OXFORD BIOMEDICA PLC
PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

Oxford, UK – 15 March 2018: Oxford BioMedica plc ("OXB" or "the Group"; LSE: OXB), a leading gene and cell therapy group, today announces preliminary results for the 12 months ended 31 December 2017 and a post-period update.

FINANCIAL HIGHLIGHTS (INCLUDING POST PERIOD END)

- Gross Income[1] increased by 28% to £39.4 million (2016: £30.8 million)
- Operating expenses excluding depreciation and amortisation and share based payments decreased by 12% to £22.9 million (2016: £26.1 million)
- EBITDA loss significantly reduced to £1.9 million (2016: £7.1 million)
- EBIDA (EBITDA adjusted by the R&D tax credit) profit of £0.8 million (2016: £3.4 million loss)
- Operating loss for the period reduced 50% to £5.7 million (2016: £11.3 million)
- Cash outflow before financing activities reduced by £9.2 million to an inflow of £1.0 million (2016: £8.3 million outflow)
- Capital expenditure reduced to £2 million (2016: £6.4 million)
- Debt refinanced on significantly improved terms with $55 million Oaktree Capital facility
- A charge of £3.9 million (2016: Nil) was incurred upon the termination of the Oberland loan facility
- Cash at 31 December 2017 of £14.3 million[2] (2016: £15.3 million)
- Successful £20.5 million (gross) equity Placing to fund further bioprocessing capacity to service anticipated increased demand

(1) Gross Income is the aggregate of revenue (£37.6 million) and other operating income (£1.8 million) (2016: £27.8 million and £3.0 million respectively)

(2) Includes $5m ring fenced under Oaktree agreement

OPERATIONAL HIGHLIGHTS

Leading LentiVector® delivery platform for gene and cell therapy partnerships

- Major commercial supply agreement signed with Novartis for the lentiviral vector to produce CTL019 (tisagenlecleucel, brand name Kymriah™) and additional CAR-T products; over $100 million revenue potential over three years
- $105 million collaboration and licence agreement completed with Bioverativ to access OXB's LentiVector® platform and manufacturing technologies for haemophilia gene therapies
- Lentiviral vector demand is increasing and the Group is in several discussions regarding a range of additional collaborations

Novartis' product Kymriah™

- First ever LentiVector-Enabled™ product approval for the Novartis product Kymriah™ (tisagenlecleucel) in children and young adults with r/r B-cell acute lymphoblastic leukaemia (ALL) in the US
- Kymriah™ sBLA submitted in the USA by Novartis in r/r diffuse large B-cell lymphoma (DLBCL) in adults; product undergoing expedited review under breakthrough designation
- CTL019 European Marketing Authorisation (EMA) Application filed by Novartis for r/r B-cell ALL in children and young adults and for r/r DLBCL in adults

- Primary analysis of results from the pivotal JULIET trial demonstrating that Kymriah™ (tisagenlecleucel) sustained complete responses at six months in adults with r/r DLBCL, a difficult-to-treat cancer
- US FDA Priority Review for Kymriah™ for adults with r/r DLBCL and EMA accelerated assessment for children, young adults with r/r B-cell ALL and adult patients with r/r DLBCL

Progress with proprietary product development

- Partnering discussions ongoing for OXB's in-house priority development programmes, with a planned spin-out legal structure to be established for ocular products
- The Group continued to invest modestly in programmes to maintain momentum and to continue to enhance their value
- Phase I/II clinical study to be initiated shortly for lead in-house programme OXB-102 in Parkinson's disease to further enhance product value

Preparing to service the expected lentiviral vector demand

- Successful facilities inspections completed by US and UK regulators; FDA & MHRA approval granted for lentiviral vector commercial manufacture and supply
- Funds secured and additional premises identified in Oxford for new bioprocessing facility comprising four GMP manufacturing suites, fill finish facilities and warehouse and office space
- £2 million Innovate UK collaboration established to further enhance LentiVector® suspension technology
- £3 million grant awarded by Innovate UK to support the UK's efforts to produce viral vectors and ensure adequate supply to meet future demand.

Board appointment

Dr. Heather Preston appointed to the Group's Board as a Non-Executive Director – see separate announcement issued today.

Commenting on the Group's preliminary results, John Dawson, Oxford BioMedica's Chief Executive Officer, said: *"2017 has been a transformational year for Oxford BioMedica, underlined by the first ever approval of a* LentiVector-Enabled™ *product of Novartis, Kymriah™. This milestone was rapidly followed by a further US filing in an additional oncology indication, and filings for both indications in Europe. Building on our stronger operational and financial foundations, we established a $105 million collaboration with Bioverativ to provide access to our world-leading technology and we are making good progress in our other partnering discussions. In the coming year, we intend to build on this momentum, broadening our portfolio of collaborations and partnering our proprietary programmes. Having established the world-class LentiVector® platform, Oxford BioMedica is delivering on its promise, enabling revolutionary gene and cell therapies for patients around the world."*

Conference call for analysts:
A briefing for analysts will be held at 9.30pm GMT on 15 March 2018 in the Guildhall Room at 85 Gresham Street, London, EC2V 7NQ. There will be a simultaneous live conference call with Q&A and the presentation will be available on the Group's website at www.oxfordbiomedica.co.uk.

Please visit the website approximately 10 minutes before the conference call to download the presentation slides. Conference call details:

Participant dial-in: 0800 376 7922
International dial-in: +44 (0) 207 192 8000
Participant code: 9051999

An audio replay file will be made available shortly afterwards via the Group's website: www.oxfordbiomedica.co.uk

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About Oxford BioMedica

Oxford BioMedica (LSE:OXB) is a leading gene and cell therapy group focused on developing life changing treatments for serious diseases. Oxford BioMedica and its subsidiaries (the "Group") have built a sector leading lentiviral vector delivery platform (LentiVector®), which the Group leverages to develop *in vivo* and *ex vivo* products both in-house and with partners. The Group has created a valuable proprietary portfolio of gene and cell therapy product candidates in the areas of oncology, ophthalmology and CNS disorders. The Group has also entered into a number of partnerships, including with Novartis, Bioverativ, Sanofi, GSK, Orchard Therapeutics, GC LabCell and Immune Design, through which it has long-term economic interests in other potential gene and cell therapy products. Oxford BioMedica is based across several locations in Oxfordshire, UK and employs more than 300 people. Further information is available at www.oxfordbiomedica.co.uk.

Disclaimer

This press release contains "forward-looking statements", including statements about the discovery, development and commercialisation of products. Various risks may cause Oxford BioMedica's actual results to differ materially from those expressed or implied by the forward-looking statements, including adverse results in clinical development programmes; failure to obtain patent protection for inventions; commercial limitations imposed by patents owned or controlled by third parties; dependence upon strategic alliance partners to develop and commercialise products and services; difficulties or delays in obtaining regulatory approvals and services resulting from development efforts; the requirement for substantial funding to conduct research and development and to expand commercialisation activities; and product initiatives by competitors. As a result of these factors, prospective investors are cautioned not to rely on any forward-looking statements. Oxford BioMedica disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CHAIRMAN'S STATEMENT

Strategic progress

During 2017 Oxford BioMedica made impressive progress, and this momentum is continuing in the current year. With the gene and cell therapy market rapidly transforming into a multi-billion dollar opportunity, the Group's refined strategy that I laid out in last year's Annual Report is delivering significant shareholder value and we expect this to continue.

Oxford BioMedica's world-class LentiVector® platform enables the development of revolutionary gene and cell therapy products, both for partners and as the foundations of the Group's in-house priority programmes. Providing partners with access to Oxford BioMedica's world-class technologies, intellectual property and know-how generates upfront licensing fees, complemented by long-term economic interests, including royalties on sales, in partners' products.

This strategic approach balances the risk and rewards associated with bringing next generation therapies to market, while allowing the Group to invest in its platform and develop new product concepts for future clinical development. In addition, providing partners with access to the Group's state-of-the-art bioprocessing capabilities generates significant ongoing income from process development and lentiviral vector production. Following the approval of the potential block-buster CAR-T product of Novartis, Kymriah™ (tisagenlecleucel; formerly CTL019), the Group now generates revenues as the sole commercial manufacturer of the lentiviral vector that encodes the product, as well as receiving sales-based royalties.

The approval of Kymriah™ represents a strategic milestone for the Group, with its LentiVector® platform being used commercially in order to treat patients. The widely acknowledged success of this first LentiVector-Enabled™ product has facilitated additional partnering opportunities with the Group in discussion with several potential partners. Capitalising on this momentum, Oxford BioMedica recently established a major strategic collaboration with Bioverativ in haemophilia gene therapy, and has attracted a number of additional potential partners for its in-house development programmes.

Operational delivery

Underpinning the Group's strategic progress is the day-to-day operational delivery of the Oxford BioMedica team. The team made important contributions to Novartis' tisagenlecleucel regulatory filings, preparing Chemistry, Manufacturing and Control elements of the dossiers and successfully navigating inspections from the MHRA from the UK and the FDA from the US. In parallel, the team continued to make good progress in its work with the Group's other partners, including Orchard Therapeutics, Immune Design and GC LabCell.

The Group's operational progress extends to its in-house priority development programmes, OXB-102 (for Parkinson's disease), OXB-202 (for corneal graft rejection) and OXB-302 (for cancer). The Group is the final preparations for the OXB-102 programme to move into clinical studies. Additionally, it is planning to establish a legal structure to facilitate the spin-out of its ocular products while retaining a financial interest in their potential upside. The Group has continued to invest modestly in programmes to maintain momentum and to continue to enhance their value. The lead priority programme, OXB-102, has the greatest potential value to the Group, as indicated by expressions of interest in this asset, and therefore, as previously indicated prior to the announcement of the Placing, the Board has authorised the initiation of the product's first-in-human clinical study. This decision reflects Oxford BioMedica's increasing financial strength and the potential upside value created by future clinical progress.

Facilities development

The Group completed a major facilities expansion programme in 2016, providing additional state-of-the-art production suites and laboratories. These have enabled Oxford BioMedica to meet the needs of its partners, while also providing capacity to further develop the LentiVector® platform, such as through the Innovate UK collaboration that is working to enhance the Group's proprietary suspension technology. With recognition of Oxford BioMedica's leading position in the design, development and production of lentiviral vectors continuing to grow, the Board recently authorised a further expansion of the Group's capacity. This is designed to accommodate additional partners and support ongoing technology development. The new expansion is advancing at pace, with additional premises identified close to the Group's Oxford headquarters, and facilities design underway, together with catalytic grant

funding from Innovate UK and the proceeds of the £20.5 million (gross) equity Placing announced on 9 March 2018.

Financial progress

Oxford BioMedica is building a strong commercial business and is in good financial health. With the ongoing success of the collaboration with Novartis, and the Group's wider portfolio of strategic partnerships, the Board is able to maximise shareholder value by targeting our investment across the Group – the platform, our facilities and modestly in our products. Following the launch of Novartis' Kymriah™ in September 2017, the Group will now be adding sales-based royalty payments to its revenue streams. These are complemented by commercial production revenue under a new Novartis commercial supply agreement, which has the potential to deliver over $100 million in the coming three years, excluding sales-related royalties due to the Group. Recently, the Group built on this progress, adding a further major agreement to its portfolio. This new partnership with Bioverativ also has the potential to generate in excess of $100 million across two haemophilia programmes, in addition to royalties on product sales.

With its business strengthening significantly throughout 2017, the Group took measures to leverage its increasing financial strength. In June, the Group refinanced its debt facility on greatly improved terms. Recently, it completed a £20.5 million (gross) equity Placing with a range of new and existing institutional investors from both the US and the UK, to fund further facilities expansion to cater for the rapidly growing demand for Oxford BioMedica's unique capabilities involving lentiviral vector development, scale-up, analytics, access to intellectual property and commercial GMP bioprocessing capabilities.

Organisation and Board

I am pleased to welcome Dr. Heather Preston to the Group's Board as a Non-Executive Director. Heather is a highly experienced advisor, investor and Board member at many life science companies both in the US and Europe. She is currently a Partner and Managing Director of TPG Biotech, has previously worked at JP Morgan Partners and prior to that she led the pharmaceutical and medical products consulting practice at McKinsey & Co. in New York.

Peter Nolan is retiring from his role as Chief Business Officer having worked with the Group since 1996. Peter will step down from the Board, which he joined in 2002, after the Group's Annual General Meeting in 2018. I would like to thank Peter for his services to Oxford BioMedica since 1996 and I am pleased to say that he will continue to be a Consultant to the Group.

Finally, I would like to thank Tim Watts who retired as Chief Financial Officer in September having made a significant contribution to the business over the past five years. At the same time we warmly welcomed his successor, Stuart Paynter, who brings extensive experience of the biotechnology and pharmaceutical industry, most recently from his time at Shire Pharmaceuticals.

The past year has been a period of intense activity for the Group, and I wish to thank the whole team for their dedication and hard work. The recent transition to commercial supply under the new Novartis agreement, and the addition of further partners, has led to significant growth in the quality and production teams, and a further increase in headcount is anticipated as part of the future facilities expansion programme. To support the increased activities of the Group, the Senior Management Team has been augmented with the appointment of Lisa Giles as Chief Project & Development Officer, Helen Stephenson-Ellis as Chief People Officer and Nick Page as Chief Operations Officer. All the new personnel will be in place by 3 April. I would also like to take the opportunity to welcome the new apprentices who joined Oxford BioMedica in January 2018. This apprenticeship programme is part of Group's collaboration with the Government and other life science organisations to help develop the sector's next generation of workers.

Outlook

2017 has been a period of significant progress for Oxford BioMedica. The Group's strategy is delivering significant shareholder value and the Board has confidence in the coming year. With further approvals anticipated for the Novartis product tisagenlecleucel, and the roll out of the product in Europe and the US, Oxford BioMedica is well positioned to drive revenue growth from its sole supply of the product's lentiviral vector, in addition to sales-based royalties. Additionally, I expect continued progress in the Group's wider portfolio of collaborations, including with new partner Bioverativ, and I look forward to the

spin-out or out-licensing of in-house priority programmes. I believe 2018 will be another important year for Oxford BioMedica, as the Group continues to strengthen its position as one the world's leading gene and cell therapy companies.

Dr Lorenzo Tallarigo
Chairman

CHIEF EXECUTIVE'S REVIEW

Delivering on our promise
Oxford BioMedica has been resolutely focused on developing revolutionary gene and cell therapies to benefit patients around the world. Pioneering a new field of medicine is challenging, but the promise of life-changing treatments for serious diseases, potentially from a single administration, has sustained Oxford BioMedica and given birth to a highly-innovative new sector of the life sciences industry. The Group has played a crucial role in enabling this new generation of therapies to become a reality. As a world leader in this space, the Group is now in a strong position to deliver value to both patients and shareholders.

Oxford BioMedica was the first organisation ever to administer an *in vivo* lentiviral vector into patients. In September 2017, the first ever product featuring our LentiVector-Enabled™ technology was launched following the FDA's approval of the Novartis product, Kymriah™ (tisagenlecleucel). With a series of subsequent filings, in an additional oncology indication in the US and for both indications in Europe, this breakthrough product is demonstrating the potential of this new class of therapies. This ongoing success is highlighting the value of Oxford BioMedica's world-leading LentiVector® technology and its role in enabling these revolutionary products.

Building a successful gene and cell therapy business
With gene and cell therapies built on vectors specifically designed to encode and deliver their therapeutic payload, Oxford BioMedica's lentiviral vector technology is becoming increasingly recognised as the industry leader. As we outlined in our 2016 Annual Report, our business is built on three strategic pillars, each leveraging our LentiVector® platform.

- Partnering: by providing strategic partners access to our unique lentiviral vector design, development and production capabilities we generate immediate and ongoing revenues, as well as longer-term royalties on future product sales.

- In-house development: we are progressing an in-house portfolio of LentiVector-Enabled™ gene and cell therapy candidates prior to out-licensing or spin-out. This enables us to reduce the risk and cost associated with later stage clinical development, while retaining significant economic interest in the products and the potential to generate process development and production revenues.

- Technology licensing: by providing partners access to our proprietary lentiviral vector technologies, such as patented safety features and manufacturing efficiency processes, we generate licensing fees and royalties on future product sales.

A year of progress
During the last year we made good progress in each area of our business. Our work with Novartis has continued to drive strong revenue growth, both from our substantial contributions to regulatory filings for Kymriah™ and from our commercial-scale bioprocessing for the product's launch. During 2017, the FDA and MHRA undertook inspections of our facilities, and we subsequently received formal approval for lentiviral vector commercial supply, underpinning our role as sole supplier of the vector encoding Kymriah™, and supporting our work with other partners.

With our state-of-the-art laboratories and bioprocessing suites fully operational throughout 2017, and at near capacity for much of the year, our revenues increased significantly to £39.4 million, growing 28% compared with 2016, itself a record year. This high level of utilisation reflects the increasing level of activity from our growing roster of partners, as well as our ongoing technology development work to

retain our lead in the gene and cell therapy field. During the year, both areas achieved notable successes. On 14 February 2018, we completed a major partnership agreement with Bioverativ to advance lentiviral vector-based haemophilia gene therapies. In addition to an upfront technology access payment of $5 million, the partnership has the potential to generate over $100 million in milestone payments, as well as process development and bioprocessing revenues and a royalty on net sales of products. In August, we established a £2 million two-year collaboration co-funded by the UK government's innovation agency, Innovate UK. The partnership will apply novel technologies to further enhance our bioreactor suspension production process. In addition, on 23 January 2018, we received a £3 million grant by Innovate UK to help address the current and predicted shortfall in the UK to produce viral vectors.

Our in-house programmes also progressed during the year. We completed preparations for OXB-102 to move into the clinic, and are in active discussions with a number of third-parties to out-license or spin-out the products. This will allow us to focus on developing new candidates for partnering while reducing the risk and cost of later-stage development. As part of this strategy, we have taken the step to move our lead programme, OXB-102 for Parkinson's disease, into initial clinical development. This relatively modest investment leverages the growing financial strength of the business while adding significant additional value to the product as it progresses towards the clinic.

As a result of the industry's growing recognition of our lentiviral vector design, development and production expertise, we are rapidly filling the capacity in our current facilities. Consequently, we identified a large vacant facility near our Windrush Court headquarters to allow further expansion. Subject to agreeing a lease, over the coming 18 months we intend to fit out two GMP 200 litre production suites, a fill-finish facility and warehouse, effectively doubling our existing facilities. To fund this expansion plan that will service the rapidly growing global demand for lentiviral vectors, we recently raised £20.5 million (gross) through an equity Placing with a number of leading institutional investors.

An exciting future

The past year has been a period of great transformation for Oxford BioMedica. The first LentiVector-Enabled™ product came to market and our revenues are growing strongly. With the success of our Novartis collaboration and the signing of the Bioverativ agreement further validating our technology and wider capabilities, 2018 promises to be another exciting year of progress. We look forward to further potential approvals and launches of the Novartis product tisagenlecleucel, as well as initiating work under our new Bioverativ partnership and advancing our ongoing collaborations with Orchard Therapeutics, GC LabCell and Immune Design. With demand growing for our proprietary lentiviral vector technology we plan to further expand our portfolio of strategic collaborations and conclude discussions with potential partners for our in-house development programmes. Our position in the sector is now firmly established, and we look forward to enjoying our role for patients and shareholders as a world-leading gene and cell therapy business.

John Dawson
Chief Executive Officer

OPERATIONAL REVIEW

Novartis collaboration

In August 2017, Oxford BioMedica's lead collaboration achieved a major milestone when the Novartis chimeric antigen receptor T cell (CAR-T) therapy Kymriah™ (tisagenlecleucel; formerly CTL-019) received the first ever approval for a LentiVector-Enabled™ product.

Regulatory progress

In early 2017, Novartis filed a Biologics License Application (BLA) for tisagenlecleucel with the United States Food and Drug Administration (FDA) for the treatment of paediatric and young adult patients with relapsed or refractory (r/r) B-cell acute lymphoblastic leukaemia (ALL). At the end of August and earlier than expected, the FDA approved the product following a unanimous positive vote by its Oncologic Drugs Advisory Committee.

At the end of October Novartis filed a supplemental BLA for tisagenlecleucel for the treatment of adults with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are ineligible for autologous

stem cell transplant (ASCT). The filing was based on positive results achieved in the global, multi-centre Phase II JULIET trial, and in December the study investigators presented follow-up data showing that complete responses were sustained six months after treatment in this difficult to treat cancer. Earlier in the year, Kymriah™ received Breakthrough Therapy designation from the FDA, which has the potential to expedite the FDA review process. As a result, approval of the product's second indication is anticipated in the coming weeks.

Novartis plans to roll out the product beyond the United States, and a week after its second filing with the FDA, it submitted a Marketing Authorisation Application to the European Medicines Agency. The application covers the treatment of both r/r B-cell ALL in children and young adults and r/r DLBCL in adults ineligible for ASCT. In January 2018, Novartis received US FDA Priority Review for Kymriah™ for adults with r/r DLBCL and EMA accelerated assessment for children, young adults with r/r B-cell ALL and adult patients with r/r DLBCL. Novartis plans further regulatory filings in a number of additional countries in 2018.

As the sole manufacturer of the lentiviral vector that encodes tisagenlecleucel, Oxford BioMedica played a key role in the US and European filings. Oxford BioMedica made significant contributions to the Chemistry, Manufacturing and Controls (CMC) components of the regulatory dossiers, in addition to manufacturing the validation batches required for regulatory approval.

Commercial supply agreement
Under the 2014 collaboration and clinical supply agreement with Novartis, Oxford BioMedica successfully supplied the investigational lentiviral vector encoding tisagenlecleucel during the product's development. In anticipation of approval and launch, the companies established a major commercial supply agreement in July 2017. Under the terms of the three-year agreement, which is extendable for a further two years, Oxford BioMedica has the potential to receive over $100 million. This includes a $10 million upfront payment and revenues for development services and supply of lentiviral vectors used to generate tisagenlecleucel and a second CAR-T product currently in development. In addition, Oxford BioMedica will receive royalty payments on commercial sales of all CAR-T related products in the Novartis pipeline.

Bioverativ partnership
The ongoing success of our partnership with Novartis, culminating in the first ever approval of a CAR-T therapy, has significantly raised the profile of Oxford BioMedica's LentiVector® platform. Building on this momentum, we recently completed a collaboration and licence agreement with haemophilia specialist, Bioverativ. The agreement provides Bioverativ with access to Oxford BioMedica's lentiviral vector technology and covers the development and manufacturing of lentiviral vectors for use in the treatment of haemophilia A and B. Under the terms of the agreement, Oxford BioMedica has the potential to receive over $100 million, with a $5 million upfront payment and royalties on future product sales.

Partnership portfolio
During the year we also made progress in our wider portfolio of partnerships.

- Orchard Therapeutics: we established our collaboration with Orchard Therapeutics in November 2016, focusing on the development of autologous *ex vivo* lentiviral gene therapies for primary immune deficiencies and inherited metabolic disorders. Orchard Therapeutics is responsible for the clinical development and commercialisation of the products. During 2017 we advanced the development of lentiviral vectors designed to encode the gene therapies for ADA-SCID (OTL-101) and MPS-IIIA (OTL-201). It is anticipated that Orchard will file a BLA for OTL-101 during the second half of 2018.

- Immune Design: we continue to progress our expanded collaboration with Immune Design, which is focused on the use of lentiviral vector-based gene therapies for the treatment and prevention of cancer. The lead programme targeting soft tissue sarcoma and other NY-ESO-1 expressing tumours is currently undergoing progress towards Phase III clinical testing.

- GC LabCell: our collaboration brings together Oxford BioMedica's proven LentiVector® platform with GC LabCell's natural killer (NK) cell technology as part of our strategy to develop a pipeline of next generation product candidates. The 50:50 partnership is focused on the discovery and

early-stage development of gene modified NK cell-based therapies targeting life-threatening diseases, such as cancer, and during the year we advanced a number of product concepts.

In-house product development

Following the Group's refined product development strategy laid out in its 2016 Annual report, we initiated discussions with a number of third-parties to advance our priority in-house product candidates into clinical development. By out-licensing or spinning-out the products into special purpose vehicles, Oxford BioMedica has the potential to benefit from upfront fees or equity stakes, vector development and bioprocessing revenues, milestone payments and sales-based royalties, while reducing the risk and cost of in-house clinical development.

We modestly invested in our most advanced in-house programme by progressing OXB-102 for Parkinson's disease towards the clinic. During 2017, we completed manufacture of clinical trial materials for the study, and started working on preparing trial centres in Cambridge and London. The first patient is likely to receive the novel gene therapy in late H1 2018 and we anticipate data from the cohort one part of the study within one year. The modest investment required to conduct this Phase I/II study leverages the significant preparations already in place and Oxford BioMedica's growing financial strength. Following earlier encouraging proof-of-concept results, we anticipate that clinical progress will add significantly to the programme's value.

To facilitate the spin-out of our in-house ocular assets, we are looking to establish a dedicated legal structure sometime during 2018. This will encompass our priority programme OXB-202, which targets corneal graft rejection, as well as OXB-201 for wet age-related macular degeneration. We are currently in discussions to launch the spin-out, and are exploring a number of sources of potential financing including venture capital funding.

The Group will continue to invest in the identification and early stage development of novel gene and cell therapy products based on the LentiVector® gene delivery platform. This approach is designed to provide an ongoing pipeline of next generation product candidates while also generating new intellectual property to maintain Oxford BioMedica's leadership position in the gene and cell therapy field. Where appropriate, the Group would also consider in-licensing suitable targets and technologies.

LentiVector® platform development

Oxford BioMedica's business is underpinned by its world-leading lentiviral vector technology, development expertise, manufacturing capabilities and intellectual property. Together, these comprise the LentiVector® platform. During the year, we continued to refine and enhance the platform as part of the continuous development programme designed to retain our leading position in the field of LentiVector-Enabled™ gene and cell therapy.

- Regulatory approvals: during the first half of 2017 the FDA completed a pre-licence inspection of our facilities and systems as part of the BLA review process for the Novartis product Kymriah™. In the second half of the year, the UK regulatory authority, the MHRA, granted Oxford BioMedica a Manufacturer / Importer Licence for the commercial production and supply of lentiviral vectors following a successful inspection of our facilities.

- Next generation bioprocessing: we recently began the transition from manual, labour-intensive cell factory bioprocessing to our next generation single-use bioreactor system at 200L scale for lentiviral vector supply. This represents a production step change, providing major increases in capacity and efficiency and significantly reducing cost of goods. In parallel we introduced the use of our proprietary TRiP system, which significantly enhances production yields for a range of vectors, including those based on lentiviruses. These novel systems are now established at development scale for use in partners' and internal programmes. Additionally, our TRiP system has significant licensing potential as the gene and cell therapy field continues to expand.

- Innovate UK collaboration: in August 2017 we established a £2 million collaboration with a number of partners, partly funded by the UK government innovation agency, Innovate UK. The two-year collaboration will apply novel control and operating technologies to Oxford BioMedica's industrial-scale bioreactor production system to further enhance productivity. In

January 2018, we received an award of a £3 million grant by Innovate UK to support the UK's efforts to produce viral vectors and ensure adequate supply to meet future demand.

- Facilities expansion: with the ongoing success of our collaboration with Novartis, our expanding portfolio of partnerships and our in-house platform development activities, the facilities expansion we completed in 2016 is now running close to full capacity. As global demand for lentiviral vectors and for our expertise continues to increase, we recently took the decision to initiate a programme of further expansion to ensure sufficient future capacity. We have identified an 84,000ft^2 (7,800m^2) site on the Oxford Business Park close to our Windrush Court headquarters. Initially, we plan to fit the site out and bring 45,000ft^2 (4,200m^2) on line by the third quarter of 2019, with the option to further develop the site. This first stage of expansion will include two GMP suites each containing a 200 litre bioreactor (upgradable to larger bioreactors when required), complemented by a fill-finish facility and warehousing. In addition to meeting future capacity requirements, the new site will eliminate the need for external warehousing.

Organisational development
During 2017, Oxford BioMedica continued to develop its organisation in line with its expanding partnership activities and in-house development work. As part of the transition to commercial lentiviral vector production and supply and significant contributions to Novartis' tisagenlecleucel regulatory filings, the organisation maintained a strong focus on its quality processes, and expanded both its quality and regulatory teams.

During the year, we also introduced a new apprentice scheme. Working with Government and other life sciences organisations, the scheme is designed to train and develop the next generation of workers, further expanding the sector's skills base. Our first apprentices joined the Group in January 2018, and we anticipate expanding the programme in the coming years.

Promising outlook
The past year has been a period of major accomplishments for Oxford BioMedica, and we look forward to continuing this progress in 2018. With the launch of tisagenlecleucel anticipated in Europe and in a further indication in the US, we look forward to delivering under our commercial supply agreement with Novartis, growing our production revenues and generating sales-based royalties. With the sector increasingly recognising our LentiVector® platform as the world leader, we intend to leverage this position to further develop our business. With discussions ongoing with a number of organisations we hope to add to our strategic collaborations and to progress our in-house ocular and cancer programmes into the clinic with third-party funding. We also look forward to adding value to our in-house Parkinson's disease therapy as we move towards a Phase I/II study.

Our business is truly LentiVector-Enabled™. Our unique platform of lentiviral vector technologies, expertise, intellectual property and facilities is enabling the development of revolutionary therapies for patients with devastating diseases. With our strategic partnerships underpinning our business, and our in-house development work enhancing our capabilities, Oxford BioMedica is poised to enjoy its position as a patient-focused, world-class gene and cell therapy business.

FINANCIAL REVIEW

2017 has continued the financial transformation of the Group discussed in the 2015 & 2016 financial reviews. Selected highlights are as follows:

- Gross income increased by 28% over 2016 and has now increased by 168% since 2014,

- The journey towards profitability continued with EBITDA losses pared back from £7.1 million in 2016 to £1.9 million in 2017,

- "EBIDA" losses (EBITDA adjusted by the R&D tax credit) were reduced from £3.4 million to a profit of £0.8 million in 2017,

- The Partnering segment made an EBITDA profit of £2.9 million and an operating profit of £0.2 million.

The growth in gross income was driven by increased bioprocessing clinical batch orders for Novartis and Orchard Therapeutics. Our new bioprocessing and laboratory facilities came online during 2016, driving volume and revenue growth. This growth continued during 2017 with 2 out of the 3 bioprocessing facilities running continuously during the year and the 3rd increasing production over 2016.

Whilst gross income grew by 28%, our operating costs, including Cost of Sales, grew by only 13% and by only 9% when depreciation, amortisation and share option payments are excluded. Manpower, materials and subcontracted costs have increased to meet increasing demand and future plans for growth. Headcount rose from 256 at December 2016 to 318 at the end of 2017.

Revenue growth to date has been largely driven by our relationship with Novartis. The deal with Bioverativ, as well as the continued growth of business with new and existing customers (such as Orchard Therapeutics), are expected to be the key growth drivers for the Group in the short to medium term.

We are continuing our stated strategy of developing our proprietary products whilst minimising our expenditure and risk by seeking partnerships for later stage clinical studies. We will continue to assess the financial risk/reward profile of these projects and will seek to provide maximal returns to shareholders accordingly.

In June, the Group was able to re-finance its existing Oberland loan facility with a new $55 million facility with Oaktree Capital Management. The new facility provides for increased funding together with a lower financing cost. $50 million of the facility was drawn down in June and the remaining $5 million of the loan facility was drawn down in July 2017.

Key Financial Indicators

£m	2017	2016	2015	2014
Gross income				
Bioprocessing/commercial development	**32.6**	24	12.4	7.2
Licences, incentives, grants	**6.8**	6.8	6.4	7.5
	39.4	30.8	18.8	14.7
Operations				
EBITDA[1]	**(1.9)**	(7.1)	(12.1)	(9.3)
EBIDA[2]	**0.8**	(3.4)	(8.1)	(7.2)
Operating loss	**(5.7)**	(11.3)	(14.1)	(10.6)
Cash flow				
Cash used in operations	**1.5**	5.9	14.9	7.4
Capex	**2.0**	6.5	16.7	5.6
Cash burn	**9.8**	11.5	29.8	11.6
Normalised cash burn[3]	**3.0**	11.5	29.8	11.6
Financing				
Cash	**14.3**	15.3	9.4	14.2
Loan	**36.9**	34.4	27.3	1.0
Headcount				
Year end	**321**	256	231	134
Average	**295**	247	196	113

1 EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation 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.

[2] EBIDA is an internal measure used by the Group, defined as EBITDA with the R&D tax credit included. The Board refers to EBIDA periodically as the R&D tax credit is, in essence, a subsidy or grant which offsets the Group's R&D expenditure.

[3] Cash burn after excluding accrued interest and early repayment charges paid due to termination of Oberland facility.

The Group evaluates its performance by making use of a number of alternative performance measures as part of its Key Performance Indicators (refer table above). These are non-GAAP measures which the Group believes provide the most accurate reflection of the Group's performance over time.

Gross income

Gross income increased to £39.4 million providing 28% growth as compared to 2016 (£30.8 million). Revenues generated from bioprocessing/commercial development increased by 36% to £32.6 million (from £24 million in 2016), and is up 353% since 2014. The main contributor to growth has been the revenues generated from increased bioprocessing clinical batch orders for Novartis and Orchard Therapeutics.

The £6.8 million income generated from license upfront payments, performance incentives and grants has remained broadly constant over the past four years (2016 £6.8 million) despite comprising individual items which are lumpy by nature.

Although a substantial portion of the gross income continues to be derived from our relationship with Novartis, revenue generated from the partnerships with Orchard Therapeutics as well as other customers, is growing substantially as a portion of the overall total.

£m	2017	2016	2015	2014
Revenue	**37.6**	27.8	15.9	13.6
Other operating income	**1.8**	3.0	2.9	1.1
Gross income	**39.4**	30.8	18.8	14.7

EBITDA/EBIDA

£m	2017	2016	2015	2014
Gross income	**39.4**	30.8	18.8	14.7
Cost of sales	**(18.4)**	(11.8)	(5.8)	(4.4)
Operating expenses[1]	**(22.9)**	(26.1)	(25.1)	(19.6)
Total expenses	**(41.3)**	(37.9)	(30.9)	(24.0)
EBITDA[2]	**(1.9)**	(7.1)	(12.1)	(9.3)
Depreciation, amortisation, share option charge and gain on revaluation of investments	**(3.8)**	(4.2)	(2.0)	(1.3)
Operating loss	**(5.7)**	(11.3)	(14.1)	(10.6)

[1] Research, development, bioprocessing and administrative expenses excluding depreciation, amortisation and share option charge.

[2] EBITDA (Earnings Before Interest, Tax, Depreciation, Amortisation 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.

The 36% increase in income generated from bioprocessing/commercial development was only partly offset by a 9% growth in our cost base from £37.9 million in 2016 to £41.3 million in 2017. These 2 factors lead to great progress being made in reducing the EBITDA loss from £7.1 million in 2016 to £1.9 million in 2017.

£m	2017	2016	2015

Raw materials, consumables and other external bioprocessing costs	**13.2**	9.3	6.1
Manpower-related	**19.3**	17.4	13.6
External R&D expenditure	**1.7**	2.8	3.0
Other costs	**7.1**	8.4	8.2
Total expenses	**41.3**	37.9	30.9

- Raw materials, consumables and other external bioprocessing costs have increased as a result of the increase in bioprocessing and commercial development revenues,

- The increase in manpower-related costs is due to the increase in the average headcount from 247 in 2016 to 295 in 2017. Again, this is as a result of the increased bioprocessing and commercial development activities,

- External R&D expenditure decreased with the strategy of only developing our proprietary products and minimising our expenditure on clinical stage projects,

- Other costs decreased as we exited the Medawar laboratories at the end of October 2016 with the costs of running that facility not incurred in 2017.

£m	**2017**	**2016**	**2015**	**2014**
EBITDA	**(1.9)**	(7.1)	(12.1)	(9.3)
R&D tax credit	**2.7**	3.7	4.0	2.1
EBIDA[1]	**0.8**	(3.4)	(8.1)	(7.2)

[1] EBIDA is an internal measure used by the Group, defined as EBITDA with the R&D tax credit included. The Board refers to EBIDA periodically as the R&D tax credit is, in essence, a subsidy or grant which offsets the Group's R&D expenditure.

Due to the reduction in EBITDA losses, EBIDA has improved from a loss of £3.4 million in 2016 to profit of £0.8 million in 2017.

Operating loss and net loss

£m	**2017**	**2016**	**2015**	**2014**
EBITDA	**(1.9)**	(7.1)	(12.1)	(9.3)
Depreciation, amortisation and share option charge	**(6.1)**	(4.2)	(2.0)	(1.3)
Revaluation of investments	**2.3**	-	-	-
Operating loss	**(5.7)**	(11.3)	(14.1)	(10.6)
Interest	**(9.3)**	(4.9)	(1.9)	(0.2)
R&D tax credit	**2.7**	3.7	4.0	2.1
Foreign exchange revaluation (non-cash)	**3.3**	(4.1)	(1.0)	-
Net loss	**(9.0)**	(16.6)	(13.0)	(8.7)

The operating loss in 2017 was £5.7million, compared with £11.3 million in 2016. 2017 saw a higher charge for depreciation, amortisation and share option charge (£6.1 million in 2017 compared with £4.2 million in 2016). During 2016 the new facilities entered operation thereby triggering the start of the depreciation charge on much of the £26 million capacity expansion programme that took place between October 2014 and June 2016. In 2017 we saw the full year impact of this depreciation.

The £2.3 million gain on revaluation of investments has arisen from the revaluation of the equity investment in Orchard Therapeutics which was acquired as an upfront receipt at the time the license agreement was signed in 2016.

Amortisation in 2017 includes a £1.0 million impairment charge to account for the write down of the Prime Boost technology and poxvirus patent intangible asset after Bavarian Nordic's Prostvac product failed its phase III study.

The interest charge on our US$ loan facility was significantly higher at £9.3 million in 2017 compared with £4.9 million in 2016 due to a combination of the cost of termination of the Oberland facility, and the higher interest charge on the increased value of the new Oaktree facility.

The R&D tax credit in 2017 was lower than 2016 due to a lower level of qualifying R&D expenditure. The tax credit results from a UK Government scheme which supports R&D expenditure in the UK. The net loss in 2017 benefitted from the revaluation in sterling of the US$ denominated Oaktree loan caused by the improvement in sterling against the US$ across the year. This is in contrast to the losses suffered in 2016 as a result of Brexit. To some extent the Group expects to have a currency hedge against this liability as a significant portion of its anticipated future revenues are likely to be US$ denominated, such as the royalty stream arising from Novartis' sales to Kymriah™ patients.

Segmental analysis

During 2017 a change was made to the business segments disclosed in the 2017 Annual Report to better reflect the way the business is being managed by the Senior Executive Team. Internal technology projects to develop new potentially saleable technology, improve our current processes and bring development & manufacturing costs down is now included within the newly named 'Platform' segment (previously 'Partnering') along with the revenue generating bioprocessing and process development activities for third parties. The other segment, "Product"(previously R&D), includes the costs of researching and developing new product candidates. Prior year figures have been adjusted to reflect the change.

	Platform £m	**Product £m**	**Total £m**
2017			
Gross income	**38.6**	**0.8**	**39.4**
EBITDA	**2.9**	**(4.8)**	**(1.9)**
Operating profit/(loss)	**0.2**	**(5.9)**	**(5.7)**
2016			
Gross income	29.8	1.0	30.8
EBITDA	(2.4)	(4.7)	(7.1)
Operating loss	(6.2)	(5.1)	(11.3)

The Platform segment in 2017 saw an increase in gross income of 30% from £29.8 million to £38.6 million due to the increase in bioprocessing revenues. The additional volumes and revenues have enabled this segment to advance from EBITDA losses in 2016 to an EBITDA profit of £2.9 million this year, an improvement of £5.3 million. The segment also generated an operating profit of £0.2 million in 2017. As bioprocessing volumes and royalty payments from partners continue to grow, this segment will increase its profitability.

The Product segment has seen grant income come down slightly as the OXB-202 grant ended during the first quarter of 2017. Costs and therefore EBITDA have remained broadly the same with operating loss increasing due to the increase in depreciation and share option charges.

Cash flow

The Group held £14.3 million cash at 31 December 2017, having begun the year with £15.3 million. Significant movements across the year are explained below.

- The operating loss improved by £5.6m as a result of the higher revenues from increased batch bioprocessing volumes,

- This improvement flowed through to EBITDA which at a loss of £1.9 million, is significantly better than the £7.1 million loss in 2016,

- A slightly favourable working capital movement of £0.4 million in 2017 resulted in the cash used in operations being in line with the EBITDA loss of £1.9 million,

- Net cash generated from operations during 2017 at £3.0 million was helped by a £4.5 million R&D tax receipt, up £0.4m from the prior year,

- Interest paid during the year was £10.8 million, up £7.5 million from the prior year due to the cost of repayment of the Oberland loan facility as well as the accrued interest covering the period since initial drawdown of the loan,

- Purchases of property, plant and equipment decreased from £6.5 million to £2.0 million as the major capacity expansion programme concluded in the first half of 2016, with subsequent spend dropping back down to normal ongoing levels in 2017,

- Cash burn, the aggregate of these items was therefore reduced from £11.5 million in 2016 to £9.8 million in 2017, and drops down even further to £3.0 million if we exclude the accrued interest and early repayment charges of terminating the Oberland facility,

- The net proceeds from financing during 2017 were £8.8 million, consisting almost entirely of additional funds received from the refinancing of the Oberland facility with the enlarged Oaktree facility. In 2016, £17.5 million net of fees was received as a result of share issues during the year.

- The result of the above movements is a net decrease in cash of £1 million from £15.3 million to £14.3 million.

Cash flow movements	**2017**	**2016**	**2015**
Operating loss	**(5.7)**	(11.3)	(14.1)
Non-cash items included in operating loss	**3.8**	4.2	2.0
EBITDA loss	**(1.9)**	(7.1)	(12.1)
Working capital movement	**0.4**	1.2	(2.8)
Cash used in operations	**(1.5)**	(5.9)	(14.9)
R&D tax credit received	**4.5**	4.1	3.2
Net cash generated from/(used in) operations	**3.0**	(1.8)	(11.7)
Interest paid, less received	**(10.8)**	(3.3)	(1.5)
Capex	**(2.0)**	(6.4)	(16.6)
Cash burn	**(9.8)**	(11.5)	(29.8)
Net proceeds from financing	**8.8**	17.5	25.0
Movement in year	**(1.0)**	6.0	(4.8)

Loans

On 29 June 2017 the Group was able to re-finance its existing US$50 million loan facility with Oberland Capital Healthcare with a new US$55 million facility with Oaktree Capital Management. The new facility provides for increased funding together with a lower interest rate of 9.0% plus LIBOR. Under the agreement the Company has issued 134,351,226 warrants to Oaktree. The loan is secured over the assets of the Group and the terms also include covenants covering revenue targets and a requirement to hold a minimum of US$5 million cash.

Balance sheet review

The most notable items on the balance sheet, including changes from 31 December 2016, are as follows:

- Intangible assets decreased from £1.3 million to £0.1 million as a result of amortization and a £1.0 million impairment charge as a result of the write down of the Prime Boost technology and poxvirus patent intangible asset after Bavarian Nordic's Prostvac product failed its phase III study,

- Investments increased by £2.3 million from a gain arising from the revaluation of the equity investment in Orchard Therapeutics which was acquired as an upfront receipt at the time the license agreement was signed in 2016,

- Property, plant and equipment has decreased by £2.1 million to £25.4 million as the depreciation of £4.1m was only partially offset by additions of £2.0 million,

- Inventories have increased from £2.2 million to £3.3 million due to work in progress balances increasing as a result of ongoing bioprocessing commitments across 2017 and into 2018,

- Trade and other receivables increased from £6.9 million to £17.1 million, due predominantly to the timing of process development milestones achieved and manufacturing orders placed at year end,

- Trade and other payables increased from £6.0 million to £8.7 million, due to increased operational activities as compared to the end of 2016,

- Deferred income increased from £3.3 million at the end of 2016 to £13.1 million at the end of 2017 due to income received in advance in relation to manufacturing orders placed and manufacturing slots reserved,

- The loan balance has increased from £34.4 million to £36.9 million as a result of the refinancing of the Oberland facility with the enlarged Oaktree facility net of expenses incurred in the refinancing.

Financial outlook

The Group expects its financial performance to continue to improve through 2018. Our relationship with Novartis continues to go from strength to strength as evidenced by the new supply agreement signed in July and the commercial launch of Kymriah™ in August. Orchard Therapeutics continues to move its pipeline forward, increasing its activities, and growing as a percentage of our gross income. Lastly, we have recently signed a $105 million contract with BioVerativ which diversifies our customer base and strengthens our revenue forecasts and future prospects. We are confident in our ability to continue to establish new commercial relationships in 2018 to further diversify our customer base and continue our journey towards profitability.

Our stated plan, to continue the development of our proprietary products and pre-clinical pipeline whilst seeking to spin-out or out-license those candidates at an appropriate time prior to large clinical expenditures, will mean that the cost of the proprietary programmes of OXB-102, OXB-201, OXB-202 and OXB-302 will be low. We will continue to invest in early stage concepts and pre-clinical studies, and also in our key LentiVector® technology platform. We will continue to monitor our cost base carefully and adjust spend to meet out financial targets.

Going concern

The Group held £14.3 million of cash at the end of 2017 and £16.4 million at 28 February 2018. In March 2018, the Company completed a £19.3 million (net) equity placing in order to fund further facilities expansion. During 2017 the cash burn was significantly reduced as a result of improved cash flow from operations and reduced capital expenditure and the Directors expect further progress in 2018. Taking this into account, in conjunction with currently known and probable cash flows, the Directors consider that the Group has sufficient cash resources and cash inflows to continue its activities for not less than twelve months from the date of these financial statements and have therefore 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 2017

		Group	
		2017	2016
Continuing operations	Note	**Total £'000**	Total £'000
Revenue		**37,590**	27,776
Cost of sales		**(18,442)**	(11,835)
Gross profit		**19,148**	15,941
Research, development and bioprocessing costs		**(21,611)**	(24,299)
Administrative expenses		**(7,276)**	(5,957)
Other operating income		**1,774**	3,002
Other gains	7	**2,297**	-
Operating loss		**(5,668)**	(11,313)
Finance income		**38**	34
Finance costs		**(6,131)**	(9,028)
Loss before tax		**(11,761)**	(20,307)
Taxation	3	**2,744**	3,666
Loss and total comprehensive expense for the year		**(9,017)**	(16,641)
Basic loss and diluted loss per ordinary share	4	**(0.29p)**	(0.60p)

The notes on pages 21 to 27 form part of this preliminary information.

Balance sheet
as at 31 December 2017

	Note	Group 2017 £'000	2016 £'000
Assets			
Non-current assets			
Intangible assets	5	**97**	1,330
Property, plant and equipment	6	**25,370**	27,514
Investments	7	**2,954**	657
		28,421	29,501
Current assets			
Inventories	8	**3,332**	2,202
Trade and other receivables	9	**17,088**	6,904
Current tax assets		**2,232**	3,000
Cash and cash equivalents		**14,329**	15,335
		36,981	27,441
Current liabilities			
Trade and other payables	10	**8,690**	6,003
Deferred income	11	**13,072**	3,313
		21,762	9,316
Net current assets		**15,219**	18,125
Non-current liabilities			
Loans	12	**36,864**	34,389
Provisions	13	**630**	622
		37,494	35,011
Net assets		**6,146**	12,615
Equity attributable to owners of the parent			
Ordinary shares		**31,076**	30,879
Share premium account		**154,224**	154,036
Other reserves		**3,509**	2,189
Accumulated losses		**(182,663)**	(174,489)
Total equity		**6,146**	12,615

The notes on pages 21 to 27 form part of this preliminary information.

Statement of cash flows
for the year ended 31 December 2017

	Note	Group 2017 £'000	2016 £'000
Cash flows from operating activities			
Cash used in operations	14	**(1,533)**	(5,929)
Tax credit received		**4,530**	4,131
Overseas tax paid		**(18)**	(50)
Net cash generated from/(used in) operating activities		**2,979**	(1,848)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,969)**	(6,458)
Interest received		**38**	47
Net cash used in investing activities		**(1,931)**	(6,411)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**385**	19,622
Costs of share issues		**-**	(2,125)
Interest paid		**(10,800)**	(3,258)
Loans received		**38,897**	-
Loans repaid		**(30,536)**	-
Net cash (used in)/generated from financing activities		**(2,054)**	14,239
Net (decrease)/increase in cash and cash equivalents		**(1,006)**	5,980
Cash and cash equivalents at 1 January		**15,335**	9,355
Cash and cash equivalents at 31 December		**14,329**	15,335

The notes on pages 21 to 27 form part of this preliminary information.

Statement of changes in equity attributable to owners of the parent company
for the year ended 31 December 2017

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 2016	25,741	141,677	2,291	(102)	-	(158,713)	10,894
Year ended 31 December 2016:							
Loss for the year	-	-	-	-	-	(16,641)	(16,641)
Total comprehensive expense for the year	-	-	-	-	-	(16,641)	(16,641)
Transactions with owners:							
Share options							
Proceeds from shares issued	20	39	-	-	-	-	59
Value of employee services	-	-	-	-	-	865	865
Issue of shares excluding options	5,118	14,445	-	-	-	-	19,563
Cost of share issues	-	(2,125)	-	-	-	-	(2,125)
At 31 December 2016	**30,879**	**154,036**	**2,291**	**(102)**	**-**	**(174,489)**	**12,615**
Year ended 31 December 2017:							
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(9,017)**	**(9,017)**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(9,017)**	**(9,017)**
Transactions with owners:							
Share options							
Proceeds from shares issued	**197**	**188**	**-**	**-**	**-**	**-**	**385**
Value of employee services	**-**	**-**	**-**	**-**	**-**	**945**	**945**
Issue of warrants	**-**	**-**	**-**	**-**	**1,218**	**-**	**1,218**
Vesting of deferred share award	**-**	**-**	**-**	**102**	**-**	**(102)**	**-**
At 31 December 2017	**31,076**	**154,224**	**2,291**	**-**	**1,218**	**(182,663)**	**6,146**

The notes on pages 21 to 27 form part of this preliminary information.

NOTES TO THE PRELIMINARY FINANCIAL INFORMATION for the year ended 31 December 2017

1 Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRS IC') interpretations as adopted by the European Union and with the Companies Act 2006 as applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention as modified by the revaluation of financial assets at fair value through profit and loss. The going concern basis has been adopted in preparing the financial statements.

A summary of the more important Group accounting policies are set out below.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Going concern

The Group held £14.3 million of cash at the end of 2017 and £16.4 million at 28 February 2018. In March 2018, the Company completed a £19.3 million (net) equity placing in order to fund further facilities expansion. During 2017 the cash burn was significantly reduced as a result of improved cash flow from operations and reduced capital expenditure and the directors expect further progress in 2018. Taking this into account, in conjunction with currently known and probable cash flows, the directors consider that the Group has sufficient cash resources and cash inflows to continue its activities for not less than twelve months from the date of these financial statements and have therefore 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 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.

IFRS 15

The Group is required to implement a new accounting standard, IFRS 15 'Revenue from contracts with customers', from 1 January 2018.

The new standard provides a single principles-based approach to the recognition of revenue from all contracts with customers and requires revenue to be recognised when or as performance obligations in a contract are performed. In its financial statements for 2018, the Group will adopt IFRS 15 applying the modified retrospective approach. In accordance with the requirements of the standard where the modified retrospective approach is adopted, prior year results will not be restated.

In application of the standard the Group has identified two key areas of judgement with existing collaboration agreements, firstly in relation to the number of distinct performance obligations contained within each collaboration agreement, which include a license, bioprocessing and process development activities within a single contract, secondly the appropriate allocation of revenue to each performance obligation to represent the fair value of the obligation. The sales royalties contained within the

collaboration agreements qualify for the royalty exemption available under IFRS 15 and will continue to be recognised as the underlying sales are made.

As part of the revenue analysis performed, the Group is planning to recognise partially funded research and development incomes, currently recognised within Other income in the statement of comprehensive income, within Revenue in this statement, in line with the development of this service within the business. In 2017, the Group recognised £0.8m of this type of income. There are not expected to be any other material impacts on reported revenue.

Revenue recognition

Under the 2017 Novartis contract an upfront fee of $10 million was due for a 3 year minimum capacity reservation for 2017-2019. The Group have determined that this revenue should be recognised over the capacity reservation term based on the number of batches completed per year, capped at the minimum capacity requirement per year per the contract. In 2017 the group has therefore recognised revenues of £2 million with regards to this item.

The Group has recognised a contractually agreed milestone of $1.8 million for the provision of support to Novartis in preparation of their suspension process clinical submission. Although the milestone was formally agreed by Novartis in January, the Group concluded that the criteria for revenue recognition had been met on the basis that they had completed the procedures and the submission had been through the first levels of review with Novartis. Accordingly, a total of $1.8m (£1.3m) was recognised as revenue in 2017.

The Group has a contractually agreed step milestone based on the increased scale-up of their suspension process. Dependent on productivity the Group can be awarded up to $4m. $250k was recognised in prior years. During 2017 the Group achieved the target scale up and submitted documents supporting this. This was formally accepted by Novartis in January 2018. The Group concluded that the criteria for revenue recognition had been met on the basis that they had achieved the scale-up, and the submission had been through the first levels of review with Novartis. Accordingly, the remaining $3.75m (£2.8m) of revenue was recognised in 2017.

At the end of 2016, under the October 2014 contract, management judged that $1.2 million of a $2 million incentive payment for provision of source documentation to support a proposed BLA submission by Novartis should be recognised on the basis that, based on the level of work performed, it is certain that the economic benefits of the transaction will flow to the entity, and the revenue and related costs can be measured reliably.

In 2016 the Group received £1.4 million in one-off payments related to IP licences. Since these payments are non-refundable and there are no ongoing commitments from the Group, the amounts received have been recognised as revenue in the year. £657,000 of these items was received in the form of shares in a partner company. These have been recognised at fair value.

IFRS 9

The Group is required to implement a new accounting standard, IFRS 9 ‘Financial instruments’, from 1 January 2018. The Group does not expect there to be any material impacts on reported balances within the financial statements, specifically trade receivables, trade payables, investments and the loan and warrant balances.

Loan valuation

On 29 June 2017, the Group completed a new $55 million debt facility with Oaktree Capital Management ("Oaktree"). The facility has been used to redeem the debt facility with Oberland Capital Healthcare. The Oaktree loan is repayable no later than 29 June 2020 although it may be repaid, at the Group's discretion, at any time subject to early prepayment fees and an exit fee. The loan carries an interest rate of 9.0% plus US$ LIBOR, subject to a minimum of 1%. Subject to achieving certain conditions, the interest rate could reduce by 0.25% in the second year and a further 0.25% in the third year. The loan was issued at an original discount of 2.5%, and under the agreement the Company has issued 134,351,226 warrants to Oaktree (note 28). On initial recognition, the Oaktree loan, net of the expenses incurred in the refinancing which are treated as prepaid expenses, was fair valued at £33.9 million using an implied market interest rate of 13%. Our assessment is therefore that 13% presents a

market interest rate which would be offered if no warrants were issued as part of the refinancing. The warrants are therefore calculated as being the residual amount of £1.2m after subtracting the fair value of the loan from the initial carrying amount of the instrument of £38.9 million. The warrants of £1.2 million are accounted for as equity within the balance sheet.

Intangible asset impairment

The Group has intangible assets arising from purchases of intellectual property rights and in-process R&D. Amortisation is charged over the assets' patent life on a straight-line basis from the date that the asset becomes available for use. When there is an indicator of a significant and permanent reduction in the value of intangible assets, an impairment review is carried out. The impairment analysis is principally based on estimated discounted future cash flows. Actual outcomes could vary significantly from such estimates of discounted future cash flows due to the sensitivity of the assessment to the assumptions used. The determination of the assumptions is subjective and requires the exercise of considerable judgement. Any changes in key assumptions about the Group's business and prospects or changes in market conditions affecting the Group or its development partners could materially affect whether impairment exists.

During the year, the Group wrote off the value of the PrimeBoost technology and poxvirus patent following the failure of Bavarian Nordics Prostvac in phase 3. As at 31 December 2017 the remaining book value of intangible assets was £0.1 million.

Revaluation of equity investments

On 29 November 2016, as part of a strategic alliance with Orchard Therapeutics, the Group received a 1.95 % equity stake in Orchard. A revaluation of this investment has been carried out and a gain of £2.3 million recognised during the year. As Orchard Therapeutics is a private company the investment has not been valued based on observable market data, but rather the value of the latest placing of shares by Orchard Therapeutics.

Going concern

Management and the directors have had to make estimates and important judgements when assessing the going concern status of the Group. Going concern is as stated in Note 1 and the Financial Review.

3 Taxation

The Group is entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The amount included in the statement of comprehensive income for the year ended 31 December 2017 comprises the credit receivable by the Group for the year less overseas tax paid in the 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 balance sheet. The amounts for 2017 have not yet been agreed with the relevant tax authorities.

	2017	2016
	£'000	£'000
Current tax		
United Kingdom corporation tax research and development credit	**(2,232)**	(3,000)
Overseas taxation	**18**	50
	(2,214)	(2,950)
Adjustments in respect of prior periods		
United Kingdom corporation tax research and development credit	**(530)**	(716)
Taxation credit	**(2,744)**	(3,666)

4 Basic loss and diluted loss per ordinary share

The basic loss per share of 0.29p (2016: 0.60p) has been calculated by dividing the loss for the year by the weighted average number of shares in issue during the year ended 31 December 2017 of (3,095,667,161; 2016: 2,778,182,534).

As the Group is loss-making, there were no potentially dilutive options in either year. There is therefore no difference between the basic loss per ordinary share and the diluted loss per ordinary share.

5 Intangible assets

Intangible assets comprise Intellectual Property rights.

	2017	2016
	£'000	£'000
At 1 January and 31 December	**5,591**	5,591
Accumulated amortisation and impairment		
At 1 January	**4,261**	3,848
Amortisation charge for the year	**262**	335
Impairment charge for the year	**971**	78
At 31 December	**5,494**	4,261
Net book amount at 31 December	**97**	1,330

During the year, there was a write down of the Prime Boost technology and poxvirus patent intangible asset after Bavarian Nordic's Prostvac product failed in its phase III study.

For intangible assets regarded as having a finite useful life amortisation commences when products underpinned by the intellectual property rights become available for use. Amortisation is calculated on a straight-line basis over the remaining patent life of the asset. Amortisation of £262,000 (2016: £335,000) is included in 'Research, development and bioprocessing costs' in the statement of comprehensive income.

An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. There are currently no assets with indefinite useful lives.

6 Property, plant and equipment

	Freehold property £'000	Leasehold improve-ments £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Total £'000
Cost					
At 1 January 2017	20,902	6,970	1,651	6,488	36,011
Additions at cost	269	9	1,528	163	1,969
Disposals	-	(2,290)	-	-	(2,290)
At 31 December 2017	**21,171**	**4,689**	**3,179**	**6,651**	**35,690**
Accumulated depreciation					
At 1 January 2017	2,306	2,798	877	2,516	8,497
Charge for the year	2,000	470	985	658	4,113
Disposals	-	(2,290)	-	-	(2,290)
At 31 December 2017	**4,306**	**978**	**1,862**	**3,174**	**10,320**
Net book amount at 31 December 2017	**16,865**	**3,711**	**1,317**	**3,477**	**25,370**

	Freehold property £'000	Leasehold improve-ments £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Assets under construc-tion[1] £'000	Total £'000
Cost						
At 1 January 2016	6,938	7,397	1,374	7,574	9,744	33,027
Additions at cost	-	206	506	1,526	4,220	6,458
Reclassification	13,964	-	-	-	(13,964)	-
Disposals	-	(633)	(229)	(2,612)	-	(3,474)
At 31 December 2016	**20,902**	**6,970**	**1,651**	**6,488**	**-**	**36,011**
Accumulated depreciation						
At 1 January 2016	921	2,909	753	4,048	-	8,631
Charge for the year	1,385	522	353	1,080	-	3,340
Disposals	-	(633)	(229)	(2,612)	-	(3,474)
At 31 December 2016	**2,306**	**2,798**	**877**	**2,516**	**-**	**8,497**
Net book amount at 31 December 2016	**18,596**	**4,172**	**774**	**3,972**	**-**	**27,514**

1 Assets under construction represent the capitalisation of construction works at the Harrow House and Yarnton manufacturing facilities, and the Windrush Court laboratories.

7 Investments

On 29 November 2016, as part of a strategic alliance with Orchard Therapeutics, the Group received a 1.95 % equity stake in Orchard. A revaluation of this investment has been carried out and a gain of £2.3 million recognised during the year. As Orchard Therapeutics is a private company the investment has not been valued based on observable market data.

The aggregate fair value of the equity investment in Orchard Therapeutics is £3.0 million (2016: £0.7 million).

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8 Inventories

	2017 £'000	2016 £'000
Raw Materials	**1,895**	2,120
Work in progress	**1,437**	82
Total inventory	**3,332**	2,202

Inventories constitute raw materials held for commercial bioprocessing purposes, and work-in-progress inventory related to contractual bioprocessing obligations.

During 2017, the Group wrote down £53,000 (2016: £29,000) of inventory which is not expected to be used in production or sold onwards.

9 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	**5,705**	1,969
Accrued income	**8,681**	2,919
Other receivables	**23**	238
Other tax receivable	**1,288**	1,330
Prepayments	**1,391**	448
Total trade and other receivables	**17,088**	6,904

The fair value of trade and other receivables are the current book values.

Included in the Group's trade receivable balance are debtors with a carrying amount of £65,000 (2016: £47,000) which were past due at the reporting date, all of which have since been received.

10 Trade and other payables

	2017 £'000	2016 £'000
Trade payables	**3,682**	1,576
Other taxation and social security	**579**	442
Accruals	**4,429**	3,985
Total trade and other payables	**8,690**	6,003

11 Deferred income

Deferred income arises when the Group has received payment for services in excess of the stage of completion of the service being provided.

12 Loans

On 29 June 2017 the Group completed a new $55 million debt facility with Oaktree Capital Management ("Oaktree"). The facility has been used to redeem the debt facility with Oberland Capital Healthcare.

The Oaktree loan is repayable no later than 29 June 2020 although it may be repaid, at the Group's discretion, at any time subject to early prepayment fees and an exit fee. The loan carries an interest rate of 9.0% plus US$ LIBOR, subject to a minimum of 1%. Subject to achieving certain conditions, the interest rate could reduce by 0.25% in the second year and a further 0.25% in the third year. The loan

was issued at an original discount of 2.5%, and under the agreement the Company has issued 134,351,226 warrants to Oaktree. The loan is secured over all assets of the Group including intellectual property. The terms also include financial covenants relating to the achievement of revenue targets and a requirement to hold a minimum of $5 million cash at all times.

On initial recognition, the Oaktree loan, net of the expenses incurred in the refinancing which are treated as prepaid expenses, was fair valued at £37.7 million.

In May 2015, the Group entered into a $50 million loan facility with Oberland. The Group drew down $40 million (£26.1million) of the facility to finance the Group's expansion of its bioprocessing and laboratory capacity in order to enable it to deliver on commitments under its bioprocessing agreement with Novartis. Over the course of the loan term, cash interest was payable quarterly at an annual interest rate of 9.5% plus the greater of 1% and three-month LIBOR. The loan was issued at an original discount of 2.5%, and a repayment fee was also due on repayment. In addition to interest, the Group would also have been required to pay an additional amount of 0.35% of its annual worldwide net revenue from 1 April 2017 to 31 December 2025 for each $5 million of loan drawn down over $30 million.

As the loan was repaid after the second anniversary, under the terms of the agreement, there was a true-up payment payable to ensure that Oberland received an aggregate return of 15% per annum over the period of the loan. The Group was also required to maintain a cash balance of not less than $10 million in a ring-fenced account whilst the Oberland Facility was outstanding.

The Oberland Facility was fully repaid on 29 June 2017 at a cost of £36.3 million including the accrued interest of £5.3 million.

13 Provisions

	Dilapidations £'000
At 1 January 2017	622
Unwinding of discount	8
At 31 December 2017	**630**

At 1 January 2016	1,371
Unwinding of discount	5
Utilisation of provision	(833)
Additional provision recognised	79
At 31 December 2016	622

The dilapidations provisions relate to anticipated costs of restoring the leasehold Medawar and Yarnton properties in Oxford, UK to their original condition at the end of leases in 2016 and 2024 respectively, discounted using the rate per the Bank of England nominal yield curve. The equivalent rate was used in 2016. The provisions will be utilised at the end of the leases if they are not renewed, and for that reason, the provision in respect of the Medawar Centre was released in 2016 at the end of the lease.

14 Cash flows from operating activities

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

	2017	2016
	£'000	£'000
Continuing operations		
Operating loss	**(5,668)**	(11,313)
Adjustment for:		
Depreciation	**4,113**	3,340
Amortisation of intangible assets	**262**	335
Charge for impairment	**971**	78
Charge in relation to employee share schemes	**945**	865
Non-cash gains	**(2,297)**	(657)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	**(11,183)**	4,026
Increase/(decrease) in trade and other payables	**2,687**	(3,283)
Increase in deferred income	**9,759**	268
Increase/(decrease) in provisions	**8**	(749)
Increase in investments	**-**	657
(Increase)/decrease in inventory	**(1,130)**	504
At 31 December	**(1,533)**	(5,929)

15 Subsequent events

On 15 February 2018, the Group announced that it had completed a major new collaboration & licence agreement with Bioverativ Inc. for the development and manufacturing of lentiviral vectors to treat haemophilia. The agreement includes a licence to use Oxford BioMedica's LentiVector-Enabled™ technology and access to its industrial-scale manufacturing technology.

Under the terms of the agreement, Oxford BioMedica will receive a $5 million upfront payment from Bioverativ. Oxford BioMedica is also eligible to receive various milestone payments, potentially worth in excess of $100 million, and undisclosed royalties on net sales of Bioverativ's lentiviral vector haemophilia products. Bioverativ will also fund process development and scale-up activities for its lentiviral vector haemophilia products at Oxford BioMedica. The agreement also allows for the parties to put in place a clinical supply agreement for GMP manufacturing of haemophilia products at Oxford BioMedica.

On 9 March 2018, the Group announced that it had placed 174,346,817 new ordinary shares in the Company at a price of 11.75 pence per share with both new and existing investors. The price of 11.75 pence per share represented a 6% discount to the closing price of 12.48 pence per share on 8 March 2018. Gross proceeds from the placing were £20.5 million, and net proceeds were £19.3 million.

The $55 million debt facility with Oaktree Capital Management ("Oaktree") contains an anti-dilution provision under which, if the Group issues new ordinary shares, the number of warrants held by Oaktree will be adjusted depending on the price at which the new ordinary shares are issued relative to an average trailing volume weighted share price. Consequently, Oxford BioMedica is required to issue 133,156 additional warrants to Oaktree following completion of the Placing representing an increase of 0.1% over the 134,351,226 warrants already issued to Oaktree as announced on 30 June 2017.

The Group evaluates its performance by making use of a number of alternative performance measures as part of its Key Performance Indicators. These are non-GAAP measures which the Group believes provide the most accurate reflection of the Group's performance over time.

The group announced in January 2018 that it has been awarded a £3 million grant by the UK's innovation agency, Innovate UK, to support the UK's efforts to produce viral vectors and ensure adequate supply to meet future demand. The grant will be used to support investment in equipment for vector development, vector manufacture, storage and analytical equipment, as well as other items that are key for the operation of vector GMP facilities. In addition, a small part of the grant will be used to support the planning for the transition of GMP suites from the use of adherent to suspension cultures.

Cybersecurity incident

The Group notes that during March 2018 it was subject to a cybersecurity incident which involved unauthorised access to part of the Group's computer systems. As soon as it was discovered, the Group took immediate steps to respond to and manage the incident appropriately. The Group's initial investigations have indicated that unauthorised access was gained via a single and isolated user account which has since been disabled. However, it is possible that the person or persons behind the incident may release some data. The Group's investigation is continuing and includes an ongoing review of the Group's information security systems. The Group would like to reassure clients, shareholders and other stakeholders that this incident has not affected, and does not affect, its ability to do business. The Group has contacted those clients it believes may have been affected. The Group does not expect the incident, including any possible release of data, to have a material effect on its operations or financial position.