-	-
<b>Total expenses</b>	<b>81.2</b>	<b>70.2</b>	<b>54.5</b>	<b>41.3</b>	<b>37.9</b>

- 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 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 tax 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 Governments' large company RDEC tax credit scheme.

## Operating and Net profit/(loss)

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

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 Governments' 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
<b>2020</b>			
Revenue	87.1	0.6	87.7
Operating EBITDA	13.9	(6.6)	7.3
Operating profit/(loss)	2.0	(7.7)	(5.7)
<b>2019</b>			
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 £46.7million cash at 31 December 2020, having begun the year with £16.2 million. Significant movements across the year are explained below.

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

- 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 increased 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 & loss.
- Purchases of property, plant and equipment decreased from £25.8 million to £13.4 million, mainly as a result of 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 & 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 right to use assets recognised upon signing the VMIC equipment lease and 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.

The Company had no provisions at 31 December 2020 or 31 December 2019.

### 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.

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**

## Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	Group	
		2020 Total £'000	2019 Total £'000
<b>Continuing operations</b>			
Revenue		87,728	64,060
Cost of sales		(41,655)	(35,723)
<b>Gross profit</b>		<b>46,073</b>	<b>28,337</b>
Research, development costs		(29,749)	(22,546)
Bioprocessing costs		(10,720)	(7,378)
Administrative expenses		(11,262)	(11,881)
Other operating income		795	884
Change in fair value of asset held at fair value through profit & loss	6	(831)	(1,883)
<b>Operating loss</b>		<b>(5,694)</b>	<b>(14,467)</b>
Finance income		34	104
Finance costs		(912)	(6,526)
<b>Loss before tax</b>		<b>(6,572)</b>	<b>(20,889)</b>
Taxation	3	327	4,823
<b>Loss and total comprehensive expense for the year</b>		<b>(6,245)</b>	<b>(16,066)</b>

There was no other comprehensive income or loss.

The loss for the year is attributable to the owners of the parent.

The notes on pages 24 to 31 form part of this preliminary information.



## Statement of financial position as at 31 December 2020

		Group	
	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		73	95
Property, plant and equipment	5	72,304	61,932
Trade and other receivables		3,605	3,605
Deferred tax assets		-	359
		<b>75,982</b>	<b>65,991</b>
<b>Current assets</b>			
Inventories	7	6,912	2,579
Assets at fair value through profit & loss	6	239	2,719
Trade and other receivables	8	53,926	30,045
Current tax assets		126	5,351
Cash and cash equivalents		46,743	16,243
		<b>107,946</b>	<b>56,937</b>
<b>Current liabilities</b>			
Trade and other payables	9	19,716	14,297
Contract liabilities	10	27,258	13,156
Deferred income	10	1,006	1,006
Lease Liabilities		4,475	482
		<b>52,455</b>	<b>28,941</b>
<b>Net current assets</b>			
		<b>55,491</b>	<b>27,996</b>
<b>Non-current liabilities</b>			
Provisions	11	5,839	5,086
Contract liabilities	10	1,003	1,695
Deferred income	10	2,515	3,310
Lease liabilities		9,370	7,907
Deferred tax liability		-	359
		<b>18,727</b>	<b>18,357</b>
<b>Net assets</b>			
		<b>112,746</b>	<b>75,630</b>
<b>Equity attributable to owners of the parent</b>			
Ordinary share capital		41,161	38,416
Share premium account		258,017	222,618
Other reserves		2,291	2,291
Accumulated losses		(188,723)	(187,695)
<b>Total equity</b>		<b>112,746</b>	<b>75,630</b>

The notes on pages 24 to 31 form part of this preliminary information.

## Statement of cash flows

for the year ended 31 December 2020

	Note	Group	
		2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Cash used in operations	12	(3,889)	(6,636)
Tax credit received		7,005	3,128
Net cash generated from/(used in) operating activities		3,116	(3,508)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(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)
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary share capital		41,060	54,132
Costs of share issues		(1,724)	(769)
Proceeds from the exercise of warrants		-	1,345
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
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>30,500</b>	<b>(16,001)</b>
Cash and cash equivalents at 1 January		16,243	32,244
<b>Cash and cash equivalents at 31 December</b>		<b>46,743</b>	<b>16,243</b>

The notes on pages 24 to 31 form part of this preliminary information.

## Statement of changes in equity attributable to owners of the parent company

for the year ended 31 December 2020

Group	Ordinary shares £'000	Share premium account £'000	Merger reserve £'000	Treasury reserve £'000	Warrants reserve £'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	162	495	-	-	--	-	657
Value of employee services	-	-	-	-	--	2,247	2,247
Issue of shares excluding options	3,875	49,600	-	-	-	-	53,475
Exercise of warrants	1,345	1,218	-	-	(1,218)	-	1,345
Cost of share issues	-	(769)	-	-	-	-	(769)
<b>At 31 December 2019</b>	<b>38,416</b>	<b>222,618</b>	<b>2,291</b>	<b>-</b>	<b>--</b>	<b>(187,695)</b>	<b>75,630</b>
Year ended 31 December 2020:							
Loss for the year	-	-	-	-	--	(6,245)	(6,245)
Total comprehensive income for the year	-	-	-	-	--	(6,245)	(6,245)
Transactions with owners:							
Share options							
Proceeds from shares issued	245	841	-	-	--	(26)	1,060
Value of employee services	-	-	-	-	--	3,752	3,752
Tax on share options	-	-	-	-	--	273	273
Issue of shares excluding options	2,500	37,500	-	-	--	-	40,000
Transfer of share premium related to warrants	-	(1,218)	-	-	--	1,218	-
Cost of share issues	-	(1,724)	-	-	-	-	(1,724)
<b>At 31 December 2020</b>	<b>41,161</b>	<b>258,017</b>	<b>-</b>	<b>-</b>	<b>--</b>	<b>(188,723)</b>	<b>112,746</b>

# NOTES TO THE PRELIMINARY FINANCIAL INFORMATION for the year ended 31 December 2020

## 1 Basis of accounting

This preliminary announcement was approved by the Board of Directors on 15 April 2021.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2020 or 2019 but is derived from those accounts.

Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course.

The auditor has reported on the 2020 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

### 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.

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.

## 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 the 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 areas identified within the collaboration agreements is the 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 during 2021 when the performance obligations were 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 regards 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 regards 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 10). This revenue will be recognised as the batches complete bioprocessing.

### 3 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 credit under the Government's small company scheme.

	2020 £'000	2019 £'000
<b>Current tax</b>		
United Kingdom corporation tax research and development credit	1,140	(5,018)
Overseas taxation	-	-
	<b>1,140</b>	<b>(5,018)</b>
Adjustments in respect of prior periods		
United Kingdom corporation tax research and development credit	(1,467)	473
<b>Current tax</b>	<b>(327)</b>	<b>(4,545)</b>
<b>Deferred tax</b>		
Relating to the origination of timing differences	-	(278)
Adjustments in respect of prior periods	-	-
<b>Deferred tax</b>	<b>(327)</b>	<b>(278)</b>
<b>Taxation Credit</b>	<b>(327)</b>	<b>(4,823)</b>

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.

### 4 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.

## 5 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
<b>Cost</b>						
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)	-	-
Disposals	-	-	-	-	-	-
Change in Estimate	-	-	-	-	251	251
<b>At 31 December 2020</b>	<b>23,331</b>	<b>27,219</b>	<b>9,106</b>	<b>24,606</b>	<b>18,012</b>	<b>102,274</b>
<b>Accumulated depreciation</b>						
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
<b>At 31 December 2020</b>	<b>10,444</b>	<b>3,519</b>	<b>4,610</b>	<b>9,177</b>	<b>2,220</b>	<b>29,970</b>
<b>Net book amount at 31 December 2020</b>	<b>12,887</b>	<b>23,700</b>	<b>4,496</b>	<b>15,429</b>	<b>15,792</b>	<b>72,304</b>

	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Right of use asset £'000	Total £'000
<b>Cost</b>						
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)
<b>At 31 December 2019</b>	<b>21,427</b>	<b>21,908</b>	<b>7,395</b>	<b>20,174</b>	<b>11,400</b>	<b>82,304</b>
<b>Accumulated depreciation</b>						
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)
<b>At 31 December 2019</b>	<b>8,360</b>	<b>1,679</b>	<b>3,054</b>	<b>6,440</b>	<b>839</b>	<b>20,372</b>
<b>Net book amount at 31 December 2019</b>	<b>13,067</b>	<b>20,229</b>	<b>4,341</b>	<b>13,734</b>	<b>10,561</b>	<b>61,932</b>

## 6 Assets at fair value through profit & loss

	2020	2019
	£'000	£'000
<b>Assets at fair value through profit &amp; loss:</b>		
At 1 January	2,719	-
Reclassification of investment at fair value through profit & loss	-	10,966
Additions	874	-
Costs to sell asset at fair value through profit & loss	-	(94)
Sale of shares	(2,523)	(6,270)
Change in fair value of available-for-sale asset	(831)	(1,883)
<b>At 31 December</b>	<b>239</b>	<b>2,719</b>

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).

## 7 Inventories

	2020	2019
	£'000	£'000
Raw Materials	6,912	2,579
<b>Total inventory</b>	<b>6,912</b>	<b>2,579</b>

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.

## 8 Trade and other receivables

	2020	2019
	£'000	£'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
<b>Total trade and other receivables</b>	<b>53,926</b>	<b>30,045</b>

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.

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.

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.

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 regards 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 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 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.

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.

## 9 Trade and other payables

	2020	2019
	£'000	£'000
Trade payables	7,777	7,311
Other taxation and social security	1,585	1,042
Accruals	10,354	5,944
<b>Total trade and other payables</b>	<b>19,716</b>	<b>14,297</b>

## 10 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	0-3	0-5	0-10	Total
	£'000	£'000	£'000	£'000	£'000
<b>Contract liabilities</b>	27,258	50	948	5	28,261
Bioprocessing income	24,327	-	-	-	24,327
Process development income	2,914	-	-	-	2,914
Licence fees and incentives	17	50	948	5	1,020
<b>Deferred income</b>	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: 'Estimates' 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.

## 11 Provisions

	2020	2019
	£'000	£'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	-
<b>At 31 December</b>	<b>5,839</b>	<b>5,086</b>

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.

## 12 Cash flows from operating activities

Reconciliation of loss before tax to net cash used in operations:

	2020	2019
	£'000	£'000
<b>Continuing operations</b>		
Operating loss	(5,694)	(14,467)
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 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
(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
<b>Cash used in operations</b>	<b>(3,889)</b>	<b>(6,636)</b>