9 March 2020

ABCAM PLC

Interim results for the six months ended 31 December 2019

Initiated investment across all areas of five-year growth plan; Continued innovation drives in-house revenue growth of 14%

Cambridge, UK: Abcam plc ("Abcam" or the "Group"), a global leader in the supply of life science research tools, today announces its interim results for the six-month period ended 31 December 2019 (H1 2020).

SUMMARY PERFORMANCE

	Reported				Adjusted[2]		
	H1 2020 £m	H1 2019 £m	*Growth*	*CER[1] growth*	**H1 2020 £m**	H1 2019 £m	*Growth*
Revenue	**138.2**	124.7	*+10.8%*	*+8.3%*	**138.2**	124.7	*+10.8%*
Gross profit margin, %	***69.7%***	*70.2%*	*-50bps*		***69.7%***	*70.2%*	*-50bps*
Operating profit	**26.6**	33.4	*(20.4)%*		**33.4**	40.8	*(18.1)%*
Profit Before Tax (PBT)	**26.0**	33.7	*(22.8)%*		**32.8**	41.1	(20.2)%
Diluted earnings per share (EPS) (pence)	**12.6p**	13.4p	*(6.0)%*		**13.0p**	16.3p	*(20.2)%*

FINANCIAL HIGHLIGHTS

- Total revenue increased 10.8% on a reported basis and 8.3% on a constant exchange rate (CER) basis[1]
  - Total Catalogue revenue growth of 11.6% on a reported basis (9.1% CER) to £130.6m (H1 2019: £117.0m)
  - In-house Catalogue revenue growth of 16.3% on a reported basis (13.8% CER) to £59.1m (H1 2019: £50.8m)
- Operating profit margin 19.2% (H1 2019: 26.8%) and adjusted[2] operating margin 24.2% (H1 2019: 32.7%), reflecting planned investments in-line with five-year strategy and anticipated step up in non-cash items including depreciation and amortisation and share-based payments
- Reported diluted EPS of 12.6 pence (H1 2019: 13.4 pence) and adjusted[2] diluted EPS of 13.0 pence (H1 2019: 16.3 pence)
- Net cash inflow from operating activities of £39.6m (H1 2019: 36.4m)
- Interim dividend of 3.55 pence per share (H1 2019: 3.55 pence)
- The Board is currently reviewing capital allocation priorities, including the dividend, in view of the significant investment opportunities available and intends to consult with shareholders

STRATEGIC & OPERATIONAL HIGHLIGHTS

- Initiated investment across all areas of our five-year growth plan set out in September 2019
- Continued to take market share, with all major regions and product categories growing above underlying market rates, driven by in-house innovation
- Committed approximately £120m to acquisitions since 1 July 2019, bringing complementary products, technologies and capabilities into the business; integrations progressing well:
  - Completed Expedeon acquisition on 1 January 2020, adding portfolio of complementary conjugation products and capabilities
  - Acquired Edigene's cell line portfolio and the gene editing platform and oncology product portfolio of Applied StemCell (post period end)
  - Strategic investments in BrickBio (antibody-conjugation) and SomaServe (live cell imaging)
- Several senior team appointments made, including Michael Baldock as CFO and Juan Carlos Sacristan as SVP of Data & Technology

OUTLOOK AND COVID-19 UPDATE

- Confident in long-term outlook: five-year financial goals and investment plans unchanged
- c.£3m revenue reduction to date due to Covid-19, predominantly originating from the early spread of the virus in China
    - Operations began reopening on 14 February; supply chain largely unaffected to date
    - Broader China activity returning, albeit still below full levels prior to outbreak
- Full financial impact on the business remains uncertain given the evolving global situation
- Closely monitoring developments and will provide further updates as appropriate

Commenting on the first half performance, Alan Hirzel, Abcam's Chief Executive Officer, said:

"Abcam is investing in and advancing across all strategic areas we described earlier this year. Our early progress sets the business on a course to sustain long term revenue growth from market share gain and portfolio expansion. In the short term, we are doing our best to look after our global team and our customers as we face into Covid-19's impact on family lives, research activity, and operations. In China, we are starting to see a return to normal operations, and we will work through this situation as we confidently invest in our long term growth and being the most influential company for life science researchers worldwide."

Analyst and investor meeting and webcast:

Abcam will host a presentation for analysts and investors today at 9.30am at the offices of FTI Consulting, 200 Aldersgate, EC1A 4HD.

A conference call and webcast facility will also be available. For details of the conference call and webcast, and to register, please visit www.abcamplc.com/investors/reports-presentations.

For further details please contact FTI Consulting on + 44 (0) 20 3727 1000.

A recording of the webcast will be made available on Abcam's website, www.abcamplc.com.

Notes:

1. Constant currency results (CER) are calculated by applying prior period's actual exchange rates to this period's results.
2. Pre-tax adjusted figures exclude system and process improvement costs, costs associated with the new Group headquarters, acquisition costs and amortisation of acquired intangibles. After-tax adjusted figures also exclude a one-off tax credit for historical periods arising from the initial recognition of benefit from the lower rate of tax applied to profits on patented income and the tax effect of adjusting items. Such excluded items are described as "adjusting items". Further information on these items is shown in note 4.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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Interim management report

Introduction

It is an important time for the Group as we embark upon the next chapter of growth, lay the foundations for our long-term future and work toward our FY2024 revenue goal of £450-500m. The investments we are making now are increasing the rate at which we are able to convert ideas to innovation and putting in place the building blocks to allow us to scale up and sustain growth.

We made good progress in the first half as we initiated our investment plans to drive our five-year goals, including the commitment of approximately £120m to acquisitions. Those acquisitions, together with new partnerships and the other strategic investments we are making in products, innovation, technology, people and enterprise, are providing additional avenues to grow, new markets we can access, and the capability to scale more efficiently.

At the same time, we have continued to focus on customers and delivered above market revenue growth. Our core reagents business delivered a solid performance as we focus on providing an increasing range of products to molecules with the greatest interest to research and clinical communities. Catalogue revenue increased by 11.6% on a reported basis (9.1% CER) compared with the first half last year. This growth was primarily driven by the continued market penetration of our growing portfolio of in-house products, in particular our range of proprietary recombinant antibodies and immunoassays which grew at a combined rate of 24% (CER) in the half.

Importantly, all of this activity continues to drive standards in quality and validation. This continues to differentiate our products, aligns us with the needs of our customers and allows us to deliver on our purpose of serving life scientists to achieve their mission faster.

Executing our five-year growth strategy to 2023/24

In September 2019 we set out wide-ranging plans to increase the rate of investment in areas including research and development, digital marketing and eCommerce, technology and global operations, in order to drive an acceleration in the implementation of strategic initiatives that will allow us to seize more opportunities for growth over the medium and long term. Those plans are underway, and we made good progress across a broad range of areas in the first half of the year, details of which are set out below.

Our people and culture continue to drive the success of the investment in these initiatives. We are pleased to report that we have made several key recruits during the period into strategically critical positions across our business, including CFO, SVP of Data & Technology, VP of Global Sales, Senior Directors of sales for Americas and EMEA, VP of Cell Lines and VP of Integrated Marketing.

Strategic Performance Targets

Alongside the delivery of above market growth in the period, we are on track to achieve our strategic performance targets for the year. The Group's tNPS score in the first half was impacted by technical issues regarding the way customer feedback was collected. Following actions taken to rectify these issues we achieved our highest global tNPS score for over 12 months in January 2020. Year to date (to the end of February 2020) our tNPS score is 54%.

Strategic Performance Indicator	FY 2020 Target	**H1 2020 Result**
Catalogue revenue growth from in-house products (CER[1])	12-15%	**14%**
Customer engagement: Transactional Net Promoter Score (tNPS)	54-60%	**52%**

Progress against our strategic priorities to sustain growth

The Group has three priorities to drive its five-year growth plans. Progress against each is detailed below.

1. Sustain and extend antibody and digital leadership

Innovation and quality

Our goal is to accelerate the rate at which we can innovate the most sensitive, specific and consistent antibodies to high value targets, and then make those tools available to life scientists across as many platforms as possible. Progress in the first half included:

- exceeded new recombinant RabMAb® development targets in the half, with over 250 new antibodies launched;
    - in-house recombinant antibody revenue increased 20% CER
- in-licensed over 100 monoclonal antibodies from third parties, providing greater levels of control over quality and supply;
- implemented a new high-throughput screening process in our Hangzhou, China facility, enhancing and expanding antibody validation capabilities;
- initiated an antibody lyophilization project to support increased demand, reduce costs, and improve delivery speed;
- extended our award-winning knockout validation initiative to more than 2,500 products and completed the acquisition of Edigene's portfolio of 2,800 knockout cell lines, enabling the continued expansion of this initiative;
- recorded our highest ever product satisfaction rates for both in-house and OEM portfolios as our quality standards continue to improve; and
- expanded our co-development programme with multiple platform partners, with over 100 antibody clones now validated for use, and hundreds more undergoing evaluation.

Customer engagement, eCommerce and digital

Our aim is to improve the customer experience and enhance our competitive position over the next five years by transforming our website, improving our digital capabilities and increasing our levels of service across all consumer segments. Progress in the first half included:

- ongoing enhancements made to existing digital channels, content marketing strategy and marketing automation, helping drive 15% growth in data sheet views year-on-year;
- completed the global digital design phase to reinvent the customer experience;
- implemented multiple IT upgrades and other enhancements to support a better online customer experience;
- continued to increase the size and activity of our data science team to enable us to better understand and serve the needs of customers, allowing us to focus on those products with greatest scientific interest and commercial impact;
- initiated the build out of commercial sales team for biopharma and complex solutions; and
- further invested in our Chinese offering to support enhanced customer service levels in the territory.

2. Drive continued expansion into complementary market adjacencies

Proteomic research reagents

Building on the successful development of our immunoassay portfolio, our goal now is to further extend our proprietary offering into adjacent life science reagents where doing so will also strengthen our antibody development capabilities. Areas of focus include recombinant proteins, cell lines and lysates, and imaging and multiplexing consumables. Progress in the first half included:

- immunoassay CER revenue growth of over 19%, with in-house growth of c.60%;
    - 125 new SimpleStep® ELISAs published, expanding range to over 1,000 products

- good operational and commercial progress for our FirePlex® multiplexing offer, including the creation of several new panels;
- acquisition of Expedeon's proteomics and immunology businesses (closed 1 January 2020), significantly enhancing protein-conjugation capabilities;
- published first in-house developed biologically active proteins;
- launched range of over 2,800 knockout cell lysates and over 500 knockout cell lines following the acquisition of Edigene portfolio in July 2019; acquired cell engineering technology from Applied StemCell in January 2020, bringing cell-editing capabilities in-house; and
- progressed launch plans for live-cell imaging tools.

Beyond research use

Across the diagnostic, drug discovery and therapeutic markets, our goal is to be a trusted partner to biopharma organisations looking to leverage our antibody expertise for their clinical development programmes. Progress in the first half included:

- signed up multiple recombinant companion diagnostic (cDx) antibody programmes with biotech and pharma customers;
- out-licensed multiple clones into diagnostics after converting them to recombinant format;
- completed over 70 custom antibody projects; started late stage approvals with a major biopharma customer; and
- continued to invest in the commercial team, with the appointment of a new global head of sales as well as sales directors for the Americas and EMEA regions.

3. Build organisational scalability and sustain value creation

Our goal is to enhance our organisational capabilities whilst realising operational efficiencies. Priorities include replacing the remaining parts of our legacy IT systems, automating at process bottlenecks, simplifying our global facilities footprint and enhancing our talent across the business. Progress toward these aims in the first half includes:

- completed the global IT design in collaboration between digital and supply chain teams;
- signed lease on new Boston facility, providing approximately twice the space of our existing facility on improved terms;
- continued to embed and realise benefits from existing ERP modules;
- initiated multiple projects across the business to drive operating efficiencies; next wave of automation under evaluation; and
- continued to invest in company-wide training, development, performance and engagement programmes for our teams

Financial performance in the period

Overall reported revenue increased by 10.8% in the first half to £138.2m (H1 2019: £124.7m). On a constant currency basis (in which exchange rates are assumed to remain unchanged from H1 2019), total revenue grew by 8.3%.

Catalogue revenue, which contributed approximately 95% of total revenue in the half, grew 9.1% on a constant currency basis when compared to the same period last year. For products sold via the Catalogue, all major product categories and regions are performing above underlying market growth rates. Regionally, China was once again the fastest growing major market and whilst the underlying market dynamics in Japan have not changed, improved execution in the region delivered a stronger performance in the first half.

Custom Products & Licensing (CP&L), comprising royalty income as well as revenue from in vitro diagnostic (IVD) products and the custom service business, accounted for 5% of revenue. CP&L revenue declined 1.3% on a reported basis to £7.6m (-5.2% CER), lower than expected due to the phasing of certain IVD customer orders. The phasing of this revenue line is expected to remain uneven as it continues to mature.

	Reported revenue			
	H1 2020 £'m	H1 2019 £'m	Change in reported revenue	Constant currency growth rate
Geographic split				
The Americas	**52.7**	47.6	10.7%	6.5%
EMEA	**34.4**	32.1	7.2%	7.5%
China	**23.7**	20.1	17.9%	17.4%
Japan	**9.4**	7.9	19.0%	10.1%
Rest of Asia Pacific	**10.4**	9.3	11.8%	9.7%
Catalogue revenue	**130.6**	117.0	11.6%	9.1%
CP&L revenue*	**7.6**	7.7	(1.3%)	(5.2%)
Total reported revenue	**138.2**	124.7	10.8%	8.3%
Catalogue product split				
In-house	**59.1**	50.8	16.3%	13.8%
Third-party	**71.5**	66.2	8.0%	5.4%
Catalogue revenue	**130.6**	117.0	11.6%	9.1%

*Includes royalty income, IVD supply, custom products and licensing revenue

Gross margin for the first half was broadly level with the prior year period at 69.7% (H1 2019: 70.2%). The modest decline was predominantly a result of foreign currency headwinds, geographic mix and lower CP&L revenue, partially offset by favourable product mix on the catalogue.

Reported operating expenses rose by £15.5m to £69.7m (H1 2019: £54.2m). The increase comprises:

- £7.0m in respect of investments in the business, comprising mainly employee costs and software costs as new systems came online;
- a £3.3m rise in depreciation and amortisation costs (excluding depreciation of right-of-use assets, arising due to the introduction of IFRS 16 in FY20) following the deployment of new modules of the ERP system in April 2019 and completion of the new UK headquarters in February 2019;
- a £2.6m increase in non-cash share-based payments, predominantly relating to the Group's all-employee share plan, which was launched in November 2018;
- a £1.2m charge relating to foreign exchange movements (H1 2019: nil) as a result of the stronger sterling in comparison to 30 June 2019;
- a £1.4m increase in other costs.

Adjusting Items

Total reported expenses of £69.7m for the half includes £6.8m (H1 2019: £7.4m) of costs which are excluded from adjusted expenses. These costs comprise:

- £2.1m relating to the Oracle Cloud ERP project (H1 2019: £2.0m)
- £1.3m of acquisition related charges (H1 2019: nil); and
- £3.4m relating to the amortisation of acquired intangibles (H1 2019: £3.3m)

Costs relating to the Oracle Cloud ERP project and amortisation of acquired intangibles are expected to remain at a similar level in the second half of the year. In addition, the Group expects to incur a further £2m - £3m of acquisition related costs associated with previously announced acquisitions. Note 4 to the interim financial information sets out a reconciliation between reported and adjusted profit measures.

Earnings and Tax

Reported operating profit for the period was £26.6m (H1 2019: £33.4m) and adjusted operating profit £33.4m (H1 2019: £40.8m), equating to an adjusted operating margin of 24.2% (H1 2019: 32.7%). reflecting the strategic investments being made in the business. Earnings before interest, taxation, depreciation and amortisation (EBITDA) were £39.8m (H1 2019: £40.3m). Adjusted EBITDA declined 2.7% to £43.2m (H1 2019: £44.4m). Further details are shown in note 4 to the interim financial information.

After net interest expense of £0.6m, profit before tax (PBT) on a reported basis was £26.0m (H1 2019: £33.7m). Adjusted PBT was £32.8m (H1 2019: £41.1m).

The Group's effective rate on reported tax for the first half was (0.4%) (H1 2019: 17.8%), mainly due to a one-off credit of £4.7m in respect of historical periods arising from the initial recognition of benefit from the lower rate of tax applied to profits on patented income. The adjusted tax rate for the first half was 17.7% (H1 2019: 18.2%). The effective rate on adjusted profits for the full year ending 30 June 2020 is expected to be approximately 18% (year ended 30 June 2019: 19.7%). Further details are shown in note 5 to the interim financial information.

Diluted earnings per share (EPS) was 12.6 pence per share (H1 2019: 13.4 pence). Adjusted diluted EPS decreased by 20.2% to 13.0 pence per share (H1 2019: 16.3 pence). Note 6 sets out a reconciliation between reported and adjusted EPS.

Cash flow and Net Cash

Cash generated from operating activities increased to £39.6m (H1 2019: £36.4m). Capital expenditure decreased by £2.5m in the period to £17.1m (H1 2019: £19.6m). Capital expenditure of £4.2m was incurred in relation to our new ERP systems and processes (H1 2019: £5.9m), £3.3m on capitalised R&D (H1 2019: £3.9m), £3.7m on cell lines (H1 2019: £nil) and £2.9m on improvements to laboratory facilities and equipment (H1 2019: £2.0m). After outflows of £17.7m relating to the FY2019 final dividend payment (H1 2019: £17.6m), the Group ended the period with cash and cash equivalents of £189.9m (H1 2019: £83.2m) having drawn down £103.4m (€120m) on the revolving credit facility in the period in anticipation of payment of €120m (£102m) to Expedeon AG, which was paid on 1 January 2020 following the completion of the transaction.

Dividend

The Board has approved an interim dividend of 3.55 pence per share (H1 2019: 3.55). The interim dividend will be paid on 17 April 2020 to shareholders whose names are on the register at close of business on 20 March 2020. The associated ex-dividend date will be 19 March 2020.

As evidenced by the significant investment made in the period, the Board has conviction in the opportunities for further profitable growth and attractive returns on investment, consistent with the five-year growth plan, and believes that value creation can be maximised by ensuring the flexibility to invest in these opportunities as they arise.

Accordingly, the Board is evaluating its future capital allocation priorities with respect to maximising the long-term interests of the business and shareholders, including the appropriate distribution of future dividends, and intends to consult with its shareholders in due course.

Board appointment

On 14 January 2020 it was announced that Michael Baldock was to be appointed to the board as Chief Financial Officer. Michael, who has over 30 years of relevant business and leadership experience, joined Abcam on 3 February 2020.

Michael replaces Gavin Wood who had previously announced his decision to step down once a replacement was identified. The board would like to take this opportunity to thank Gavin for his service and commitment to Abcam over the last three and a half years.

Covid-19 update

The Covid-19 outbreak is a difficult, evolving situation; our priority remains on doing everything we can to look after our global team and our customers.

We have seen a reduction in revenue and impact on our supply chain since the outbreak began, with the majority originating from the early spread of the virus in China. To date, the estimated revenue impact has been c.£3m, with around 10 days out of work across the supply chain due to site closures. There is evidence that China is now getting back to work and we are starting to see more demand and activity, albeit not yet at full levels prior to the outbreak. The majority of our own workforce in China have now returned to work, either on-site or remotely as appropriate.

Given the temporary nature of site closures in China, disruption to our supply chain to date has been very marginal and limited to just a small number of products.

Globally the situation is still evolving and given the uncertainties of the spread of the virus and policy choices made in each market, we are currently not in a position to update our expectations for the full year financial impact.

We will provide further updates as we have more clarity, including opportunities as part of our usual reporting cycle in July and September, as appropriate.

Summary and outlook

We are pleased with the progress made in the first half and remain confident in our future prospects. Notwithstanding the short-term impact of Covid-19 discussed above, the fundamentals of our business are strong and the long-term dynamics of the markets we serve remain attractive. These are exciting times at Abcam as we continue to evolve and invest in order to deliver profitable, long-term revenue growth and build towards our five-year financial and strategic goals.

Alan Hirzel
Chief Executive Officer

Michael Baldock
Chief Financial Officer

6 March 2020

Responsibility statement

We confirm to the best of our knowledge:

- the interim financial information has been prepared in accordance with IAS 34, as adopted by the European Union;
- the Financial and Operational highlights, Interim Management Report and Interim Financial Information include a fair review of the information required by the Financial Statements Disclosure and Transparency Rules (DTR) 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the Financial and Operational highlights and Interim Management Report include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period and also any changes in the related party transactions described in the last Annual Report that could do so.

At the date of this statement, the Directors are those listed in the Group's 2018/19 Annual Report and Accounts except for the following change:

	Resigned	Appointed
Sue Harris	13 November 2019	
Gavin Wood	3 February 2020	
Michael Baldock		3 February 2020

By order of the Board

Alan Hirzel
Chief Executive Officer

Michael Baldock
Chief Financial Officer

6 March 2020

Independent review report to Abcam plc

Report on the condensed consolidated interim financial information

Our conclusion

We have reviewed Abcam plc's condensed consolidated interim financial information (the "interim financial statements") in the interim report of Abcam plc for the six month period ended 31 December 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial information, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
6 March 2020

Consolidated income statement

Six months ended 31 December 2019

	Note	**Six months ended 31 Dec 2019 (unaudited)**			Six months ended 31 Dec 2018 (unaudited)		
		Adjusted* £m	**Adjusting items* £m**	**Total £m**	Adjusted* £m	Adjusting items* £m	Total £m
Revenue		**138.2**	**—**	**138.2**	124.7	—	124.7
Cost of sales		**(41.9)**	**—**	**(41.9)**	(37.1)	—	(37.1)
Gross profit		**96.3**	**—**	**96.3**	87.6	—	87.6
Selling, general and administrative expenses		**(56.1)**	**(4.6)**	**(60.7)**	(40.9)	(5.3)	(46.2)
Research and development expenses		**(6.8)**	**(2.2)**	**(9.0)**	(5.9)	(2.1)	(8.0)
Operating profit		**33.4**	**(6.8)**	**26.6**	40.8	(7.4)	33.4
Finance income		**0.5**	**—**	**0.5**	0.3	—	0.3
Finance costs		**(1.1)**	**—**	**(1.1)**	—	—	—
Profit before tax		**32.8**	**(6.8)**	**26.0**	41.1	(7.4)	33.7
Tax	5	**(5.8)**	**5.9**	**0.1**	(7.5)	1.5	(6.0)
Profit for the period attributable to equity shareholders of the parent		**27.0**	**(0.9)**	**26.1**	33.6	(5.9)	27.7
Earnings per share							
Basic	6	**13.2p**		**12.7p**	16.4p		13.5p
Diluted	6	**13.0p**		**12.6p**	16.3p		13.4p

* Adjusted figures exclude system and process improvement costs, costs associated with the new Group headquarters, acquisition costs, amortisation of acquired intangibles, a one-off tax credit for historical periods arising from the initial recognition of benefit from the lower rate of tax applied to profits on patented income and the tax effect of adjusting items. Such excluded items are described as "adjusting items". Further information on these items is shown in note 4.

Consolidated statement of comprehensive income

Six months ended 31 December 2019

	Six months ended 31 Dec 2019 (Unaudited) £m	Six months ended 31 Dec 2018 (unaudited) £m
Profit for the period attributable to equity shareholders of the parent	**26.1**	27.7
Items that may be reclassified to the income statement in subsequent years		
Movements on cash flow hedges	**3.3**	(1.7)
Exchange differences on translation of foreign operations	**(7.9)**	4.8
Movement in fair value of investment	**0.2**	(0.2)
Tax relating to components of other comprehensive income	**(0.6)**	0.4
Other comprehensive (expense) / income for the period	**(5.0)**	3.3
Total comprehensive income for the period	**21.1**	31.0

Consolidated balance sheet

As at 31 December 2019

	Notes	As at 31 Dec 2019 (unaudited) £m	As at 30 Jun 2019 (audited) £m	As at 31 Dec 2018 (Unaudited) £m
Non-current assets				
Goodwill		**116.7**	120.9	117.2
Intangible assets		**108.9**	106.7	113.4
Property, plant and equipment		**41.0**	37.1	32.7
Right-of-use assets		**67.2**	—	—
Investment	8	**3.1**	0.8	0.7
Deferred tax asset		**8.1**	9.4	7.9
		345.0	274.9	271.9
Current assets				
Inventories		**39.5**	36.0	32.1
Trade and other receivables		**33.9**	43.1	30.7
Current tax receivable		**12.0**	5.4	—
Derivative financial instruments	8	**2.1**	0.2	0.1
Cash and cash equivalents		**189.9**	87.1	83.2
		277.4	171.8	146.1
Total assets		**622.4**	446.7	418.0
Current liabilities				
Trade and other payables		**(39.6)**	(41.8)	(33.3)
Lease liabilities		**(6.5)**	—	—
Derivative financial instruments	8	**(0.1)**	(2.0)	(1.9)
Current tax liabilities		**(1.1)**	(1.5)	(1.2)
Borrowings	8	**(101.4)**	—	—
		(148.7)	(45.3)	(36.4)
Net current assets		**128.7**	126.5	109.7
Non-current liabilities				
Lease liabilities		**(67.5)**	—	—
Deferred tax liability		**(16.4)**	(16.5)	(14.1)
Derivative financial instruments	8	**—**	(0.1)	(0.2)
		(83.9)	(16.6)	(14.3)
Total liabilities		**(232.6)**	(61.9)	(50.7)
Net assets		**389.8**	384.8	367.3
Equity				
Share capital		**0.4**	0.4	0.4
Share premium account		**27.8**	27.0	26.2
Merger reserve		**68.1**	68.1	68.1
Own shares		**(2.6)**	(2.8)	(3.0)
Translation reserve		**25.4**	33.3	31.1
Hedging reserve		**1.4**	(1.3)	(1.3)
Retained earnings		**269.3**	260.1	245.8
Total equity attributable to the equity shareholders of the parent		**389.8**	384.8	367.3

Approved by the Board of directors and authorised for issue on 6 March 2020.

Consolidated statement of changes in equity

Six months ended 31 December 2019

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation Reserve £m	Hedging reserve £m	Retained Earnings £m	Total £m
Balance as at 1 July 2019, as previously reported	**0.4**	**27.0**	**68.1**	**(2.8)**	**33.3**	**(1.3)**	**260.1**	**384.8**
Implementation of IFRS 16	—	—	—	—	—	—	(2.2)	(2.2)
Balance as at 1 July 2019, as adjusted	**0.4**	**27.0**	**68.1**	**(2.8)**	**33.3**	**(1.3)**	**257.9**	**382.6**
Profit for the period	—	—	—	—	—	—	26.1	26.1
Other comprehensive (expense) / income	—	—	—	—	(7.9)	2.7	0.2	(5.0)
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**(7.9)**	**2.7**	**26.3**	**21.1**
Issue of ordinary shares	—	0.8	—	0.2	—	—	(0.2)	0.8
Share-based payments inclusive of deferred tax	—	—	—	—	—	—	3.1	3.1
Purchase of own shares	—	—	—	—	—	—	(0.1)	(0.1)
Equity dividends	—	—	—	—	—	—	(17.7)	(17.7)
Balance as at 31 December 2019 (unaudited)	**0.4**	**27.8**	**68.1**	**(2.6)**	**25.4**	**1.4**	**269.3**	**389.8**

Six months ended 31 December 2018

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance as at 1 July 2018	0.4	25.6	68.1	(3.2)	26.3	0.1	234.4	351.7
Profit for the period	—	—	—	—	—	—	27.7	27.7
Other comprehensive income / (expense)	—	—	—	—	4.8	(1.4)	(0.1)	3.3
Total comprehensive income for the period	—	—	—	—	4.8	(1.4)	27.6	31.0
Issue of ordinary shares	—	0.6	—	0.2	—	—	(0.2)	0.6
Share-based payments inclusive of deferred tax	—	—	—	—	—	—	1.8	1.8
Purchase of own shares	—	—	—	—	—	—	(0.2)	(0.2)
Equity dividends	—	—	—	—	—	—	(17.6)	(17.6)
Balance as at 31 December 2018 (unaudited)	0.4	26.2	68.1	(3.0)	31.1	(1.3)	245.8	367.3

Year ended 30 June 2019

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance as at 1 July 2018	0.4	25.6	68.1	(3.2)	26.3	0.1	234.4	351.7
Profit for the period	—	—	—	—	—	—	45.0	45.0
Other comprehensive income / (expense)	—	—	—	—	7.0	(1.4)	(0.1)	5.5
Total comprehensive income for the period	—	—	—	—	7.0	(1.4)	44.9	50.5
Issue of ordinary shares	—	1.4	—	0.4	—	—	(0.4)	1.4
Share-based payments inclusive of deferred tax	—	—	—	—	—	—	6.3	6.3
Purchase of own shares	—	—	—	—	—	—	(0.2)	(0.2)
Equity dividends	—	—	—	—	—	—	(24.9)	(24.9)
Balance as at 30 June 2019 (audited)	0.4	27.0	68.1	(2.8)	33.3	(1.3)	260.1	384.8

Consolidated cash flow statement

Six months ended 31 December 2019

	Notes	**Six months ended 31 Dec 2019 (unaudited) £m**	Six months ended 31 Dec 2018 (unaudited) £m
Operating profit for the period		**26.6**	33.4
Adjustments for:			
Depreciation of property, plant and equipment		**3.4**	2.0
Depreciation of right-of-use assets		**3.0**	—
Amortisation of intangible assets		**6.8**	4.9
Derivative financial instruments at fair value through profit or loss		**(0.7)**	0.4
Research and development expenditure credit		**(0.9)**	(1.5)
Share-based payments charge		**5.0**	2.4
Unrealised currency translation gains		**(1.9)**	(0.6)
Operating cash flows before movements in working capital		**41.3**	41.0
Increase in inventories		**(4.6)**	(2.5)
Decrease in receivables		**7.1**	5.0
Increase / (Decrease) in payables		**1.7**	(1.3)
Cash generated from operations		**45.5**	42.2
Net income taxes paid		**(5.9)**	(5.8)
Net cash inflow from operating activities	*	**39.6**	36.4
Investing activities			
Investment income		**0.5**	0.3
Purchase of property, plant and equipment	*	**(7.9)**	(9.8)
Purchase of intangible assets	*	**(9.2)**	(9.8)
Transfer of cash from escrow in respect of future capital expenditure	*	**0.1**	4.2
Net cash outflow arising from acquisitions		**(0.1)**	(11.9)
Purchase of investments		**(2.2)**	—
Net cash outflow from investing activities		**(18.8)**	(27.0)
Financing activities			
Dividends paid	7	**(17.7)**	(17.6)
Decrease in obligations under leases	*	**(2.2)**	—
Interest paid		**(0.6)**	—
Utilisation of revolving credit facility	8	**103.4**	—
Proceeds on issue of shares		**0.8**	0.6
Purchase of own shares		**(0.1)**	(0.2)
Net cash inflow / (outflow) from financing activities		**83.6**	(17.2)
Net increase / (decrease) cash and cash equivalents		**104.4**	(7.8)
Cash and cash equivalents at beginning of period		**87.1**	90.2
Effect of foreign exchange rates		**(1.6)**	0.8
Cash and cash equivalents at end of period		**189.9**	83.2
Free Cash Flow	(i)	**20.4**	21.0

(i) Free Cash Flow comprises those items marked * and comprises net cash generated from operating activities less net capital expenditure and decrease in obligations under leases.

Cash and cash equivalents includes £0.6m (2018: £0.1m) in respect of funds contributed by employees for the purpose of purchasing shares under the Abcam Abshare Scheme upon vesting.

Notes to the interim financial information

For the six-month period ended 31 December 2019

1. General information

This condensed consolidated interim financial information for the six months ended 31 December 2019 is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 but has been reviewed by the auditor. The financial information for the year ended 30 June 2019 does not constitute the Company's statutory accounts for that period, but has been extracted from those accounts, which were approved by the Board of Directors on 6 September 2019 and have been delivered to the Registrar of Companies. The auditor has reported on those accounts, their opinion was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation

The condensed interim financial information for the six months ended 31 December 2019 included in this interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and has been prepared on a going concern basis as described further below.

a Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are those as set out in the Group's financial statements for the year ended 30 June 2019 save as outlined below. In addition, tax on income in the interim period is calculated as described in note 5.

New accounting standards and interpretations

The Group adopted IFRS 16 on 1 July 2019 and this is the first financial information prepared under this standard. Analyses of the impacts of this new standard are set out below and the remaining accounting policies in this financial information have been applied consistently with the Group's financial statements for the year ended 30 June 2019.

IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 'Leases' and has been endorsed by the European Union. The most significant changes are in relation to lessee accounting. Under IFRS 16 the lessee recognises a right-of-use asset and a lease liability for all leases currently accounted for as operating leases, with the exception of leases for a short period (less than 12 months) where recognition exemption applies or where the underlying asset value is low.

Right-of-use assets are measured at cost, less any accumulated depreciation and lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognised right-of-use assets are depreciated over the shorter of its estimated useful life and lease term. Right-of-use assets are also subject to impairment testing.

At the commencement of a lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period over which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the transition date (or lease commencement date if later) if the interest rate implicit in the lease is not readily determinable. After the transition or commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

Before the adoption of IFRS 16, the Group classified each of its leases at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Historically, all of the Group's leases have been classified as operating leases whereby the leased asset was not capitalised, and the lease payments were recognised as rent expense in the income statement on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2019

2. Basis of preparation (continued)

The Group has taken advantage of the modified retrospective transition method whereby on transition, a lease liability is recognised as the present value of future payments and an asset is recognised as the present value of the total lease payments at the lease inception and then depreciated on a straight-line basis from this transition date. The income statement and balance sheet for prior periods have not been restated. A transition adjustment of £2.2m is generated due to the difference between the value of the asset and liability.

The Group's income statement is impacted by the change in accounting standard as the fixed rental expense is replaced by a depreciation charge and an interest expense. For the year ended 30 June 2020, there is expected to be an increase of approximately £1.0m in operating profit comprising an increase in depreciation of £6.0m offset by the reduction in rent expense of £7.0m relating to the previous treatment as operating leases. Finance costs are expected to increase by £1.1m relating to the additional lease liabilities recognised, resulting in an overall decrease in profit before tax of £0.1m.

The long-term impact to the Group's reported profit after tax is expected to be immaterial with a net decrease in the initial years after transition which will reverse in later years as the leases in existence at transition come closer to ending.

On transition the weighted average incremental borrowing rate was 1.6%, which in turn takes advantage of the practical expedient on transition to apply a single discount rate to groups of leases with similar risk profiles. As such a single discount rate has been applied to leases in each country in which the Group operates.

The impact of transitioning to IFRS 16 on the 1 July 2019 to each balance sheet line item is as follows:

	30 June 2019 as previously reported £m	IFRS 16 adjustments £m	1 July 2019 as adjusted £m
Right of use assets	-	70.2	70.2
Trade and other receivables	43.1	0.3	43.4
Current Lease liabilities	-	(6.5)	(6.5)
Trade and other payables	(41.8)	3.6	(38.2)
Non-current Lease liabilities	-	(69.8)	(69.8)
Retained earnings	260.1	(2.2)	257.9
Total attributable to equity shareholders of the parent	**384.8**	**(2.2)**	**382.6**

b Going concern

The directors have prepared the interim financial information on a going concern basis. In considering the going concern basis, the directors have considered the principal risks and uncertainties set out at the end of this report. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future and a period of not less than twelve months from the date of this report. Accordingly, the going concern basis has been adopted in preparing the interim. financial report.

c Adjusted performance measures

Adjusted performance measures are used by management in its review of the business and exclude certain cash and non-cash items which management believes are not reflective of the normal course of business of the Group. Management believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for fuller understanding of performance from year to year. A detailed reconciliation between reported and adjusted measures is presented in note 4.

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2019

3. Operating segments

The Directors consider that there are no identifiable business segments that are engaged in providing individual products or services or a group of related products and services that are subject to risks and returns that are different to the core business. The information reported to the Group's Chief Executive Officer, who is considered the chief operating decision maker, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8 *Operating Segments*, which is 'sales of antibodies and related products'. The Group's revenue and assets for this one reportable segment can be determined by reference to the Group's income statement and balance sheet.

The table in the 'financial performance in the period' section of the Interim Management Report above sets out an analysis of the Group's revenue.

4. Consolidated adjusted financial measures

A reconciliation of the Group's adjusted performance measures to reported IFRS measures is presented below:

		Six months ended 31 Dec 2019 (unaudited)			Six months ended 31 Dec 2018 (unaudited)		
	Note	**Adjusted £m**	**Adjusting items £m**	**Total £m**	Adjusted £m	Adjusting items £m	Total £m
EBITDA[1]		**43.2**	**(3.4)**	**39.8**	44.4	(4.1)	40.3
Depreciation and amortisation		**(9.8)**	**(3.4)**	**(13.2)**	(3.6)	(3.3)	(6.9)
Operating profit		**33.4**	**(6.8)**	**26.6**	40.8	(7.4)	33.4
Finance income		**0.5**	**—**	**0.5**	0.3	—	0.3
Finance costs		**(1.1)**	**—**	**(1.1)**	—	—	—
Profit before tax		**32.8**	**(6.8)**	**26.0**	41.1	(7.4)	33.7
Tax	5	**(5.8)**	**5.9**	**0.1**	(7.5)	1.5	(6.0)
Profit for the period		**27.0**	**(0.9)**	**26.1**	33.6	(5.9)	27.7

1 EBITDA = Earnings before interest, tax, depreciation and amortisation

		Six months ended 31 Dec 2019 (unaudited) £m	Six months ended 31 Dec 2018 (unaudited) £m
Analysis of adjusting items			
Affecting EBITDA			
System and process improvement costs	**(i)**	**(2.1)**	(2.0)
Acquisition costs	**(ii)**	**(1.3)**	—
Costs associated with new Group headquarters		**—**	(2.1)
		(3.4)	(4.1)
Affecting depreciation and amortisation			
Amortisation of acquisition related intangible assets	**(iii)**	**(3.4)**	(3.3)
		(3.4)	(3.3)
Affecting profit before tax		**(6.8)**	(7.4)
Affecting tax			
Tax effect of adjusting items		**1.2**	1.5
One off tax credit arising from patent box claims	**(iv)**	**4.7**	—
		5.9	—
Total adjusting items		**(0.9)**	(5.9)

(i) Comprises costs of the ERP implementation which do not qualify for capitalisation
(ii) Comprises legal and other professional fees associated with the acquisition of Expedeon.
(iii) £2.2m (2018: £2.1m) of amortisation of acquisition intangibles is included within research and development expenses, with the remaining £1.2m (2018: £1.2m) included within selling, general and administrative expenses.
(iv) Comprises a one off credit for historical periods in respect of the initial recognition of benefit from the lower rate of tax applied to profits on patented income under HMRC's 'patent box' regime following successful registration of patents during the period.

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2019

5. Income tax

The major components of the income tax (credit) / expense in the income statement are as follows:

	Six months ended 31 Dec 2019 (unaudited) £m	Six months ended 31 Dec 2018 (unaudited) £m
Current tax	—	6.1
Deferred tax	(0.1)	(0.1)
Total income tax (credit) / expense	**(0.1)**	6.0
Adjusted income tax charge*	**5.8**	7.5

*Adjusted income tax charge excludes the tax effects of adjusting items and one-off credit for historical periods arising from the applicability of patent box relief, as set out in note 4.

The UK corporation tax rate for the six months ended 31 December 2019 was 19.0% (six months ended 31 December 2018: 19.0%).

Effective tax rates represent management's best estimate of the average annual effective tax rate on reported or adjusted profits with these rates being applied to half year results.

The effective rate on reported profits of (0.4%) is low due mainly to a £4.7 million one off credit for historical periods in respect of the initial recognition of benefit from the lower rate of tax applied to profits on patented income under HMRC's 'patent box' regime following successful registration of patents during the period. The estimated effective rate of tax on reported profits for the full year ending 30 June 2020 is approximately 9.8% (year ended 30 June 2019 20.2%), representing management's best estimate of the average annual effective tax rate on profits expected for the full year.

The effective rate on adjusted half year profits is 17.7% and for the full year ending 30 June 2020 is expected to be approximately 18% (year ended 30 June 2019: 19.7%).

6. Earnings per share

The calculation of earnings per ordinary share (EPS) and adjusted earnings per ordinary share (adjusted EPS) are based on profit after tax, and adjusted profit after tax, respectively, attributable to owners of the parent and the weighted number of shares in issue during the six-month period.

Adjusted EPS figures have been calculated based on adjusted earnings which are set out and described in note 4.

	Six months ended 31 Dec 2019 (unaudited) £m	Six months ended 31 Dec 2018 (unaudited) £m
Profit attributable to equity shareholders of the parent - adjusted	**27.0**	33.6
Adjusting items	(0.9)	(5.9)
Profit attributable to equity shareholders of the parent – total reported	**26.1**	27.7
	Million	Million
Weighted average number of ordinary shares in issue	205.8	205.2
Less ordinary shares held by Equiniti Share Plan Trustees Limited	(0.5)	(0.5)
Weighted average number of ordinary shares for the purposes of basic EPS	**205.3**	204.7
Effect of potentially dilutive ordinary shares: – share options and awards	1.9	1.7
Weighted average number of ordinary shares for the purposes of diluted EPS	**207.2**	206.4

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2019

6. Earnings per share (continued)

Diluted EPS and adjusted diluted EPS are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Such potentially dilutive ordinary shares comprise share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period and any unvested shares which have met, or are expected to meet, the performance conditions at the end of the reporting period.

	Six months ended 31 Dec 2019 (unaudited)	Six months ended 31 Dec 2018 (unaudited)
Basic EPS	**12.7p**	13.5p
Diluted EPS	**12.6p**	13.4p
Adjusted basic EPS	**13.2p**	16.4p
Adjusted diluted EPS	**13.0p**	16.3p

7. Dividends

	Six months ended 31 Dec 2019 (unaudited) £m	Six months ended 31 Dec 2018 (unaudited) £m
Amounts recognised as distributions to equity shareholders in the period:		
Final dividend for the year ended 30 June 2018 of 8.580 pence per share	**—**	17.6
Final dividend for the year ended 30 June 2019 of 8.580 pence per share	**17.7**	—
Total distributions to owners of the parent in the period	**17.7**	17.6
Proposed interim dividend of 3.55 pence (H1 2019: 3.55 pence) per share	**7.3**	7.3

The proposed interim dividend was approved by the Board on 6 March 2020 and has not been included as a liability in these financial statements.

8. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks that include currency risk, interest rate risk, credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements; accordingly, they should be read in conjunction with the Group's financial statements for the year ended 30 June 2019. There have been no changes to the risk management policies since the year ended 30 June 2019.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2019

8. Financial instruments and risk management (continued)

The following table presents the Group's assets and liabilities carried at fair value by valuation method.

31 December 2019	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivative financial instruments	**—**	**2.1**	**—**	**2.1**
Investment	**0.9**	**—**	**1.9**	**2.8**
Total assets	**0.9**	**2.1**	**1.9**	**4.9**
Liabilities				
Derivative financial instruments	**—**	**(0.1)**	**—**	**(0.1)**
Total liabilities	**—**	**(0.1)**	**—**	**(0.1)**

30 June 2019	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivative financial instruments	—	0.2	—	0.2
Investment	0.8	—	—	0.8
Total assets	0.8	0.2	—	1.0
Liabilities				
Derivative financial instruments	—	(2.1)	—	(2.1)
Total liabilities	—	(2.1)	—	(2.1)

There were no transfers between levels during the period.

The Group's Level 2 financial instruments consist of forward foreign exchange contracts fair valued using forward exchange rates that are quoted in an active market.

The Group continues to generate significant amounts of US Dollars, Euros, Japanese Yen and Chinese Renminbi in excess of payments in these currencies and has hedging arrangements in place to reduce its exposure to currency fluctuations.

The following table details the forward exchange contracts outstanding as at the period end:

	US Dollars		Euros		Japanese Yen		Chinese Renminbi	
Maturing in	Sell $'m	Average rate	Sell €'m	Average rate	Sell ¥'m	Average rate	Sell ¥'m	Average rate
Period ending 30 June 2020	**16.4**	**1.29**	**20.9**	**1.12**	**1,048**	**140.6**	**84.8**	**9.0**
Year ending 30 June 2021	**3.1**	**1.29**	**7.7**	**1.14**	**466**	**139.0**	**19.1**	**9.2**

The Group's Level 3 financial instruments consist of unlisted equity shares acquired during the six-month period.

The fair value of the unquoted equity shares can be determined as management monitors the ongoing performance of the investment and due to the recent nature of the purchase by the Group.

Borrowings

During the year ended 30 June 2019, the Group entered into a Revolving Credit Facility (RCF) of £200m (with a £100m additional accordion option), with an initial term of three years. On 17 November 2019, €120.0m (£103.4m) was drawn down in order to fund the acquisition of the Expedeon business (see note 10) which completed on 1 January 2020. The initial interest rate on these borrowings was 0.8%.

9. Capital commitments

As at 31 December 2019, the Group had capital commitments of £1.7m (31 December 2018: £3.9m) relating to the acquisition of property, plant and equipment and intangible assets.

Notes to the interim financial information (continued)

For the six-month period ended 31 December 2019

10. Post balance sheet events

a) Expedeon

On 1 January 2020, the Group completed the acquisition of Expedeon's Proteomics and Immunology business, which includes Innova and TGR BioSciences (together known as 'Expedeon') from Expedeon AG for a cash consideration of €120 million (£102 million) which was funded from the Group's borrowing facility.

The acquisition includes leading protein conjugation technologies and products with well-known industry brands, including Lightening-Link® and CaptSure™. The acquisition is complementary to the Group's existing antibody and multiplex growth strategy and represents a compelling strategic fit which accelerates ambitions within the complementary antibody conjugation and labelling market, where there is high customer overlap. Expansion of the addressable market is enabled by the leveraging of technologies in conjugation with Abcam's deep expertise and experience in customer service, digital marketing and sales and provides opportunities to combine both companies' technologies to create new value-added products to support customer needs.

b) Gene editing platform and oncology product portfolio

On 30 January 2020, the Group announced the purchase of the gene editing platform and oncology product portfolio of Applied StemCell, Inc. (ASC) for life science research and diagnostic markets for approximately $10 million (£7 million).

The transaction includes a portfolio of cell lines and the well regarded AccuRef reference materials product line (www.accuref.com). Abcam intends to expand the ASC platform to become its discovery engine for developing novel edited cell lines, building Abcam's existing portfolio of knock-out (KO) cell lines. Ready-made KO cell lines play a significant role in the study and understanding of biological pathways and disease models.

c) Partial repayment of borrowings

On 17 February 2020, the Group made a partial repayment of amounts borrowed under the RCF and redenominated the remaining borrowings into Sterling, leaving an outstanding balance of £82.0m. The current interest rate is 1.5%.

Risks and uncertainties

The principal risks and uncertainties which the Group faces in the undertaking of its day-to-day operations and in pursuit of its longer-term objectives are set out in the Annual Report and Accounts 2019 on pages 38 to 44 and in note 4 to the consolidated financial statements. Information on financial risk management is set out in note 23 to the consolidated financial statements. A copy of the Annual Report and Accounts is available on the Group's website www.abcamplc.com/investors/reports-presentations/.

The principal risks and risk profile of the Group have not changed over the interim period and are not expected to change over the next six months. As noted in the Annual Report and Accounts 2019, the Group continues to monitor developments in respect of the UK's withdrawal from the EU and the consequences of how these might affect the business.

The principal risks remain as:

Principal risk	**Description and relevance**
1. Increased competition: specifically pinpointed to disruptive developments	The risk of competitors introducing new technologies, channels or workarounds, strengthening product offerings and routes to market.
2. Identification, valuation and pursuit of acquisitions and investments	The risk that Abcam fails to acquire businesses which could bring added value or does not fully identify risks within acquisition targets which would affect the valuation or acquisition rationale.
3. Availability of research funding	The risk of a substantial reduction in funding for life sciences research in one of Abcam's significant territories.
4. ERP project/IT infrastructure	The risk that Abcam does not continue to develop its external facing and internal IT infrastructure.
5. Cyber security risks including loss of data and website inaccessibility	The risk that Abcam's critical IT infrastructure is compromised or subject to cyber attack.
6. Loss of output at any Group manufacturing or logistics facility	The risk that a disruptive event or disaster occurs at a key facility.
7. Business growth is constrained by not having appropriate people, resources and infrastructure in place	The risk of failure to attract and retain high calibre personnel, or to maintain operational and IT infrastructure that is sufficiently robust, efficient and scalable.
8. Inadequate integration or leverage of acquired businesses	The risk of misjudging key elements of an acquisition or failing to integrate the acquired business in an efficient and timely manner.
9. Reputational risk	The risk of not meeting internal high standards of quality and ethical business practice.
10. Significant exchange rate movements	The risk of significant unfavourable foreign exchange movements.
11. Non-compliance with laws and regulations	The risk of insufficient evaluation and non-compliance with legislation and regulation in the markets and countries in which Abcam operates.