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# Annual Report and Accounts 2022

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Abcam PLC Report & Accounts 2022



For further information on Abcam's Sustainability, visit [corporate.abcam.com/sustainability](https://corporate.abcam.com/sustainability)



You can find more information about Abcam online at [corporate.abcam.com](https://corporate.abcam.com)

# Welcome to Abcam

## About us

We serve customers at the forefront of life science research globally through the identification, development, and distribution of high-quality biological reagents.

Our products are used by hundreds of thousands of researchers worldwide to study biological pathways critical for scientific research, diagnostics, and drug discovery. Our mission is to provide them with highly validated products and services to advance biological research and achieve their goals faster.

We focus on continuously innovating and providing customers with high-quality tools, together with expert customer support. Our product offering includes an extensive portfolio of antibodies and related research tools that are fundamental to protein research and experimental workflow.

Our customers are primarily scientists and researchers in academic institutions, research institutes, as well as pharmaceutical, biotechnology and diagnostics companies.

Headquartered in Cambridge, United Kingdom, we operate across 13 physical locations around the world, supported by our global team of approximately 1,800 employees, including over 400 within research and development.

## Our Vision

Our vision is to become the most influential life sciences company for researchers worldwide to support research, diagnostic and therapeutic applications.

## Our Purpose

Our purpose is to efficiently enable scientific breakthroughs by serving life scientists to help them achieve their mission, faster.

# Financial Highlights and Key Performance Indicators

## Financial<sup>1</sup> performance highlights

### Revenue

£361.7m

2022	£361.7m
2021	£315.4m
2020	£269.3m

### CER revenue growth<sup>2</sup>

+7.8%

2022	+7.8%
2021	+22.3%

### Adjusted Gross Profit %

75.5%

2022	75.5%
2021	72.2%
2020	70.0%

### Adjusted Operating Profit %

21.1%

2022	21.1%
2021	19.2%
2020	18.8%

### Adjusted Diluted EPS

£0.249

2022	£0.249
2021	£0.206
2020	£0.178

### Return on Capital (ROCE)

8.9%

2022	8.9%
2021	7.6%
2020	6.6%

### In-house CER revenue growth<sup>3</sup>

+18%

2022	+18%
2021	+38%

<sup>1</sup> Refer to the Summary Performance table in the Finance Overview and to note 7 in the consolidated financial statements

<sup>2</sup> Total CER revenue growth

<sup>3</sup> In-house products sales, including Custom, Products, Licensing and BioVision

## Sustainability performance indicators

### Customer tNPS<sup>4</sup>

25

2022	25
2021	56
2020	59

### Employee NPS

40

2022	40
2021	41

### Abcam products validated on third-party platforms<sup>5</sup>

2,153

2022	2,153
2021	985
2020	561

### In-house New Products

5,492

2022	5,492
2021	6,168
2020	6,562

<sup>4</sup> Customer tNPS was impacted by the implementation of a new Oracle Cloud ERP system which impacted our ability to ship product, invoice customers and collect cash in a timely manner.

<sup>5</sup> Cumulative products validated on third-party platforms

## Dear shareholder

### Progress happens together

Our global team is motivated by a mission to make Abcam the most influential company in life sciences. We exist to influence the community of discovery, and to shorten the time from first discovery to impact on society.

Over the last 25 years, Abcam has had an important role in providing tools and molecules to discovery scientists. As we grew our internal innovation capability and capacity over the last 10 years, we have learned to create products that can consistently go the distance from discovery research to clinical applications. Beyond our leaps forward to scale product innovation, we have discovered that by bringing empathy and understanding to how science makes this journey, we have become a more integral part to making progress happen together.

As a company, we are opening opportunities to connect people, organisations, and stages of scientific progress together to bring efficiency and better outcomes to society. This mindset is shaping our brand, culture, partnerships, and our daily interactions with hundreds of thousands of dedicated life scientists around the world in Universities, Research Institutes, Hospitals, Government Organisations, Biopharma Organisations, Diagnostics, and a broad range of companies working to ensure society is healthy and safe.

Our success has been enabled by the tireless efforts of our approximately 1,800 employees working to advance science. We have created and continue to nurture a vibrant and dynamic culture through diversity, equity, and inclusion, thereby differentiating the Company and making us a great place to work. We believe that our growth is powered through our people, and our commitment to delivering excellence powers the pillars of our strategy:

- Sustain and extend our antibody and digital leadership
- Drive continued expansion into complementary market adjacencies
- Build organisational scalability and sustain value creation

### Attacking constraints to durable growth

We have just completed the third year of the five-year strategic plan we set out in 2019. The implementation of this plan continues to attack internal constraints to enable our company to sustain long-term profitable growth that is higher than underlying market growth rates.

As we enter the final two years of our strategic cycle, we are spending more and more of our time refining what we have installed. We continue to allocate capital to areas that are critical to that effort: product innovation; digital transformation;

and operational scaling. Many of these changes will support the Company's growth for decades to come. In 2022, we completed three of these major milestones:

### Change in listing

We consolidated all Abcam share trading on the Nasdaq stock exchange in 2022 with almost universal support of shareholders. The Company's 2005 IPO on the AIM market funded the start of Abcam's globalisation. Seventeen years later, 95% of company demand, approximately 60% of employees, and over 50% of shareholders are located outside of the UK. This was an incredibly successful period of global growth for the Company, and we are grateful for the flexibility that the AIM market provided in those formative years. With the sole Nasdaq listing, we are entering a new phase that allows greater access to industry savvy investors who want to invest in the Company's life science growth story.

### Core enterprise system upgrade

Abcam was built from scratch twenty-five years ago primarily as a software company to bring a better buying experience to researchers working with antibodies. Every process and aspect of how the Company historically operated, was custom built and programmed into a legacy home-grown enterprise system, controlling everything from the website content to how cash was collected.

By 2015, I could see that this core enterprise operating system was going to constrain our growth and posed a risk to the business. That system had fundamental and non-scalable design issues with its architecture, data, and performance, all of which were under strain from our growth. We needed change to enable Abcam to succeed in its strategy as an in-house product innovator/manufacturer, to become more scalable and efficient, to bring a modern personalised website buying experience, and to comply with the internal control environment of a publicly listed company. The business case for this programme was rooted in the fact that we had no choice but to make this change.

I am delighted that in 2022 we introduced a scalable and more robust Oracle Cloud ERP platform to grow Abcam for many years to come. With over 70 system integrations, we replaced the Company's legacy technology and processes during H2 2022. To say that reaching this milestone was challenging is an understatement.

Even with the expert help of IBM Consulting and Oracle Software, the go-live transition did not go as well as planned. Over September-October 2022, we experienced disruption to our ability to serve and invoice customers. During that period, our primary focus was to do everything we could to support customers whilst resolving data, software, and design issues that were compromising performance. We have apologised to those affected and we appreciate their understanding of the one-off nature of this change.

# Chief Executive Officer's review continued

## 12-month period to 31 December 2022

There was also a financial impact on our revenue (orders shipped and invoiced fell short of orders received) and cash (ability to invoice customers and collect cash for orders shipped). We continued to see strong demand for Abcam products throughout H2, and as we improved operations, the business returned to normal exiting the year. As with any process, we will seek to make further improvements to delivery on promise and invoicing as we learn to utilise and refine our new systems.

The major disruption to customers and our business are largely behind us and we look ahead to serving customers more as normal in 2023. We are taking all that we can learn from it to remain a durable and long-term growth company. We are confident these changes have strengthened Abcam and will allow us to scale and innovate in ways we could not otherwise have done.

### Footprint/facilities/BioVision integration

In 2022, we continued our focus on expanding our global footprint with expansion in Waltham, Amsterdam, and Singapore. We have nearly completed building out Waltham's approximate 100,000 square feet for assay kits, our fastest growing product line. This expansion provided capacity to grow and made it possible to fully integrate the BioVision business we acquired in 2021, whilst exiting their facility in Milpitas, CA in 2023. Expansion into Amsterdam improved our digital innovation capabilities, and Singapore ensures our ability to better serve the Asia-Pacific region. These initiatives increase our efficiency, add needed capacity, reduce risk, and ultimately enable the Company with increased scale.

### 2022 Performance

In 2022, Abcam continued the path to becoming a leading Life Sciences company offering in-house products and services. Our focus on innovation has helped drive new product development resulting in us achieving market share gains over the past few years. We have been recognised once again by CiteAb with the most industry awards including best acquisition (BioVision). We continue to build out capabilities to sustain our ability to drive long term and profitable growth. In addition, new and existing partnerships have extended Abcam research tools into clinical applications, accelerating our impact on drug discovery for the benefit on society.

The biggest contributor to Abcam's growth and value is enabled by sales of our in-house products, including BioVision, and the main reason we are winning more market share is the portfolio of proprietary products developed and manufactured at Abcam. This burgeoning in-house library of recombinant antibodies, assays, conjugation kits, proteins, and cell lines are offering customers the right products, to the right pathways, with a promise to go the distance from discovery to clinic. Customer demand for this portfolio drove in-house revenue to £243.9m in 2022 (2021: £193.1m), equivalent to 18% annual CER growth and 26% on a reported basis, including BioVision. Our investment of 23% of revenue (own product) back into R&D enables sustainable growth and higher customer satisfaction in these areas.

2022 was a challenging year. We faced inflationary pressures on our costs, supply chain disruptions and the ongoing impact from COVID-19, particularly in China. However, even in this environment we delivered major change programmes aligned to our strategic priorities.

The Company completed business transformation projects including opening a Singapore office, full integration of BioVision, installing an Oracle Cloud ERP system and making a complete transition of our traded shares from AIM to Nasdaq. From a financial perspective, we achieved mid-teens reported revenue growth (high-single digit CER revenue growth), expanded our adjusted operating profit margin, to over 21%, and delivered adjusted diluted earnings per share growth of approximately 21%. As we look ahead to the successful completion of our five-year growth plan, I could not be more excited about the road ahead.

### New product development

The success of our products depends on rigorous testing to drive product performance and reliability. Our internal investments in R&D and manufacturing have resulted in us achieving better control of out-of-the box quality, first time every time to the delight of scientists. We have over 400 full-time employees working in Research and Development, over 150 with PhDs, that are developing new products to further customer efforts in scientific development and advancement in areas such as Oncology, Immunology, and Neurobiology.

Our teams once again had a successful year of in-house new product development with ongoing progress across all product lines. As science moves from the use of Next Generation Sequencing to understand basic building blocks of human DNA, it becomes more vital now to understand the disease pathways and root cause of disease. Our product portfolio enables proteomics research by our customers and partners. The study of cellular mechanisms such as the role of signalling and regulatory proteins in biological pathways – ultimately leading to diagnostics and treatments for diseases such as cancer, immunodeficiencies and neurodegenerative disorders – are within our grasp. Enabling advancements in science is a core element of our innovation efforts.

Investments have helped innovate new products in antibodies, proteins, cell lines, conjugation kits, and immunoassays. We continue to build out into adjacent categories such as cellular and biochemical assay capabilities from the BioVision acquisition. We believe that their full suite of assay offerings is differentiated to better support the dual/mixed approach to drug discovery (target-based and phenotypic approach) being undertaken by BioPharma. In 2022, we are proud to have launched nearly 2,000 new Antibodies, approximately 200 new bioactive proteins and over 1,500 engineered cell line products. In total, our team delivered approximately 5,500 new products, and achieved over 99% customer product satisfaction (measured by customer complaint rates); this is a testament to our team's abilities and focus on out-of-the-box quality. These new product introductions combine to meet two objectives:

fill unmet needs in research and increase product quality. Continuing our focus on quality, we have added product validation using biophysical quality controls (a biopharma control check) and we will continue to monitor and delist third party supplied products that do not meet our quality standards. Together, these actions have substantially improved Abcam's quality and our overall brand preference.

New in-house products introduced since 2019 represented approximately 10% of 2022 revenue and our own-product revenues (including Custom Products & Licencing), plus BioVision, contributed approximately 67% of total revenue in the last 12 months enabling favourable margin mix. According to the most recently available industry data, these innovations and other initiatives have led Abcam to become the most cited antibody company worldwide. Abcam products were cited approximately 80,000 times in scientific journals in 2021 and the business now has a citation share of over 23%, with continued share gains over the previous year (source: CiteAb, based on over 300,000 recorded citations for 2021 as of February 2023).

### Partnerships

We furthered our efforts on 'Abcam Inside' by strengthening our position as a leading discovery partner to organisations looking to access high quality antibodies and antibody expertise for commercial use within their products and assays.

We established several new platform partnerships during the period while expanding existing co-development programmes with current partners, including recently announced strategic partnerships with WuXi Diagnostics, and Roche Holding AG. We continue to grow our specialty antibody portfolio – signing 18 new outbound commercial agreements in 2022 that have the potential to lead to new diagnostic or therapeutic tools in years to come. The combined total of 33 new agreements and amendments also reflects the expansion of existing relationships.

In 2022, over 1,200 of our antibodies were validated for commercial use on third party platforms or as diagnostic tools. The total number of Abcam antibody clones commercialised to date is now over 2,000. We believe both areas remain significant long-term opportunities for the Group.

### Diverse Team

We continue to work toward a more inclusive and diverse global team. Our organisation has access to and leads a wide range of employee resource groups to support diverse interests and needs. With their input, we designed and introduced enhanced family leave benefits in 2022 to support parents with growing families.

We also made progress in our multi-year goals to enhance gender diversity. In our most recent data, the Company has 57% women overall, 46% of our leaders are women, and we added a fourth female director to the board in 2022.

### Attractive Outlook for 2023 and 2024

As we look ahead to the final stages and successful completion of our five-year growth plan, we are focused on ensuring the significant investment made in our innovation capabilities, systems and processes, facilities, and people support our long-term growth aspirations.

In 2023, our priorities for the year will largely focus on refining what we have installed, learning from the market, continued development of new products to grow our revenue, and returning to historical levels of profitability by 2024 consistent with our stated goals.

I could not be more excited about the prospects ahead. Our confidence in the performance of the business is unwavering, and we continue to expect to achieve our revenue target of £450m-£525m by 2024.

Once again, I want to thank our global team for their dedication, our customers for the trust they place in us, as well as our Board of Directors and our shareholders for their continued support.



**Alan Hirzel**  
CEO



The life science industry which Abcam serves is experiencing increases in research funding and capital investment to support the growth of collaborative and global biomedical discovery networks.

The Group's addressable markets are currently estimated to total approximately \$8bn. This figure is comprised of an addressable market for proteomic research reagents of approximately \$3bn and an addressable market for out-licensed antibody development for diagnostic and therapeutic companies intended for clinical use, totalling approximately \$5bn. Further information on our markets can be found on the investor section of our website at corporate.abcam.com/investors/our-markets.

We expect the continuation of a number of industry forces to sustain long-term market growth trends across both research-use only (RUO) and clinical use markets, resulting in increasing long-term demand for our products and services.

Major long-term industry and macro drivers, include:

- The funding environment for biomedical research
- The increasing focus on research reproducibility
- The growing significance of genomic and proteomic research
- Demographic and epidemiological trends
- The expansion and prioritisation of R&D in China

As a global supplier of high-quality life science research reagents and tools, Abcam helps life scientists to advance scientific discovery through their research. Our protein binding reagents, tools and solutions are increasingly used by academic, pharmaceutical and biotechnology organisations across a range of applications and research fields including oncology, cardiovascular, cell biology, epigenetics, infectious diseases, metabolism, developmental biology, immunology, microbiology, neuroscience, signal transduction and stem cell research.

Therefore, growth in the number of scientists conducting protein research around the world, and the support for those scientists – through increased research funding and capital investment, as well as new innovations that allow them to increase productivity – are all important contributors to the Group's long-term growth prospects. The credibility and influence of a life science company, such as Abcam, is, in part, determined by the number of times their products are cited in scientific papers. The number of times our products are cited has grown consistently year-on-year since 2010. According to industry data provider CiteAb, Abcam was the most cited company for antibodies globally in 2021, with approximately 80,000 citations, a market share of over 23% (based on over 300,000 registered citations for 2021 as of February 2023).

Antibodies are also a critical component in many in-vitro diagnostic assays, including companion diagnostics, and can also be used as therapeutic agents for the treatment of diseases, including cancers and immune-related diseases. As well as developing these antibodies internally, biopharmaceutical and diagnostic organisations are increasingly outsourcing the initial discovery and development of antibodies to third party organisations able to provide these services on a contract basis.

In recent years, we have increased our focus on this area of the market, through both the custom development of new antibodies and the out-licencing of our existing antibodies to biopharmaceutical and diagnostic companies, extending the commercial application of our products into these markets. We believe that we are well positioned to leverage our expertise in protein binding reagents to support clinical and instrument platforms, capturing greater market share and driving growth within these markets as a result.



### As a global life sciences company, we provide highly validated antibodies and biological tools to the scientific community

The success of our customers' work, from basic research to translational science, diagnostics, and therapeutic clinical programmes, relies on rigorous product quality, performance, and reliability.

Underlying our value chain is a set of defining strengths which set us apart from our competitors: our data and leading digital presence; our brand leadership in research use antibodies; our differentiated product innovation platform and product offering; our global scale and distribution platform; and our global team and culture.

Our strategy leverages these strengths to drive long-term profitable growth, which in turn drives free cash flow and return on invested capital – and ultimately attractive returns for shareholders. Sustainable value creation means investing for the long-term.

Given the abundance of market opportunities for growth, in 2019 we set out a Five-Year Growth Plan to increase the pace of investment to accelerate our growth potential and generate long-term shareholder value.

Sustainable value creation also means operating in a responsible manner, which maximises positive impact and reduces negative impact. That is why at the heart of our business model and vision to grow our business is a commitment to increase our positive social impact whilst reducing our environmental footprint, in turn contributing to the United Nations Sustainable Development Goals.

Our strategy and business model continue to deliver growth that is consistent, competitive, profitable, and responsible. Notwithstanding the impact of the COVID-19 pandemic, in the nine years to 31 December 2022, the Group delivered double digit compound annual sales growth. Over the same period, the number of times our antibodies were cited by researchers worldwide grew from ~14,000, to approximately 80,000 annually, reflecting our growing influence within the scientific community.

Our mission is to provide life science researchers with highly validated products and services to advance biological research and achieve their goals faster. We do this by continuously innovating and providing our customers with high-quality tools, together with expert customer support. Our product offering includes an extensive portfolio of antibodies and related protein research tools that are fundamental to our customers' research and experimental workflow. Our customers are primarily researchers in academic institutions, research institutes and pharmaceutical, biotechnology and diagnostics companies.

Headquartered in Cambridge, United Kingdom, we operate across 13 locations around the world, supported by our world-class team of approximately 1,800 employees, including over 150 with PhDs, and have served customers in over 130 countries.

Our addressable market can be broadly classified into two categories, based on the application of our products and type of customer they serve:

- **Research use only proteomic tools.** These products include protein binding reagents, such as primary and secondary antibodies and singleplex immunoassays, and related reagents, such as conjugation kits, proteins, peptides, lysates, cell lines and biochemicals. Our research products are used to help detect, quantify, visualize, and modify proteins in scientific research experiments, and enable our customers to develop insights about targets and pathways of interest. Our customers include academic labs for scientific research and clinical labs in pharmaceutical and biotechnology companies working in the drug discovery and diagnostic markets. Our catalogue revenue, the substantial majority of which is purchased for RUO, accounted for 94% of our total revenue for the year ended 31 December 2022 (2021: 94%).
- **Antibody development for clinical application.** In recent years, through the custom development of new antibodies and the out-licensing of our existing antibodies to biopharmaceutical and diagnostic companies, we have extended the commercial potential of our products into these markets. The substantial majority of our Custom Products and Licensing revenue, which includes custom development services, in vitro diagnostic medical devices ("IVD") sales and royalty and license income, is generated from these activities, and accounted for 6% of our total revenue for the year ended 31 December 2022 (2021: 6%).

We have developed an industry leading innovation platform that is informed by data analytics, research area specialists and the relationships we have built with our customers, enable us to anticipate and align our innovation efforts with our customers' research priorities. Today, nearly all of our primary antibody innovation pipeline is driven by our proprietary algorithms that interrogate a wide variety of internal and external data sources, including research literature and our web data, to predict product and market demand, which inform our development efforts. We leverage this data to anticipate which tools researchers will need in the future in order to help advance their research, as well as to identify breakthrough opportunities in areas where there is a lack of high-quality products or where we identify custom opportunities in collaboration with our customers.

We offer a large and differentiated portfolio of approximately 90,000 products as of 31 December 2022. Our flexible sourcing model enables us to grow our product offering in line with researchers' needs. This is achieved by developing and manufacturing in-house products, as well as sourcing products from our suppliers. We demand high product quality standards from our suppliers, and we enhance the utility of these products for our customers by providing additional data and product validation, as well as making them available through our global distribution platform and customer service. Over the last several years, we have increased focus on the development of in-house products for research areas we expect to have high demand for. Notably, our portfolio of proprietary recombinant monoclonal antibodies and immunoassays, which are recognized for their market leading high specificity, sensitivity and consistency, approximates to 29,000 as of 31 December 2022. Alongside these highly validated protein binders, we offer additional related tools and reagents that customers require to study biological pathways and diseases. This focus has seen our proprietary portfolio grow to represent 67% of our total revenue for the year ended 31 December 2022, compared to 61% of our total revenue in the year ended 31 December 2021. We are continuously expanding our portfolio to provide our customers with additional solutions and further expand within our addressable markets.

We make our extensive product characterization and validation data available to our customers across our portfolio. This data is sourced by our inhouse laboratories, our network of collaborators and independent consumer product reviews. Researchers use this to be able to select the right product for their highly specific needs. Stringent quality control and validation processes are carried out by our global laboratories to check the activity, stability, and performance of our products. Whether it is antibodies, kits, proteins or other products, the validation process is continuous, and the data obtained is made available on our product datasheets and in our protocols. We are continuing to invest in product validation to raise quality standards.

Since 2001, we have sold our products and services to customers in over 130 countries through a variety of channels, including our ecommerce sites, a network of distributors and a targeted field sales team. As of 31 December 2022, we estimate a global population of approximately one million life science researchers based within academic, research, government, and biopharmaceutical organizations that we aim to serve. As of 31 December 2022, we had seven manufacturing facilities and a global distribution network that enables prompt delivery to our customers, with orders generally shipped within 24 to 48 hours of ordering. Our multilingual scientific support team, which is mostly comprised of individuals with PhDs, together with our customer support team are available to help customers around the world with technical and order-related queries.

We recorded revenue of £361.7 million, operating loss for the year of £10.1 million and Adjusted Operating Profit of £76.3 million for the year ended 31 December 2022. For the year ended 31 December 2022, our revenue grew by 15% on a reported basis and 8% on a CER revenue growth basis compared to the year ended 31 December 2021.<sup>1</sup>

## Products and Services

### Catalogue Products

We offer a broad selection of products in our catalogue to support research on proteins in biological pathways. Ultimately, findings from this research can translate into treatments for diseases such as cancer and immune deficiency disorders.

In the year ended 31 December 2022, catalogue sales comprised 94% of our total revenue.

Principal catalogue product lines include the following:

#### – Primary and secondary antibodies

We provide antibodies intended for basic research, or those that are typically used in academic, pharmaceutical and biotechnology laboratories to investigate fundamental scientific questions. High-quality research antibodies are critical to scientists' research and their ability to reproduce experiments, as unreliable research reagents lead to wasted time and money. We strive to offer high-quality antibodies that provide specificity, sensitivity, and consistency, which help to increase confidence in research outcomes and reduce waste across the industry.

#### – Conjugated antibodies and conjugation kits

Conjugation is the process of attaching a label to an antibody to enable visualization and measurement. Labels come in many forms, such as enzymes, fluorescent molecules, and metals. We offer directly conjugated primary antibodies and antibody conjugation labelling kits, which enable customers to conjugate their own antibodies.

#### – Singleplex immunoassays

An immunoassay is a test that uses one or more antibodies to detect and quantify a molecule of interest within a sample. We offer ELISA kits, which are based on reliable and optimized matched antibody pairs. Our matched antibody pairs are recombinant, monoclonal antibodies that are developed and optimized for use in relevant sample types like plasma and serum for reliable performance.

Our antibodies and antibody pairs are also made available to a range of third parties developing either novel multiplex platforms or upgrading their existing platforms.

### Proteins and peptides

We offer a range of peptides and proteins, which include cytokines (initiate an immune response), growth factors (used for culturing cells in a laboratory), and enzymes (catalyze reactions). Scientists use these proteins and peptides as part of more complex experiments to test how cells and organisms function.

### Edited cell lines and lysates

Cell lines and lysates are an important emerging tool for antibody validation by both our customers and in our own labs. We offer a range of knockout cell lines and lysates, which are used for our in-house validation needs and are also made available to our customers for their own research.

### Other products

We offer a wide variety of other products, including cellular activity kits, biochemicals and cell signalling pathway tools, which help researchers to find molecules needed for their research.

### Custom Products and Licensing

Alongside our catalogue offering we provide a comprehensive range of solutions for custom antibody, protein, and cell line development. Our custom antibody development incorporates initial evaluation and target identification through to the delivery of purified, fit for purpose antibodies for research, diagnostic or therapeutic application.

In other situations, antibodies that are already available on our online catalogue for research use purposes are requested for potential clinical use. In such case, we work with those customers to provide a license for commercial use on third-party platforms or within in vitro diagnostics. Antibody based IVD assays are tools typically used in a clinical setting, such as a hospital or medical institute laboratory, to help diagnose a disease or condition. These tools are used on patient samples (such as blood, urine, or tissue) and help clinicians to diagnose or assess the progression of a disease. IVD assays can also provide information on the type of treatment to use and assist with disease prognosis.

For the year ended 31 December 2022, Custom Products and Licensing revenue comprised 6% of our total revenue.

<sup>1</sup> Please see Financial Highlights and Key Performance Indicator table on page 2.

### Research & Development

We are constantly searching for new ways to bring more products in-house and to improve our internal innovation capabilities through the use of data analytics. Especially where we see that customer needs are not being fulfilled or if there is demand for a higher quality alternative. We are engaged in ongoing research and development in all our major product lines and believe that our future success depends, to a large extent, on our ability to continue to serve our customers' needs and keep pace with changing technologies. In the year ended 31 December 2022 we developed approximately 5,500 new products.

Underpinning our differentiated and innovative product development capability is a strong and dedicated team of experts, which we increased by sixteen after we acquired BioVision in October 2021.

### Manufacturing and Distribution

As of 31 December 2022, we have seven manufacturing facilities strategically located across four continents in close proximity to many of the largest clusters of life science research hubs. This enhances supply chain efficiency and ensures that, in most cases, our customers are able to have the product they require for their research within 24 to 48 hours of ordering. In October 2021, we acquired BioVision, which added a manufacturing facility in Milpitas, California.

We have the expertise and government licenses to manage multiple controlled environments globally, enabling us to handle highly regulated chemicals and other materials in a compliant manner. We are committed to maintaining industry leading standards for our manufacturing processes at our global facilities in order to continue to provide our high-quality products to our customers. We follow strict global quality control procedures across all of our manufacturing facilities to ensure consistent lot-to-lot performance for our customers. We also impose the same quality standards on our third-party suppliers, to ensure that our customers receive a consistently high level of quality across products offered in our catalogue.

Our manufacturing site, based in Hangzhou, China, is ISO 9001:2015 certified and all other sites work to these standards. The facility of our IVD group, located in Fremont, California, is registered as a medical device establishment with the FDA and is subject to the FDA's Quality System Regulation ("QSR") and in compliance with ISO 13485:2016. This facility has a Device Manufacturing License granted by the California Department of Public Health.

### Customers

We have three primary categories of customers including: academic institutions, research institutions, and pharmaceutical, biotechnology and diagnostic companies. While across all categories our end customers are life science researchers, customer orders are received from individual scientists ordering on their own behalf, laboratory managers ordering on behalf

of their lab teams, purchasing managers ordering on behalf of several labs, or central procurement teams ordering on behalf of labs, divisions or entire organizations. Orders can be received directly, through a variety of means, or via one of our distributors. As of 31 December 2022, 45% of our total revenue came from the Americas, with 55% of our total revenue originating from all other countries in which we operate.

As of 31 December 2022, we estimate a worldwide population of approximately one million life science researchers based within academic, research, government, and biopharmaceutical organizations that we aim to serve. For the year ended 31 December 2022, excluding sales through our distribution partners, approximately 61% of our catalogue revenue was derived from academic institutions, and the remaining approximately 39% was derived from our other customers including research institutes and biopharmaceutical, biotechnology, and diagnostics companies. Our sales are widely distributed, and no single customer accounted for more than 3% of our revenue for the year ended 31 December 2022.

### Sales Channels

Since 2001, we have sold our products and services to customers in over 130 countries through a variety of channels, including our ecommerce sites, a network of distributors and a targeted field sales team. These channels provide customers the flexibility to purchase our products quickly and from any location in the world. We continue to focus on ways to improve the ease and efficiency with which customers are able to find and access the products and services they need. In addition to our digital platform, we have an extensive range of offline channels, which include our global sales and customer and scientific support teams and Abcam and other industry hosted conferences, among others. In the year ended 31 December 2022, approximately 70% of our total revenue was sold through our direct channels.

### Suppliers

We maintain a large network of product suppliers and collaborators. We select suppliers that adhere to high-quality and ethical standards, and we monitor their performance through audits, reviewing the progress of any corrective action plans and measuring of key performance indicators. If any of our suppliers do not comply with our high quality and ethical standards or underperform on key performance indicators, we reassess our relationship with such supplier. In some cases, we delist a noncomplying third-party product from our platform and supply channels. Our product suppliers benefit from our global distribution network, digital platform, and recognized brand to support the sales of their products. Our suppliers are widely distributed, with no single third-party supplier accounting for more than 2% of our revenue for the year ended 31 December 2022.

We are transparent about how we work in terms of ethics, quality, the environment, and general business principles, and aim to build long term collaborative relationships based on trust.

## Competition

We operate in a highly competitive environment with a diverse and fragmented base of competitors, many of whom focus on specific regions, customers and/or specific product segments. While many customers weigh and balance competitive factors differently in our industry, many focus upon consistency of product quality and performance, service and delivery, breadth of product line, consistency across products, price, customer support, online capabilities, and the ability to meet the special and local needs of our customers. Market success is primarily dependent upon product innovation and quality, selection of products, price, and reputation. For certain customers, competition is driven not only by the product quality across our industry, but also by the adaptability of the supplier as a developmental and commercial partner. We rely on our scale, expertise, deep customer access, depth of product offering, marketing strategies and sales force, acquisition strategy, financial profile, and management team to deliver superior solutions to our customers and provide extensive market channel access to our suppliers.

Although only a few competitors have significant global scale and liquidity, the marketplace for reagents and biological tools, including RUO antibody suppliers, is fragmented and competitive, reflecting the wide range of technologies and applications that use these products and the unregulated status of the market.

## Intellectual Property and Licenses

Our success depends in part upon our ability to protect our core technologies and intellectual property. We own significant intellectual property, including patents, patent applications, technology, trade secrets, knowhow, copyrights and trademarks in the United States and other countries. Abcam is also licensed under domestic and foreign patents, patent applications, technology, trade secrets, knowhow, copyrights, and trademarks owned by others. In the aggregate, these intellectual property assets and licenses are of material importance to our business. We believe, however, that no single patent, technology, trademark, intellectual property asset or license is material in relation to Abcam's business.

## Training and Development

We offer a range of online and offline development opportunities to support personal and provisional growth. For the year ended 31 December 2022, approximately 2,000 internal courses were delivered online and offline, and over 17,500 digital content items were delivered via our curated learning platform, Abcampus. In the year ended 31 December 2022, we offered 11 different apprenticeship standards at levels two to seven in the United Kingdom and had 24 active apprentices including 13 senior leaders masters apprenticeships and 6 digital and technology solutions degree apprenticeships. Our employees rate us in the top 10% for growth of benchmarked companies in our monthly employee survey. We aim to create a positive, collaborative culture, and we want to ensure everyone is aware of the contribution they can make across our business. We recognize that the work environment has an impact on productivity, innovation, and collaboration, which is why we have dedicated resources to building new facilities. We want employees to be engaged and motivated and have opportunities to develop and progress.

## Compensation and Benefits

Overall, we believe that we maintain a good relationship with our employees.

We believe rewarding employees fairly, equitably, and competitively is crucial to attracting, retaining, and maintaining a motivated workforce. To that end, we offer a comprehensive and wide-ranging compensation and benefits program (which vary by region) including market competitive pay, broad based share awards and bonuses, healthcare benefits, pension contributions, paid time off and family leave, flexible work schedules, wellbeing education and resources. With an emphasis on flexibility and personalization, each year we review and implement enhancements to ensure our benefits are inclusive and meet of the needs of our people.

In particular, we are focused on fostering an 'owner mindset' throughout the organization through greater share ownership. A central initiative of this effort was our AbShare scheme, an all-employee share plan. The scheme vested in November 2021, with over 90% of our global employees becoming shareholders as a result. Two subsequent successor plans, the "Profitable Growth Incentive Plan" for senior leaders, and the "Abcam Growth Plan" for all other employees, have since been launched, which aligns our people with our customers and shareholders.



# Message from our Global Sponsor for Sustainability

I am proud that as we continue to help life scientists achieve their mission faster, Abcam continues to be a good steward of capital, sustainable entity, and good corporate citizen. We remain unwavering in our commitment to our long-term sustainability commitments covering four priority areas: Product, People, Partners, and Planet. I am excited by the progress our Company is making. Here are some of the highlights of the year:

### Planet

At Abcam, we are passionate about the environment; it is part of our culture, and manifests in a variety of ways across the business. In our global sites, we now have environmental champions and committees, who have made significant positive impact through new initiatives. Notable examples include the reduction of energy consumed by cold storage units and laboratories, through reduction of freezers and revisions to lab shutdown processes, respectively. We also reuse and recycle single-use laboratory plastics.

Abcam have helped avoid 956 tonnes of waste from going to landfill by using alternative disposal methods such as recycling, reuse, and energy from waste. Our APAC Marketing, Logistics and global Digital teams collaborated to launch a 1-page datasheet with QR code. This not only improves customer experience in receiving and checking goods but has also allowed us to reduce the amount of paper included in our product shipments. Our passions extend beyond the workplace. We regularly support community initiatives that address societal inequities.

Looking forward, we are preparing towards ISO14001 accreditation for our Cambridge, UK and Waltham, US sites, as well as carrying out our third phase Energy Savings Opportunity Scheme (ESOS) audit in our Cambridge, UK site. Actions that surface will be replicated across sites, where applicable. Following some successful pilot programs to recycle laboratory plastics, we are looking into sustainable supply chain opportunities with partners.

### Partners

Through our partners, we have a wider scope to influence within the industry. Our tender and third party contract templates have been updated to include requirements regarding Environmental, Social & Governance (ESG). In addition, 36 EcoVadis assessments were launched in the year. Targeted sustainability initiatives with specific suppliers are planned for 2023 as well as new supplier assessments with EcoVadis.

### Product

Through each scientific publication and clinical applications that we enable through our products, Abcam brings societal benefit by positively impacting public health. Our commitment to an ascites-free catalogue has been a multi-year ongoing initiative to remove regulatory risk from our catalogue, reduce animal use in our replenishment processes, and deliver reagents with the highest batch-to-batch consistency for repeatability in scientific research. To date, we have eliminated all ascites reagents from our Primary Antibody portfolio and continue to monitor all product categories for ascites-based components, in order to successfully transition customers to higher performing alternatives.

### People

An important aspect of our corporate culture is creating an engaging and inclusive environment where our people thrive. Not just in their roles, but in doing what they love for the benefit of all stakeholders. We value authenticity and encourage our employees to celebrate their identities openly. This is supported through our Employee Resource Groups (ERGs). Following the official launch of our two newest ERGs (for Mental Health and Disability/Neurodiversity), the total number now comes to seven. Our ERGs have done a huge amount of work to increase awareness on Diversity, Equity & Inclusion (DEI), and to drive the development of inclusive policies and interventions. This includes introduction of the Transitioning at Work policy, which gives line managers valuable information about the nature of support that their direct reports require when they are transitioning. We have also introduced new guidance on support for menopause as well as additional leave for fertility treatment and premature child loss. To ensure fairness and equality across our processes, we have undertaken a successful global diversity monitoring program and have also incorporated equal opportunities monitoring into our new recruitment platform. We have also signed up to the Disability Confident Employer Scheme. Furthermore, Abcam is now a member of Business Disability Forum, Business In The Community, and Stonewall. These organisations will guide us in our continued efforts to employ best practices to embed inclusion across our organisation. Abcam participated in its first ever inclusion index submission, as part of application to the Stonewall Workplace Equality Index. In our monthly all employee survey, we rank in the top 5% of the benchmark employers for inclusion.

Our employee efforts have resulted in the Company winning three prizes at the EXA 22 employee experience awards:

- Gold for Learning and Development
- Silver for Best Company to work for
- Bronze for Reward and Recognition

In addition, we have won The Firm's Recruitment Effectiveness Award, and the Best Innovation in Internal Recruitment Award at the Tiara Talent Acquisition Awards. But we are most grateful for recognition from our dedicated and highly engaged workforce. It is this strong engagement which powers our business. Our monthly survey gives leaders feedback and tools to make sure they understand how their teams are feeling.

Our people strategy focuses on realising and unlocking all of the potential of our talented global team:

- Raising trust and engagement through wellbeing
- Creating a personalised and human employee experience and culture
- Accelerating our growth through brilliant people
- Driving business decisions through people insight

Getting this right positions Abcam to serve our customers better, and pave the way for new discoveries, faster. Progress happens together.

#### Engaging with stakeholders through transparent and regular communication

Strong relationships and effective communication with our stakeholders are a key part of delivering on our Sustainability strategy.

Our second sustainability report, 'Our Impact 2021', our Gender Pay Gap Report, our Modern Slavery and Tax Strategy Statements, and our UN Global Compact Progress Report are all available for stakeholders to view on our website.

In addition to conversations with our employees, customers, and partners to understand their needs, we regularly engage with investors and ESG analysts to get their perspectives, and during the course of 2022 it has been my pleasure to meet a number of stakeholders to both share our approach and understand perspectives. Although we have made meaningful steps/progress, there is always more that can be done. Stakeholders are welcome to contact us via the email address [sustainability@abcam.com](mailto:sustainability@abcam.com).



**Nick Skinner**

**SVP HR and Global Sponsor for Sustainability**



# Sustainability Performance Measures

All available emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included. Going beyond compliance for SECR, we report on our Scope 1, 2 & 3 emissions globally, rather than just the UK. The disclosure also extends to fugitive emissions from the operation of facilities and chemical process emissions in the form of CO<sub>2</sub> (liquid and dry ice).

The calculation for greenhouse gas emissions estimates covers all material sources of emissions for which Abcam is responsible. Scope 1 relates to emissions from activities for which the Company own or control, including combustion of fuel and operation of facilities. This includes all our UK and global operations that are consolidated in the financial statement, the

offices leased to conduct these operations, activities for which Abcam own and control, and business travel carried out in employee-owned vehicles and rental vehicles. Scope 2 relates to emissions from the purchase of electricity, heat, steam, and cooling for use at the Group's locations, all of which have been converted using government published conversion factors. Scope 3 captures all upstream and downstream emissions related to our business.

Note that this disclosure covers a 12-month period from 1 January 2022 to 31 December 2022, compared with an 18-month period from 1 July 2020 to 31 December 2021. Year-over-year comparisons have been determined by annualising last year's figures to a 12-month basis.

## Carbon Emissions

tCO <sub>2</sub> e	18 months to 31 December 2021			12 months to 31 December 2022		
	UK	Rest of World	Global	UK	Rest of World	Global
Scope 1	494	617	1,111	289	935	1,224
Scope 2	778	3,335	4,113	370	3,000	3,370
<b>Scope 1&amp;2 sub-total</b>	1,272	3,952	5,224	659	3,935	4,594
Scope 3			82,632			97,669
<b>Total</b>			87,856			102,263

## Energy consumption used to calculate emissions

kWh	18 months to 31 December 2021			12 months to 31 December 2022		
	UK	Rest of World	Global	UK	Rest of World	Global
Scope 1 <sup>1</sup>	2,190,375	1,616,367	3,806,742	1,293,697	3,656,170	4,949,867
Scope 2	3,664,806	8,423,040	12,087,846	1,923,486	6,763,539	8,687,025
<b>Scope 1&amp;2 sub-total</b>	5,855,181	10,039,407	15,894,588	3,217,183	10,419,709	13,636,892

<sup>1</sup> 2021 figures have been updated due to implementation of a new DEFRA Environmentally-Extended Input-Output model.

## Carbon Intensity

tCO <sub>2</sub> e/£m revenue	18 months to 31 December 2021	12 months to 31 December 2022
Global Scope 1&2 emissions, tCO <sub>2</sub> e	5,224	4,594
Revenue, £m	462.9	361.7
<b>Carbon intensity ratio</b>	11.3	12.7

## SECR performance trends

- Total SECR Scope 1, 2 & 3 emissions of 102.3 ktCO<sub>2</sub>e globally (12 months to 31 December 2022).
  - Scope 3 emissions comprise 96% of total emissions.
  - A 98% increase in Purchased Goods and Services was associated with growth of the business and includes purchase of chemicals, construction etc.
  - YoY business travel grew supernormally high due to COVID-related restrictions in the previous year.
- Scope 1 and 2 consumption (kWh) and associated carbon figures (tCO<sub>2</sub>e) increased 29% YoY and 32% YoY, respectively.
  - There is significant reduction (-18%) in consumption in the UK, where BMS and other energy efficiency measures have been implemented.
  - Excluding the UK, this was a 56% increase. The US, where Abcam is growing significantly organically and through acquisitions, accounts for most of this increase.
- Scope 1 & 2 carbon intensity (tCO<sub>2</sub>e per £m sales revenue) increased from 11.3 (18 months to 31 December 2021) to 12.7 (12 months to 31 December 2022). This is a 13% increase, which reflects an increase in the revenue of the business plus an increase in our Scope 1 and 2 emissions due to acquisitions and organic growth.
- 14% of energy sourced from renewables, saving over 118 tCO<sub>2</sub>e (12 months to 31 December 2022).
- By using alternative disposal methods such as recycling, reuse, and energy from waste, Abcam avoided 956 tonnes of waste going to landfill, in the year to 31 December 2022. This saving represented 52% of Abcam's total waste by weight.
  - Largest waste stream generated was mixed recycling. It equated to 877 tonnes and 48% of total waste by weight.
  - The second largest waste category was 575 tonnes incinerated regulated waste. Equating to 31% of total waste by weight.
  - 190 tonnes of waste sent to landfill. Represented 10% of total waste by weight, resulting in a carbon impact of 88.7 tCO<sub>2</sub>e.

# Financial Overview

## Revenue

Our revenue primarily consists of catalogue product sales. Revenue from sales of goods, including revenue generated from products sold from our catalogue and IVD products, is recognized upon the earlier of delivery to the customer or the point at which the customer takes control of the goods, if this is sooner. We also earn revenue from custom products and licensing, which we call our Custom Products and Licensing revenue. Custom product and service revenue, which can be the provision of a service or the development of products for customers, is recognized at the point at which a milestone, as defined in the contract, has been completed. Every milestone is typically aligned to a customer deliverable. For example, the amount of services provided, a deliverable arising from the services or the number of products successfully developed and provided to the customers, and accordingly is considered to be a performance obligation. Each milestone has a defined transaction price. If it is identified that the costs will exceed contract revenue, the expected loss is recognized as an expense immediately. License fee income is recognized upon delivery of the licensed technology where our continued performance or future research and development services are not required. Royalty revenue is recognized on an accrual basis based on the contractual terms and the substance of the agreements with the counterparty, provided that the amount can be reliably measured, and it is probable that the economic benefit will flow to us.

We recorded revenue of £361.7 million, an operating loss for the year of £10.1 million and adjusted operating profit of £76.3 million for the year ended 31 December 2022. Revenue, including acquisitions, grew approximately 8% on a CER basis as reported revenues grew by approximately 15% for the year ended 31 December 2022, as compared to the year ended 31 December 2021.<sup>1</sup> During the year, two factors impacted revenue growth. First, the implementation of the new Oracle Cloud ERP system disrupted revenues in September and October. Second, China revenues were impacted by COVID-19 controls and outbreaks. Based on the differences between forecasts and actual results we estimate the aggregate impact to sales was approximately £30 million. We estimate this headwind negatively impacted revenue growth by approximately 10% on a reported and 9% on our CER growth rates.

We present our results of operations in the same way that we manage our business, evaluate our performance, and allocate our resources. We have determined that we only have one reportable segment, which is the sale of antibodies and related products.

## Adjusted gross profit and gross margin

Our gross profit and gross margin may fluctuate from period to period. Such fluctuations may be influenced by changes in product mix and changes in foreign currency exchange rates. Gross margin is impacted by the mix of our products growing at different rates or differing growth rates within different geographic territories, as well as future acquisitions and productivity improvements to our manufacturing sites as we introduce more automation.

Reported gross profit margin of 74.8%. We recorded adjusted gross profit of £273.2 million for the year ended 31 December 2022, equal to 75.5% adjusted gross margin as compared to £227.7 million equal to 72.2% adjusted gross margin in the prior period. Improvement in adjusted gross margins was enabled by favourable mix of in-house product sales and the acquisition impact from BioVision.

## Selling, general and administrative expenses

Selling, general and administrative expenses primarily consist of salaries and related benefits. Other general and administrative costs include marketing expenses, facility related costs and professional services fees for auditing, tax, and general legal services, as well as expenses associated with the requirements of being a listed public company on Nasdaq.

Selling, general and administrative expenses increased by £34.8 million, to £224.5 million for the year ended 31 December 2022 compared to £189.7 million for the year ended 31 December 2021. Selling, general and administrative expenses before adjusted items, share-based payments and amortization of acquired intangibles increased by £25.7 million, to £176.3 million for the year ended December 31, 2022 compared to £150.6 million for the year ended December 31, 2021. The overall increase was due to an increase in salaries, IT systems and licenses, higher travel costs off a lower COVID base and increased headcount for our in-house teams and the inclusion of BioVision.

<sup>1</sup> Refer to Financial Highlights and Key Performance Indicator on page 2.

### Research and Development expenses

Research activities, which are the early stages of product development, are expensed as incurred up until products reach commercial feasibility, after which point such development costs are capitalized and amortized over the anticipated commercial life of the asset. Such research and development expenses, which are expected to increase in the future, consist of salary related benefits, costs of related facilities, materials and equipment, costs associated with obtaining and maintaining patents and other intellectual property, depreciation of research and development of specific assets and amortization of capitalized research and development projects, and include an offset in respect of research and development tax credits as described further below. Development activities generally relate to creating new products, creating variations of existing products, modifying existing products to meet new applications, or developing new technology platforms from which to derive new products. But the latter costs are only capitalized once commercial feasibility is attained whereby this category of capitalized cost is described as Internally Developed Technology ("IDT").

We carry out extensive research and development activities, and as a result, we benefit in the United Kingdom from HMRC's Research and Development Expenditure Credit ("RDEC"), which provides relief against UK corporation tax. Broadly, RDECs provide a tax credit currently equal to 13% of "qualifying research and development expenditure" made from April 1, 2020 by certain companies where certain criteria are met. Based on criteria established by HMRC, a portion of expenditures incurred in relation to our research and development and manufacturing development activities are eligible for RDEC relief. Our qualifying research and development expenditures largely consist of employment costs for research staff, consumables and certain internal overhead costs incurred as part of research projects for which we do not receive revenue and are loss generating. To the extent a company cannot utilize the RDEC against UK corporation tax, then certain rules apply that allow the RDEC to reduce the tax liability of certain specified taxes. And to the extent it is not possible to utilize the RDEC in full, then the net tax credit is repaid to the Company by HMRC.

Research and development expenses increased by £28.3 million, to £56.1 million for the year ended 31 December 2022 compared to £27.8 million for the year ended 31 December 2021. Research and development expenses before adjusted items, share based payments and amortization of acquisition intangibles increased by £3.9 million, or 23.4%, to £20.6 million, for the year ended 31 December 2022 compared to £16.7 million for the year ended 31 December 2021. The overall increase was due to increases in salary, and related costs associated to the BioVision acquisition.

### Adjusted Items

Adjusted items, share-based payments and amortisation of acquisition intangibles were £86.4 million for the year ended 31 December 2022, compared to £53.3 million for the year ended 31 December 2021. This primary increase was driven by the impairment of assets held for sale. During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed and classified as held for sale on our balance sheet during the year. We were not successful in locating a buyer and a decision was made to discontinue our investment in these products and technology resulting in an impairment charge of £18.3 million. Acquisition, integration and reorganisation costs of £15.7 million for the year ended 31 December 2022 compared to £13.0 million for the year ended 31 December 2021, primarily related to the integration of BioVision, which was acquired in 2021, and expenses related to the cancellation of our ordinary shares from trading on AIM which was effective from 14 December 2022.

Share-based payment expenses, as well as the associated employment taxes, of £26.2 million are included within this category in the year ended 31 December 2022 compared to £20.0 million for the year ended 31 December 2021. This was driven by the full year impact of a new share-based payment scheme under which grants were made mid-way through 2021. Other expenses consisted of amortisation of fair value adjustments of £2.7 million relating to the fair value of the inventory acquired in connection with our integration of BioVision, compared to £3.1 million in the year ended 31 December 2021; systems process improvement costs of £6.6 million compared to £7.0 million for the year ended 31 December 2021, related to the work performed on the Oracle Cloud ERP project in upgrading our IT systems that did not qualify to be capitalised and an impairment of a software asset developed as part of the Oracle Cloud ERP project that was no longer required; and amortisation of acquisition intangibles of £16.9 million for the year ended 31 December 2022, compared to £9.1 million for the year ended 31 December 2021.

### Net Finance Expenses

Finance costs consist mainly of interest expense on our revolving credit facility ("RCF") that was drawn down during the year ended 31 December 2022 and is treated as short term debt. Finance costs additionally include the amortization of upfront fees incurred in setting up our RCF and other related facility fees, such as those for non-utilization. We have no other borrowings upon which interest could be incurred. Finance costs also include interest expense representing the unwinding of discounted lease liabilities in respect of assets now presented on our balance sheet in accordance with IFRS 16, which became effective on 1 July, 2019.

### Tax

Our tax expense or credit consists of income taxes, with UK income being taxed at the UK rate of tax and taxation for other jurisdictions calculated at the rates prevailing in each respective jurisdiction. Tax also includes the unwinding of temporary differences caused mainly by the manner in which intangible assets related to acquisitions are recognized, and therefore amortized, in our consolidated financial statements compared to the individual entity financial statements, which is the basis upon which taxation is calculated.

We also benefit from the UK "Patent Box" regime that allows profits attributable to revenue from patents registered in the United Kingdom or European Union or patented products to be taxed at an effective rate of 10.0%, rather than the usual UK statutory rate of 19.0%.

### Liquidity, cash, and cash equivalents

We assess our liquidity, in part, through our operations and an analysis of our working capital together with our other sources of liquidity, primarily our RCF. As of 31 December 2022, we had cash and cash equivalents of £89.0 million, with drawings of £119.6 million.

In February 2019, we entered into an RCF with a syndicate of banks for £200.0 million, with an additional £100.0 million accordion option, providing us with additional financial flexibility for future acquisitions. We drew down £120.0 million on the RCF during the year ended 31 December 2021 to fund the BioVision acquisition in October 2021, and our RCF remained drawn in this amount as of 31 December 2022. The term of this initial RCF was to expire on 31 January 2024.

In March 2023, we entered into a new RCF with a syndicate of banks for £300.0 million with no accordion option. The new RCF has a term of 4 years, with the option to extend for one further year. The amount of £120.0 million drawn down on our initial facility was rolled forward into the new facility.

Our working capital balance, which is comprised of inventories, trade and other receivables and trade and other payables, was £84.2 million, an increase of £34.5 million from £49.7 million for the year ended 31 December 2021. The increase in working capital was directly impacted by the implementation of the new Oracle Cloud ERP system and COVID-19 in China. Specifically, inventory and accounts receivables balances were negatively impacted by our inability to ship and invoice product sales and collect cash on a timely basis.

## Summary Performance

	Reported basis			Adjusted Basis		
	Year ended 31 December 2020 (unaudited) £m	Year ended 31 December 2021 (unaudited) £m	Year ended 31 December 2022 (audited) £m	Year ended 31 December 2020 (unaudited) £m	Year ended 31 December 2021 (unaudited) £m	Year ended 31 December 2022 (audited) £m
<b>Revenue</b>	269.3	315.4	<b>361.7</b>	269.3	315.4	<b>361.7</b>
CER revenue growth, %		17.1%	<b>14.7%</b>		22.3%	<b>7.8%</b>
<b>Gross profit</b>	188.5	224.6	<b>270.5</b>	188.5	227.7	<b>273.2</b>
Gross profit margin, %	70.0%	71.2%	<b>74.8%</b>	70.0%	72.2%	<b>75.5%</b>
<b>Operating profit/(loss)</b>	1.0	7.1	<b>(10.1)</b>	50.6	60.4	<b>76.3</b>
Operating profit margin, %	0.4%	2.3%	<b>(2.8)%</b>	18.8%	19.2%	<b>21.1%</b>
<b>Earnings per share</b>						
Diluted earnings/(loss) per share	(0.4)p	1.9p	<b>(3.7)p</b>	17.8p	20.6p	<b>24.9p</b>
<b>Return on Capital Employed, %</b>	0.1%	0.9%	<b>(1.2)%</b>	6.6%	7.6%	<b>8.9%</b>

The table above summarises our key financial highlights on a reported and adjusted basis. We have offered a discussion of alternative performance measures which are defined further in the Notes to the Consolidated Financial Statements. These measures include adjusted financial measures, which are reconciled to the most directly comparable measure prepared in accordance with IFRS in Note 3. Further detail on the Group's financial performance is set out in the audited financial statements and notes thereto.

Constant exchange rates ("CER") growth is calculated by applying the applicable prior period average exchange rate to the Group's actual performance in the respective period.

To deliver on our purpose, and for our business to thrive, we need to have strong relationships with our stakeholders – our customers, employees, partners, shareholders and communities and wider society.

We have to understand the needs of these stakeholders, and the most effective way to engage with them, as meeting and exceeding their expectations is an essential part of our value creation model and strategy.

### How we discharged our s172 duties

In accordance with the Companies Act 2006 (the Act) as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the Directors provide this statement to describe how they have engaged with and had regard to the interests of our key stakeholders when performing their duty to promote the success of the Company, under section 172 of the Act. The Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172 of the Companies Act 2006) in the decisions taken during the year ended 31 December 2022.

Given the importance of our stakeholders and the impact they have on our strategy, reputation and the Company's long-term success, consideration has been given to them throughout this Annual Report.

Understanding the views and values of all our stakeholders is critical to Abcam's success, and we value their broad range of perspectives. Details on how the business and the Board engage with our stakeholders are outlined over the following five pages.

At every Board meeting, each agenda item is specifically cross-referenced to all relevant responsibilities under section 172 of the Act and also to our key risks. The Board recognises that each decision made will not always result in a positive outcome for each of our stakeholders. However, by having good governance procedures in place for decision making, the Board aims to make sure that its decisions maintain a high standard of business conduct.



## Our stakeholders

### Stakeholder engagement during the period

Abcam's principal stakeholders and the impact we have upon them, including details of how we have engaged with our employees, is discussed on pages 21 to 25. Not all information is reported directly to the Board and not all engagement takes place directly with the Board. However, the output of this engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the Board.

## Our Customers

### Who they are and why they matter to us?

We serve a global population of approximately one million research scientists based within academic, research, government and biopharmaceutical organisations.

We exist to serve our customers. They are vital to the continued growth and development of our business. It is critical that we listen to them and offer the products and services they need.

### How we engage with them

We engage with customers through the use of industry surveys delivered after interactions to obtain close to real-time feedback on our performance. We also regularly conduct focus groups with our customers and have key account managers who proactively engage with key customers to assess their needs and the challenges they face.

The Board receives updates on customer engagement at each Board meeting. All major decisions take the impact on the customers into consideration.

### What has mattered to them this year and our response

Customers continue to tell us that product quality, service response speed and quality scientific support remain key drivers of loyalty and advocacy. Researchers' continue to need access to a secure and reliable supply of high-quality products, with detailed and reliable data to save time and ensure that experiments are conclusive, consistent and repeatable.

Customers increasingly want an efficient and streamlined ordering experience that allows them to place and receive their orders, whether standard products or more customised solutions, quickly and conveniently.

We have responded to these requirements by:

- introducing a scalable and more robust Oracle Cloud ERP platform which will allow us to serve increasing customer demand for many years to come;
- supporting our customers whilst resolving data, software, and design issues, arising while we transitioned to our enterprise system upgrade;
- continuing to innovate and improve the tools, data and purchasing experience for customers;
- expanding our product offering to add complementary and adjacent technologies; and
- investing in our customer service and scientific support teams.

## Our Employees

### Who they are and why they matter to us?

We currently employ approximately 1,800 people globally, including full-time, part-time employees and day-rate contractors.

Our people are our most important asset. They are fundamental to our continued success, as their skill and dedication enable us to fulfil our vision and purpose.

### How we engage with them

We carry out 'pulse' employee surveys every month to hear feedback and receive timely and actionable data on employee engagement. This is both qualitative and quantitative feedback.

We operate seven Employee Resource Groups aligned to our Diversity & Inclusion strategy. A sponsor from the Executive Leadership Team sits in each group.

Our CEO, CFO and other members of the Executive Leadership Team hold regular virtual town halls where the conversation is two-way.

The Board receives updates on employee engagement at each Board meeting and hold a regular 'Meet the Board' session which gives all employees the opportunity to question, and hear directly from, Board members.

### What has mattered to them this year and our response

Our employees continue to tell us they want a great career, and a positive and motivating work environment, all underpinned by a supportive culture in a sector that has positive impact in society.

Diversity and inclusion have always been important to our employees and we have increased participation in our Employee Resource Groups, with each group focused on different areas of diversity and inclusion, including the introduction in 2022 of a mental health focussed ERG. This year we also updated our global Family Leave Policy to provide additional leave for fertility treatment and premature child loss, and launched a Transitioning at Work Policy, which gives line managers valuable information about the nature of support that their direct reports require when they are transitioning. An element of management's compensation is linked to improving ESG more broadly (but mostly diversity and inclusion) throughout Abcam.

Having an attractive total rewards package remains important for our global team and the Abcam Profitable Growth Incentive Plan continues to incentivize approximately 150 senior leaders across the business, and our Abcam Growth Plan, offers share schemes for all other permanent employees. These plans align employees' rewards with Abcam's strategic goals.

We have embedded an employee centred approach to performance management which we call Performance with Purpose. Colleagues set annual goals and then managers provide regular informal feedback to support and drive performance against these goals with an emphasis on praise and recognition as well as resolving any performance issues. The results have been impressive with significant increases in our growth (135%), learning (70%), mentoring (114%) and manager support (61%) engagement net promoter scores over the last 2 years.

We offer significant support to our leaders to enable them to grow and develop, through stretch assignments and increased internal mobility, through investing in leaders' coaching and mentoring capability, through our Leading with Purpose leadership workshops (33 were delivered in 2022) and through Abcampus, our curated online learning system with over 35,000 topics. We have relationships in place with educational partners to support people development. 14 colleagues completed external qualifications in 2022 with educational partners, six colleagues completed a project management accreditation, and 14 colleagues were actively completing an apprenticeship.

## Our Partners

### Who they are and why they matter to us?

Our partners include those who have a direct working or contractual relationship, or share a mutual interest with us. This includes our strategic business partners, our suppliers, service providers, industry organisations, and local and central governments.

The vital contributions our partners provide to the business range from providing products, raw materials, services and advice through to the joint development and co-marketing of products to the life science community.

### How we engage with them

We engage with our partners through relationship meetings with key partners and suppliers, through attending and running conferences and seminars on key issues, and through the use of questionnaires and due diligence.

We also engage through market insight and technologies, for example we have been able to propose and develop content for some of our partners' proteomics platforms.

Our industry partners receive access to our products and technologies, supporting the development of antibodies and immunoassays that they are able to take to market for diagnostic and therapeutic use.

The Board receives updates on performance at each Board meeting.

### What has mattered to them this year and our response

Our partners have looked to Abcam's ability to support them as they develop and launch new products including clinical diagnostics to market. Our partners also expect a high-quality product to develop consistent solutions from early research to clinical diagnostic solutions.

Through the custom development of new antibodies and the out-licensing of our existing antibodies to biopharmaceutical and diagnostic companies, we have extended the commercial potential of our products into these markets.

Our commitment to quality reassures our partners that they will achieve content portability from early research to clinical diagnostic solutions.

We have also continued working with our proteomic platform partners to co-market and co-develop programmes that enable easy translation of Abcam content from early discovery through to clinical diagnostics.

We continue to align our product development pipeline to the needs of our partners to ensure they get the earliest access to our content portfolio and new products for testing and validation, to help drive new disease research forward. Our industry leading innovation platform, informed by data analytics, research area specialists and our strong customer relationships, enables us to anticipate which tools researchers will need in the future and align our innovation efforts with our customers' research priorities.

Our partners are increasingly interested in the sustainability of our supply chain and gaining access to sustainability data. We have increased our disclosure and reporting in this area as a result, through the publication of our Impact Report and our partnership with EcoVadis.

## Our Communities

### Who they are and why they matter to us?

Those who live and work in areas where we operate – and society as a whole.

We need to develop positive local relationships and understand local people's needs in order to attract talent and deliver our goals.

### How we engage with them

The Board receives updates on our sustainability and ESG initiatives and has appointed the CEO as the Board member responsible for ESG matters. It receives updates from the CEO at each Board meeting.

We promote access to STEM careers through our partnership with In2Science and other initiatives.

### What has mattered to them this year and our response

We believe that the scientific community can go further, faster, when we go there together. We recognise that scientific breakthroughs are the product of whole teams and communities working together and we understand our role in generating a positive impact on science and ultimately health and wellbeing. Our communities also want us to act responsibly, reduce environmental impact and help them thrive.

Engagement from our communities on diversity and inclusion continues to increase, in particular on how we can create opportunities in STEM for those that are often overlooked.

Our 'Employee Resource Groups' which are employee-led, leader-sponsored forums, educate on and champion the topics of gender, race, sexual orientation, mental health, social mobility, family networks and diverse abilities. They have organised partner events and speakers from the community, as have our charity committees.

We partner with local charities and agencies, which allows employees to see first-hand how we have impact in our communities, and we've continued to strengthen our partnerships in promoting STEM careers, adapting global onsite events to a digital format. Apprenticeships, work experience, career talks and insight days have all been delivered with In2Science, Access Accountancy, Form the Future and Cambridge Launchpad & selected education establishments around the globe.

We've continued our outreach into community schools in and around Boston and have maintained our Co-ops and internship programmes both in the US and UK.

We are in our fifth year partnering with In2Science in the UK and our third year of funding STEM education for Henrietta Lacks' great great grandchildren, through The Henrietta Lacks Foundation. We have also donated to the Actors' Touring Company's community workshops, in which they discuss Henrietta Lacks' legacy. The workshops are being held to complement their tour of Family Tree, a play based on the life of Henrietta Lacks.

Our environmental impact is low but we continue to make incremental improvements. We offer incentives for combined deliveries to save on carbon emissions and use EcoVadis to assess our suppliers on things that our communities care a lot about (sustainability), so that we can work with them to improve their (and our) impact.

## Our shareholders

### Who they are and why they matter to us?

Our shareholders comprise institutional fund managers, individual holders and our employees. They are the ultimate owners of the business.

They are a key source of efficient capital, enabling the business to invest and grow.

### How we engage with them

Throughout the year our Vice President of Investor Relations coordinates ongoing communication with shareholders and analysts and the Board receives regular updates on the feedback and views of shareholders.

The CEO and CFO meet with major shareholders through the year to discuss the Company's strategic direction and ensure that their opinions are heard, both in one-to-one meetings and at industry conferences.

In addition, the Chairman and, as appropriate, Senior Independent Director, and the Chairs of each Board Committee, meet with shareholders to discuss the Company's strategy and performance, as well as environmental, social and governance matters.

### What has mattered to them this year and our response

The major focus of discussions with shareholders during the year has been to understand the progress of our long-term strategy, including our investment plans, drivers of growth, expected financial returns and how we plan to sustain value creation.

Other major areas that have been raised by shareholders include:

- AIM delisting and sole listing to Nasdaq
- Quarterly financial reporting: GAAP/ US Dollar from IFRS/Pound Sterling
- ERP system implementation: legacy systems, current state, upcoming product roadmap
- The impact of COVID-19 on our business
- Capital allocation, including the Group's approach to M&A

The Board is committed to maintaining an appropriate level of communication with shareholders. The Executive Directors and Vice President of Investor Relations are available throughout the year for investor meetings, and work with advisors to give investors the opportunity to engage with management at a range of forums, the most important being the year end and interim results presentations.

During the year, we undertook consultations with our major shareholders with regards to the cancellation of the trading of our shares on AIM, moving to a sole Nasdaq listing.

In May 2022 we published our second sustainability publication 'Our Impact 2021' which builds on the Group's sustainability framework following a completion of a review to understand our impact and prioritise areas of action. Our ESG Sponsor also met with investors and analysts.

Our website ([corporate.abcam.com](https://corporate.abcam.com)) includes all of our regulatory announcements, financial results and news stories. Our ESG policies and disclosures can be found at [corporate.abcam.com/sustainability](https://corporate.abcam.com/sustainability).

### Timeline of major IR activity in the year ended 31 December 2022:

#### 2022

##### March

- Results and presentation
- Investor results roadshow

##### June

- Investor healthcare conference

##### July

- Trading update

##### September

- Interim results and presentation
- Investor results roadshow
- Investor healthcare conference

##### October/November

- AIM delisting outreach
- General Meeting (AIM delisting)

##### December

- Completion of AIM delisting

## Our key performance indicators

We measure our performance against a number of strategic and financial KPIs. Success against our strategic KPIs forms a component of the Executive Directors' and senior management's remuneration.

### Strategic Performance Measures

#### Performance

Revenue growth from in-house products (CER)

18% (2022)

2021: 38%

Transactional Net Promoter Score (tNPS)

+25 (2022)

2021: +56

#### Description

Total constant currency revenue growth of our in-house products published. Includes sales from Custom Products and Licencing and BioVision following the acquisition in October 2021

There are approximately 46,000 in-house products published on our catalogue.

Transactional (often referred to as 'touchpoint') Net Promoter Score (tNPS) is an industry standard benchmark used to gauge the loyalty of our customer relationships based on their interactions with us.

#### Why this metric is important

Innovating new, high-quality products and growing our in-house product portfolio is fundamental to our long-term growth strategy.

Allows us to monitor customer satisfaction on a timely basis, helping to determine the likelihood of consumers recommending Abcam to a colleague.

#### How we performed

Growth includes BioVision and was negatively impacted by the implementation of Oracle Cloud ERP system and COVID-19 restrictions in China.

The 12-month tNPS score was negatively impacted by the implementation of a new Oracle Cloud ERP system.

#### Link to management remuneration

Yes. Performance against the Group's strategic KPIs determines part of management's Annual Bonus Plan (ABP) payout.

Yes. Performance against the Group's strategic KPIs determines part of management's Annual Bonus Plan (ABP) payout.

## Financial Performance Measures

### Performance

### Description

### Why this metric is important

### How we performed

### Link to management remuneration

### Total CER revenue growth

**7.8% (2022)**

2021: 22.3%

Total revenue growth of the business on a constant exchange rate basis (CER). CER is achieved by applying the prior year's actual exchange rates to the current year's results.

Total revenue growth is a key metric for monitoring the Group's performance and ability to drive growth.

Calculating growth on a CER basis allows management to identify the relative year-on-year performance by removing the impact of currency movements which are outside of management's control.

Total CER revenue growth includes the impact of BioVision and was negatively impacted by the implementation of the new Oracle Cloud ERP system and COVID-19 in China.

Yes. Performance against the Group's financial KPIs determines part of management's LTIP pay-out.

### Adjusted Gross Margin

**75.5% (2022)**

2021: 72.2%

Adjusted gross margin is calculated by dividing total gross profit achieved by total sales, before fair value adjustments on inventory relating to the BioVision acquisition.

Gross margin is a key metric for monitoring the Group's earnings quality and potential.

Gross margin was favourably impacted by increased sales of our in-house portfolio and the inclusion of BioVision.

Yes. Adjusted gross margin drives performance against the Group's financial KPIs such as adjusted Profit Before Tax, that determines part of management's Annual Bonus Plan (ABP) pay-out and EPS Growth that determines part of management's LTIP pay-out.



## Our key performance indicators continued

### Financial Performance Measures (continued)

#### Performance

#### Description

#### Why this metric is important

#### How we performed

#### Link to management remuneration

#### Adjusted Operating Profit

£76.3m (2022)

FY2021: £60.4m

Operating Profit based on the related IFRS measure but excluding adjusting items (see note 7 of the consolidated financial statements for more information).

The Board considers this measurement of profitability a viable alternative to underlying profit. It represents a key metric of overall business profitability.

Adjusted operating profit increased 26% and resulted in an adjusted operating margin expansion of 21.1% from 19.2% in 2021

Yes. Adjusted operating profit drives performance against the Group's financial KPIs such as adjusted Profit Before Tax, that determines part of management's Annual Bonus Plan (ABP) pay-out and EPS Growth that determines part of management's LTIP pay-out.

#### Return on Capital Employed

8.9% (2022)

2021: 7.6%

Return on Capital Employed (ROCE) is calculated by dividing adjusted operating profit by total capital employed at the end of the period.

Capital employed is calculated by subtracting the Group's current liabilities from its total assets.

The Board believes that ROCE is a key tool in measuring the Group's financial efficiency and ability to create future growth in value.

The Group attempts to maintain ROCE at a level well above the Group's estimated cost of capital.

Return on capital employed improved as profitability improved and the capital employed by the business remained relatively stable compared with the prior year.

Yes. ROCE performance determines part of management's PGIP pay-out.

## Financial Performance Measures (continued)

### Performance

### Description

### Why this metric is important

### How we performed

### Link to management remuneration

### Free Cash Flow

£(25.7)m (2022)

2021: £6.0m

Free cash flow comprises net cash generated from operating activities less net capital expenditure and transfer of cash from/(to) escrow in respect of future capital expenditure.

The Board considers this measurement important for providing an indication of the amount of cash available for discretionary growth investment after removing capital-related items.

Free cash flow was negatively impacted by the implementation of the new Oracle Cloud ERP system impacting our ability to ship products, invoice customers and collect cash on a timely basis, and COVID-19 in China.

No

### Adjusted diluted EPS

24.9p (2022)

2021: 20.6p

Adjusted diluted earnings per share (EPS) is calculated by dividing the Group's profit after tax, after adjusting items, by the weighted average number of ordinary shares in issue, including those shares that may be awarded under future share option and awards.

The Board considers this measurement an important indicator of the underlying profits generated for shareholders.

Adjusted EPS increased in 2022, reflecting the improvement in the Group's adjusted profitability over 2021.

Yes, Adjusted EPS performance determines part of management's LTIP payout.



Further details can be found in our Financial Overview – pages 16 to 19

### Principal risks and uncertainties affecting our business include (but are not limited to) the following:

- the ongoing COVID-19 pandemic, including variants, continues to affect our business, including impacts on our operations and supply chains;
- challenges in implementing our strategies for revenue growth in light of competitive challenges;
- the development of new products or the enhancement of existing products, and the need to adapt to significant technological changes or respond to the introduction of new products by competitors to remain competitive;
- failing to successfully identify or integrate acquired businesses or assets into our operations or fully recognize the anticipated benefits of businesses or assets that we acquire;
- our customers discontinuing or spending less on research, development, production or other scientific endeavours;
- failing to successfully use, access and maintain information systems and implement new systems to handle our changing needs;
- cyber security risks and any failure to maintain the confidentiality, integrity and availability of our computer hardware, software and internet applications and related tools and functions;
- failing to successfully manage our current and potential future growth;
- any significant interruptions in our operations;
- our products fail to satisfy applicable quality criteria, specifications and performance standards;
- failing to maintain and enhance our brand and reputation;
- ability to react to unfavourable geopolitical or economic changes that affect life science funding;
- failing to deliver on transformational growth projects;
- our dependence upon management and highly skilled employees and our ability to attract and retain these highly skilled employees; and
- as a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and Nasdaq corporate governance rules and are permitted to file less information with the SEC than U.S. companies, which may limit the information available to holders of our American Depositary Shares (“ADS”).

# Corporate governance

Achieving Abcam's strategic goals through good governance and integrity across our entire business.

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## Corporate governance

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I am pleased to present the Corporate Governance Report for the 12 months ended 31 December 2022, which includes details about the Board and our individual roles and responsibilities and a summary of the activities of the Board. The Chair of each Board Committee also discusses the activities of that Committee during the past year to illustrate how we have discharged our responsibilities to all stakeholders during that time.



Related content: Chief Financial Officer's Report on pages 4 to 5 and Financial Review on pages 16 to 19

### Abcam's commitment to Corporate Governance

The Board believes that robust corporate governance is vital to maintaining the long-term sustainable performance and growth of our business. The Board is responsible for overseeing Abcam's corporate governance measures and you can find further detail on Abcam's approach to corporate governance in the following sections of this Governance report, with additional information contained in the Strategic report:

Board leadership and company purpose – pages 33 to 36;  
Division of responsibilities – pages 34 and 35;  
Composition, succession and evaluation – pages 37 and 38;  
Audit, risk and internal control – pages 39 to 43;  
Remuneration – pages 44 to 59.

### Section 172

The Board, advised by the Company Secretary, is mindful of its duties under section 172(1)(a) to (f) of the Companies Act 2006 when considering any decisions and the impact those decisions may have upon all stakeholders. Abcam's principal stakeholders and the impact we have upon them, including details of how we have engaged with our employees, is discussed at pages 20 to 59.

### Board changes during FY22

Luba Greenwood joined the Board as a Non-Executive Director on 12 September 2022. Luba's experiences focus on business development and strategy, and she has held a number of senior leadership and board positions in the healthcare industry.

### What the Board has focused on in the last 12 months

On 17 October 2022, following a review by the Board of options to increase share liquidity and extensive consultation with shareholders, the Company announced that it intended to cancel the admission of its Ordinary Shares to trading on AIM and at 7.00 a.m. (London time) on 14 December 2022 the Company's ordinary shares were cancelled from trading on AIM. The Board anticipates that maintaining a sole listing of ADSs on Nasdaq will further enhance the liquidity of trading in the Company's securities by combining on Nasdaq the volume of transactions from both Nasdaq and AIM.

Abcam concluded the third year of its five-year growth plan by further building capabilities to drive long term and profitable growth, including the opening of a new Singapore business hub and installation of a new Oracle Cloud ERP system. The Board remain confident of the Company's ability to meet its 2024 goals and this year we will begin to formulate our strategy for the next phase of Abcam's growth beyond 2024.

Peter Allen

Chairman

20 March 2023

## Board

The Board has established a corporate governance structure with clearly defined responsibilities and accountabilities. The structure is designed to safeguard and enhance the long-term sustainable success of Abcam, creating value and benefit for our shareholders and other stakeholders.

Responsible for the long-term success of the Group, it sets strategy and oversees implementation, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group. The Chairman encourages rigorous debate at Board meetings on how Abcam is meeting its agreed goals and objectives, and he ensures that the Directors receive accurate, timely and clear information.

## Matters reserved for the Board

To retain control of key decisions, the Board has identified certain reserved matters for its approval. Other matters, responsibilities and authorities are delegated to Board Committees. The schedule of matters reserved for the Board can be found, along with the terms of reference for each of its Committees, on the Company's investor relations website at [corporate.abcam.com](http://corporate.abcam.com).

## Board meetings, information and support

The Board aims to meet in person six times during the year with further scheduled telephone conferences to approve the annual and interim accounts. In addition, ad hoc meetings may be called to discuss urgent matters arising during the course of the year. One such ad hoc Board meeting, two ad hoc Audit and Risk Committee meetings and two ad hoc Remuneration Committee meetings were called in the 12 months ended 31 December 2022. Following the developments in working practices that occurred in response to the COVID-19 pandemic, the Board has continued to meet through a combination of in-person attendance and video conferences. This has allowed Board meetings to continue to be conducted in largely the same manner as prior to imposition of social distancing restrictions, save that Board members are no longer all present in the same location. The Chair expects Non-Executive Directors to provide sufficient commitment to the Company for advance preparation and attendance at Board and Committee meetings, together with ad hoc availability at other times.

	Scheduled Board meetings	Ad hoc Board meetings	Audit and Risk Committee	Ad hoc Audit and Risk Committee	Scheduled Remuneration Committee	Ad hoc Remuneration Committee	Nomination Committee
<b>Current Directors</b>							
Peter Allen	7 of 7	1 of 1	n/a	n/a	4 of 4	2 of 2	3 of 3
Giles Kerr	7 of 7	1 of 1	4 of 4	2 of 2	4 of 4	2 of 2	3 of 3
Mara Aspinall	7 of 7	1 of 1	4 of 4	2 of 2	4 of 4	2 of 2	3 of 3
Mark Capone	7 of 7	1 of 1	n/a	n/a	4 of 4	2 of 2	n/a
Bessie Lee	7 of 7	1 of 1	n/a	n/a	n/a	n/a	n/a
Sally Crawford	7 of 7	1 of 1	4 of 4	2 of 2	4 of 4	2 of 2	n/a
Luba Greenwood <sup>1</sup>	1 of 7	1 of 1	n/a	n/a	n/a	n/a	n/a
Alan Hirzel	7 of 7	1 of 1	n/a	n/a	n/a	n/a	n/a
Michael Baldock	7 of 7	1 of 1	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> Luba Greenwood was appointed to the Board on 12 September 2022

The Chair meets the Non-Executive Directors without the Executive Directors present at least once a year. The Non-Executive Directors, led by the Senior Independent Director, meet without the Chair present at least once a year to appraise the Chair's performance.

The Directors have access to advice from the Company Secretary who is a qualified solicitor and acts as secretary to the Board and its Committees.

The Chair, Executive Directors and Company Secretary are responsible for ensuring Board members are provided with information concerning the state of the business and its performance, and with information necessary for them to effectively discharge their duties and responsibilities in a timely manner. Matters to be included on the agenda for future meetings are discussed at Board meetings so that Non-Executive Directors have the opportunity to influence the content, ensuring time spent is appropriately balanced between reviewing strategic, operational and financial matters, together with governance.

## Governance structure continued

<b>Chairman</b>	<b>Peter Allen</b>	<p>A large part of the Chairman's role is to ensure the Board of Abcam operates effectively in directing the Company to deliver long-term sustainable performance and growth. The Chair seeks to ensure that Board proceedings are conducted in such a way as to allow all Directors to have the opportunity to express their views openly and that judgements are made objectively. In particular, he seeks to facilitate the Non-Executive Directors providing constructive support and challenge to the executive leadership of Abcam.</p> <p>The Chair also ensures that Board members are aware of and understand the views of major shareholders and other key stakeholders and helps the CEO and Executive Leadership Team set the 'tone from the top' regarding purpose, goals, vision and values for the whole organisation.</p>
<b>Senior Independent Director (SID)</b>	<b>Giles Kerr</b>	Acts as a sounding board for the Chair and as a trusted intermediary for other Directors. Available to discuss any concerns with shareholders that cannot be resolved through the normal channels of communication with the Chair or Executive Directors.
<b>Independent Directors</b>	<b>Mara Aspinall Mark Capone Bessie Lee Sally Crawford Luba Greenwood</b>	Assist in the development of strategy and monitor its delivery within the Company's established risk appetite. Responsible for bringing sound judgement and objectivity to the Board's deliberations and decision-making process. Constructively challenge, support and review the performance of Executive Directors.
<b>Executive Directors</b>		Responsible for the implementation of the Board's strategy, day-to-day management of the business and all matters which have not been reserved for the Board.
	<b>Alan Hirzel CEO</b>	Responsible for the day-to-day management of the business, developing Abcam's strategic direction for consideration and approval by the Board, and implementing the agreed strategy.
	<b>Michael Baldock CFO</b>	Supports the CEO in developing and implementing strategy. Responsible for the financial and operational performance of the Group.
<b>Committees</b>		The terms of reference for each of the Committees can be found at <a href="https://corporate.abcam.com/investors/governance/">corporate.abcam.com/investors/governance/</a>
	<b>Nomination Committee</b>	Reviews and recommends to the Board the structure, size and composition of the Board and its Committees. It also has oversight responsibility for succession planning of the Board and senior management. More details on pages 37 to 38.
	<b>Audit and Risk Committee</b>	Reviews and is responsible for the oversight of the Group's financial and reporting processes, the integrity of the financial statements, the external and internal audit processes, and the systems of internal control and risk management. More details on pages 39 to 43.
	<b>Remuneration Committee</b>	Reviews and recommends to the Board the Executive Remuneration Policy and determines the remuneration packages of the Executive Directors and the Chair. Has oversight of the remuneration packages of the Executive Leadership Team. More details on pages 44 to 46.
<b>Executive Leadership Team (ELT)</b>		A team that operates under the direction and authority of the CEO and CFO and comprises the direct reports of the CEO. It assists the Executive Directors in implementing strategy and policies and managing the operational and financial performance of the Group.
<b>Global Leadership Team (GLT)</b>		The GLT comprises the ELT and other senior global leaders who meet as required in person and by video conference to support the delivery of Abcam's strategic activities and the annual planning process. This enables the CEO and the ELT to hear from different areas of the business whilst providing the opportunity to communicate with and engage the GLT members on global initiatives.



### Board composition and roles

The Board comprises the Chair, two Executive Directors and six Non-Executive Directors.

The Directors are satisfied that the current composition of the Board reflects an appropriate balance of skills, knowledge, experience and diversity.

The table below provides an overview of the skills and experience of our Directors:

Skills and experience	Directors
Executive and strategic leadership	9 Directors
Extensive knowledge of our business and the life sciences sector	8 Directors
Broad international exposure, including in particular the United States and/or China	9 Directors
Experience in finance and accounting	5 Directors
Experience of acquisitions and integration of acquired businesses	9 Directors
Expertise in corporate governance and compliance	7 Directors
Investor relations and engagement	8 Directors
Experience in relation to employee engagement and remuneration including incentive programmes	7 Directors
Expertise in sustainability and experience in community engagement	1 Director

### Gender diversity

The percentage of women on the Board is currently 44%, putting us ahead of the recommended targets for FTSE 350 companies.

Our percentage of women on the Board and on the executive leadership team increased to 40% as at 31 December 2022 (36% as at 31 December 2021), and we continue to seek to increase the pipeline of women into both the Board and senior management.

### Director independence

The Board considers all Non-Executive Directors to be independent within the meaning of the Nasdaq Rules. The Board considers that the Non-Executive Directors each demonstrate an appropriate degree of independence in character and judgement and are free from any business or other relationship which could materially interfere with the exercise of their judgement.

In determining the independence of the Non-Executive Directors, the Board specifically considers the beneficial interests of such Directors in the share capital of the Company. Those interests are set out on page 54 and do not in the opinion of the Board detract from their independent status.

In accordance with its procedures, all Directors are required to notify the Board of any conflicts of interest and a register of such interests is maintained by the Company Secretary and formally reviewed at Board meetings. Any planned changes to their interests, including directorships outside the Group, are notified to the Board. In addition, all directors are required to confirm annually all relationships that they have that may represent a conflict of interest.

The independent Non-Executive Directors declared no relationships in the period which were considered a conflict with Abcam's business and therefore nothing was deemed to impact their independence.

# Key Board activities

## What we did in the period to 31 December 2022

### Strategy

- Monitored implementation of Abcam's strategy including receiving presentations from members of the Executive Leadership Team on the progress of the strategy in their respective areas.
- Considered and approved strategic transactions and opportunities.
- Monitored the continuing impact of the COVID-19 pandemic on operations in China, and considered the implementation of strategy as other markets recovered from the effects of the pandemic.
- Oversaw the opening of new and expanded sites in Massachusetts, Amsterdam and Singapore.
- Oversaw the cancellation of admission to trading on AIM of the Company's ordinary shares, to retain a sole listing on Nasdaq of American Depositary Shares.
- Monitored the installation of a new Oracle Cloud ERP system.

### Financial performance

- Considered the financial performance of the business and key performance targets.
- Approved the budget.
- Monitored performance against budget through regular presentations from the CFO.
- Reviewed the 6-month interim, and year end results, and presentations to analysts, and approved the Form 20-F for filing with the SEC and the Annual Report and Accounts.

### Internal control and risk management

- Reviewed the approach to risk management and the assessment of the Company's principal risks.
- Approved the Company's risk appetite, this being the level of risk that the Company is willing to take in pursuit of its objectives.

### Governance, stakeholders and shareholders

- Continued to monitor the composition of the Board and its Committees.
- Adopted revised Terms of Reference for the Board Committees and adopted new or revised policies covering Whistleblowing, Non-Audit Services, Related Party Transactions, and Share Dealing, in connection with the cancellation of admission to trading on AIM.
- Expanded tech and life science industry experience within the Board of Directors with the appointment of Luba Greenwood as a Non-Executive Director.
- Received key legal and regulatory updates on topics such as the Gender Pay Gap Report, the Corporate Governance Code, the AIM Rules, Nasdaq rules, and SEC regulations.

- Received an annual 'Governance and Compliance Health Check' conducted by the General Counsel in order to continue to monitor performance against the requirements of section 172 of the Companies Act 2006, the UK Bribery Act and US Foreign Corrupt Practices Act, General Data Protection Regulation, Modern Slavery Act, and health and safety legislation and regulations throughout the world.
- Extensively engaged with our shareholders on remuneration policy and the cancellation of admission to trading on AIM. Held a meeting of the Board at the new Waltham facility.

### Purpose and culture

The Board continues to promote and develop Abcam's purpose in order to deliver sustainable value creation for all stakeholders. The Board recognises that a resilient business is also a sustainable business, and that being part of a successful value chain that can adapt to meet changing external demands creates value for all stakeholders. More details can be found in our Strategic Report on pages 1 to 30.

### Section 172 duty

The Board believes that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2022. The Board, advised by the Company Secretary, is mindful of its section 172 duties when it determines the impact of decisions upon all stakeholders. You can find our section 172 statement on page 20, and information on our stakeholders on pages 21 to 25.

### Employee engagement

The Board understands the value of engagement between the Board and the workforce and has in place mechanisms to ensure that we understand the views of the workforce.

We provide details of how we have engaged with employees during the year ended 31 December 2022 on page 22. The Board considers the measures taken on employee engagement to be effective because they create and foster open and honest dialogue between employees and the Board and maintain the Board's awareness of employee sentiment, which in turn informs the Board's decision making.

### Shareholder engagement

The Board is committed to maintaining an open and constructive dialogue with shareholders to ensure there is a common understanding of the strategic objectives, governance and performance of the Company. Further detail of how we have engaged with shareholders throughout the year ended 31 December 2022 can be found on page 25.

This year, the Committee has appointed one new Non-Executive Director to the Board. Our focus remains on the continued development of the Board and Executive Leadership.

**Peter Allen**  
Nomination Committee Chairman

## Committee meetings

3

## Committee members and attendance

	Meetings
Peter Allen (Chairman)	3/3
Mara Aspinall	3/3
Giles Kerr	3/3

## Key responsibilities of the Committee

The Committee is responsible for reviewing Board composition and balance, considering the skills and capabilities required for each new Board appointment, leading the process for the Board in relation to new appointments and reviewing succession planning for the Board and senior leadership. The Committee continues to perform this with the utmost professionalism and diligence.

## Board changes in the year

We have continued to review potential additions to the Board to ensure strong succession and the right mix of experience and skills. This year we have made one addition to the Board using the services of an executive search firm, with the appointment of Luba Greenwood on 12 September 2022.

Luba's experience focuses on business development and strategy. She is a veteran biotech, pharmaceutical, tech, and life sciences investor and company builder. Luba has held a number of senior leadership and board positions in the healthcare industry. Currently, she serves as the managing partner of the Dana Farber Cancer Institute Venture Fund, Binney Street Capital (BSC), which she has built and launched. Luba is also the CEO of Kojin Therapeutics, a BSC portfolio company. Her previous experience includes increasing levels of responsibility at Google Life Sciences, Verily and F. Hoffman-La Roche.

Luba has extensive board experience, and currently serves on the board of directors of the following private institutions: MassBio, BenchSci, and In8Bio, Inc.

I have worked with the Executive Directors to support Luba's onboarding with training, including our director onboarding training run by the Company Secretary, meeting the Executive leadership Team and also site visits. I am delighted to have Luba's insight and experience as a member of the Board.

## Board diversity and appointments procedure

Abcam recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage and the Company's long-term sustainable success.

Board composition is central to the effective leadership of the Group and therefore prior to commencing any search for prospective Board members, the Committee draws up a specification, reflecting on the Board's current balance of skills and experience and those that would be conducive to the delivery of the Company's strategy. Selection for Board appointments is made on merit against this specification.

## Nomination Committee continued

### Gender diversity

Following the Board changes in the year, female representation on the Board stands at 44%. Abcam continues to see the development of female executive talent as an important area.

### Activity in the year

We have been pleased to see the depth of succession building for the Executive Leadership Team and that Abcam has continued to be able to develop and grow talent internally, as well as attract great candidates from the external market.

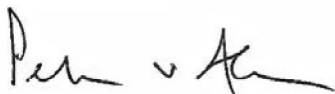
This year we have refreshed our Board mentoring programme where members of our Executive Leadership Team are mentored by our Non-Executive Directors. This is positive at supporting our senior leaders with experience and insight to drive the performance of the business.

We have also been able to undertake site visits where those have been practical. This has included holding Board meetings in both the UK and US. This has enabled the Board to meet a broad range of employees and also to understand more about the business.

In the course of 2022 we have undertaken a number of training initiatives based on the Board assessment undertaken in 2021. This has included offering training to support the transition to NASDAQ listing, context on ESG reporting and updates on the life sciences market.

### Priorities for 2023

The Committee will continue to focus on succession planning, particularly for Executive Leadership Team positions, as well as supporting the mentoring of the senior team. I will also continue to support the development of the Board in delivering the training identified from the Board Evaluation process. With the move to NASDAQ listing I have decided to postpone the Board Evaluation until 2023 where we can consider US requirements.



**Peter Allen**

**Nomination Committee Chairman**

20 March 2023

The Committee plays a key role in governance of the Group's financial reporting and risk management and ensures that shareholders' interests are protected and the Company's long term strategy is supported.

**Giles Kerr**

Audit and Risk Committee Chairman

## Committee meetings

6

## Committee members and attendance

	Meetings
Giles Kerr (Chairman)	6/6
Mara Aspinall	6/6
Sally Crawford	6/6

## Introduction

As Chairman of the Committee, I am pleased to present the report of the Audit and Risk Committee for the 12 months ended 31 December 2022.

This report sets out the work of the Committee over the 12 months and offers insight into how the Committee has discharged the responsibilities delegated to it by the Board and the key areas of focus has considered in doing so.

In meeting its responsibilities, the Committee continues to consider the requirements of good corporate governance and the FRC Guidance on Audit Committees and the applicable requirements of the SEC and NASDAQ in relation to the listing of Abcam's securities on NASDAQ. The Committee's Terms of Reference are available on [corporate.abcam.com](https://corporate.abcam.com).

The Committee works to a structured programme of activities which is focused on the Group's reporting cycle, principal risks and risk appetite and keeps in mind a forward looking strategic agenda. These activities are supplemented throughout the year as key matters arise.

The Committee's primary focus has been:

- monitoring the integrity of the Company's external reporting and accounts. Of particular interest this year has been the preparation work for moving to quarterly reporting under US GAAP and in USD;
- appraising a formal update to the Group's principal risks and risk appetite statements;
- review of the growing Internal Audit function and its outputs;
- assessing the progress made the second year of the Company's SOX programme against the material weaknesses as reported by management in 2021;
- overseeing the judgements and estimates made in the accounting valuations of Biovision 12 months after acquisition, in particular in respect of intangible assets acquired; and
- Understanding the risks and mitigating strategies as a result of the Oracle Cloud ERP deployment in the second half of 2022.

In exercising its duties, the Committee undertakes a crucial role in providing effective governance over the Group's financial reporting and internal control procedures thereby ensuring that shareholders' interests are protected and the Company's long term strategy is supported.

## Committee governance

### Membership

The Committee continues to be comprised exclusively of independent Non-Executive Directors.

### Independence and experience

The Board has confirmed that it is satisfied that the Committee members provide an appropriate depth of financial, risk management and commercial experience across different industries including life sciences and in listed companies. The Committee acts independently of management. The Board has also confirmed that it is satisfied that Giles Kerr being a chartered accountant and having held other finance appointments meets the requirement for recent and relevant financial experience.

### Meetings

The Chief Financial Officer, Vice President Global Finance, Company Secretary (acting as secretary to the Committee), Head of internal audit, other members of senior management and representatives of the Company's external auditor (PricewaterhouseCoopers LLP (PwC)) attended by invitation.

## Audit and Risk Committee continued

Representatives of the Group's external auditor meet with the Committee at least once a year without Executive Directors or management being present.

### External advice

The Board makes funds available to the Committee to enable it to take independent legal, accounting or other advice when the Committee believes it necessary to do so.

### Key Committee activities during 2022

#### Financial reporting

- Considering matters of accounting significance, estimation and judgement including those in respect of the Biovision acquisition;
- Monitoring the integrity of the Annual Report and Accounts, the Interim Statement, Form 20-F and any formal announcements or regulatory filings relating to financial performance, to ensure clarity and completeness of disclosures, including those relating to alternative performance measures (including adjusted performance measures);
- Receiving presentations from management on all financial reporting matters including preparation for the move to reporting quarterly under US GAAP and In USD;
- Reviewing the results and conclusions of work performed by the external auditor;
- Reviewing the basis for the going concern statement in light of financial plans and reasonably possible scenarios especially considering the continued impacts on the business in China of COVID-19;
- Reviewing the longer-term viability statement (LTVS) including appraising the Board's approach and use of its five-year plan on which the LTVS is based, linkage to strategy, principal risks, together with related scenario stress analysis; and
- Considering if the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

#### Risk management, internal control and SOX

The Committee receives updates on risk, internal control and SOX matters at each meeting. This regular monitoring allows timely identification of issues and formal tracking of remediation plans. The main areas of assessment were:

- Considering the formal review undertaken in the year of the Groups' principal risks, emerging risks and risk appetite statements and recommending to the Board the adoption thereon;
- Monitoring continual improvements in risk management including reviewing actions to mitigate risk and challenging the assessment of risk mitigations in line with risk appetite;
- Reviewed the internal audit plan for the current and forthcoming year ensuring alignment with key risks;
- Reviewing the effectiveness and integrity of the internal controls framework with particular reference to the requirements of SOX this year. The Committee has reviewed progress against the material weaknesses identified in 2021 under the requirements of SOX as reported by management and engaged with the associated remediation plan;
- Monitoring progress on the implementation and project governance of transformational projects; and
- Receiving updates on continual strengthening of cyber security measures.

#### Fair, balanced and understandable

The Annual Report and Accounts continues to focus strongly on key strategic messages and the Committee has had due attention to this emphasis and balance where it may affect disclosures elsewhere in the Annual Report and Accounts. In ensuring that the Group's reporting is fair, balanced and understandable, the Committee reviewed the classification of items between adjusted and reported performance measures and the clarity and comprehensiveness of disclosures around adjusting items.

In addition, the Committee gave due consideration to the integrity and sufficiency of information disclosed in the Annual Report and Accounts to ensure that they clearly explain the Group's financial position, performance, business model and strategy. An assessment of the narrative reporting was also undertaken to ensure consistency with the financial statements, including appropriate disclosure of material or significant items necessary to aid a reader's understanding and appropriate balance of reported and adjusted performance measures.

#### Compliance

The Committee reviews and considers the operation of the Group's compliance initiatives. These include the employee Code of Conduct 'How we do things at Abcam', a global whistleblowing hotline and portal, an anonymous messaging inbox for messaging the CEO, and compulsory online training for anti-bribery and corruption and GDPR.

During the year the Committee received updates from management on GDPR, the compliance requirements of the Sarbanes-Oxley Act and an annual governance 'health check'.

### Matters of significant judgement

The Committee received reports from management setting out the significant accounting and financial reporting matters and judgements in respect of the financial statements as well as how these matters were addressed. The following sets out the main areas of judgement considered by the Committee. For each area, the Committee was satisfied with the accounting and disclosures in the Annual Report and Accounts and noted the work performed by the external auditor.

Matters of accounting significance and judgement	Committee's review and conclusions
<p><b>Costing of internally developed technology capitalised within intangible assets</b></p> <p>Internal costs are capitalised as internally developed technology within intangible assets which is used to generate antibodies and kits.</p> <p>The point at which such internal costs are included and capitalised as well as their magnitude (where the amount capitalised comprises mainly of attributable salary costs and consumables used in the manufacture process) is a key area of judgement.</p>	<p>The Committee discussed and challenged management's review and also considered the report from the auditor on the results of its testing.</p> <p>The Committee was satisfied that severe but plausible downside scenarios were appropriate whilst still supporting the Group's longer term viability and its going concern statement.</p>
<p><b>Classification of costs associated with system process improvements</b></p> <p>FY22 was the final year of the complex Oracle Cloud ERP transformation with numerous phases across multiple functions necessary to secure the Group's longer-term growth ambitions. The work involved both internal and external costs and judgement is required both in respect of whether the amounts qualify for capitalisation and whether amounts which are expensed are incremental given that these are separately disclosed as such.</p> <p>Primary oversight of this important programme at Board level has been maintained.</p>	<p>In line with last year, the Committee received reports from management and the external auditor regarding the classification of amounts expensed versus those capitalised and remained satisfied with the treatment.</p> <p>Detailed aspects of the project evolved throughout the year and regular updates were provided at Board level.</p>
<p><b>Accounting adjustments related to the BioVision acquisition</b></p> <p>The Group purchased BioVision in October 2021. As set out in note 29 to the consolidated financial statements, the Group has taken the opportunity to revise valuation estimates in the following 12 months as new information became available.</p>	<p>The Committee received and reviewed reports from management and, where appropriate, challenged these judgements and estimates.</p>
<p><b>Carrying Value of acquired intangibles</b></p> <p>Throughout the year, management assesses for indicators of impairment and reports to the Committee. Specifically management reviewed assets relating to the Firefly Bioworks multiplex and assay technology. At the end of June 2022 these assets were classified as held for sale as management had begun a sale process supported by a third party. During the second half of the year, when no sale was possible, management took the decision to close the business and as such impair all the assets. See note 9.</p>	<p>The Committee received and reviewed reports from management and, where appropriate, challenged the assumptions taken and the conclusion reached.</p>
<p><b>Provision for doubtful debts</b></p> <p>The implementation of if the new ERP system has disrupted invoicing and cash collection to the extent that the trade debtors balance is higher at the end of the year than normal. As a result, it was deemed prudent to increase the provision from 2.3%, year ended 31st December 2021, to 3.4% for the year ended 31st December 2022</p>	<p>The committee reviewed managements' recommended increase and the plan to return debtors to more normal levels. The committee concluded both were appropriate.</p>



## Matters of significant judgement continued

### Share based payments

With material new share based schemes (PGIP/AGP) in operation, the Group is required to assess the annual charge based on the probability of payout. Papers were presented that considered the likelihood of achieving revenue targets and the ROCE underpin. Internal and external drivers were considered in deriving the charge.

The committee reviewed the assessment and concluded that the charge was appropriate.

### Going concern statement

Assumptions underlying the going concern statement made on page 61 are based upon the Group's budget and five-year financial and operating plans. These include appropriate scenario analysis and take into account the Group's principal risks as well as the current economic disruption following Covid-19 and the ongoing war in Ukraine.

The Committee, in conjunction with the Board, reviewed the plans and scenarios and was satisfied that in respect of the going concern statement, a period of five years was suitable and concurred with management's conclusions that the going concern statement is appropriate.

The Committee was satisfied that severe but plausible downside scenarios were appropriate whilst still supporting the Group's longer term viability and its going concern statement.

### Internal audit

The internal audit function provides independent and objective assurance over the design and operating effectiveness of the system of internal control through a risk-focused approach. The function reports into the Committee and administratively to the CFO.

This is the second full year of the in-house internal audit function. KPMG is retained to conduct specific IT audits and CFGI to perform IT SOX testing.

Prior to the start of each financial year, the Committee reviews and approves the annual internal audit plan, a further review occurs during the year to take account of any need to refocus. The programme was refocused during the year to allow appropriate attention on the second year of the SOX programme with a particular focus on the material weaknesses as reported by management in FY21.

The Committee is satisfied that the internal audit programme remains risk focused, is functioning satisfactorily across the Group, that management is open to reviews and takes action on recommendations on a timely basis.

The Committee continues to review how the internal audit function will need to evolve in future years.

### External auditor

#### Independence and objectivity

Both the Board and the external auditor (PwC) have safeguards in place to protect the independence and objectivity of the external auditor. The Committee receives details of any relationships between the Company and PwC that may have a bearing on their independence. These were reviewed by the Committee during the year and remain satisfactory. In accordance with International Standards on Auditing (UK), PwC formally confirmed to the Board its independence as auditor of the Company.

#### Non-audit fees

Any non-audit services require approval by the Committee and the amounts are set out in note 6 to the consolidated financial statements. Non-audit fees comprised fees in relation to interim reviews and the Group's US filings.

Non-audit fees amounts to £667,000 (2020/21: £1,379,000) compared to £817,000 of audit fees (2020/21: £1,084,000). Audit fees for period to 31 December 2022 have increased due to the growth of Abcam and industry wide inflation in audit fees driven by increasingly regulatory pressure. The non-audit fees include assurance work in relation to Sarbanes-Oxley.

### Auditor appointment and tendering

PwC has served as Abcam's external auditor since September 2013, when a full tender process was undertaken. The current audit partner, Sam Taylor, has served for four and a half years and is standing down at the end of the FY22 reporting year. Paul Norbury will take over in 2023. The Committee considers Paul an excellent candidate noting his life sciences experience combined with his US GAAP, PCAOB and SOX skills.

PwC's objectivity, independence and performance are considered to remain strong and the Committee has recommended to the Board that PwC be re-appointed as external auditor for the 2023 financial year, subject to approval at the AGM.

### Auditor effectiveness

The Committee undertakes an annual assessment of the effectiveness of the external auditor. This assessment incorporates the views of management in addition to the Non-Executive Directors to facilitate continued improvement in the external audit process.

The assessment considered:

- Audit risk identification whereby this is a key factor in the delivery of a thorough, robust and efficient global audit in accordance with pre-set timescales. These risks remained broadly consistent with the prior financial year, but with additional focus on acquisitions given the activity in this area during the year;
- Provision of accurate, robust and perceptive advice on key accounting and audit judgements, technical issues and best practice;
- The level of professionalism and technical expertise consistently demonstrated and maintenance of continuity within the core audit team; and
- Strict adherence to independence policies and other regulatory requirements.

The Committee concluded that the above factors had been met, and that it continued to be satisfied with PwC's performance and effectiveness.

### Conclusions

The Committee's oversight of financial reporting, external and internal audit, risk and the development of the SOX control environments have been areas of significant focus.

These are likely to remain so for the 2023 financial year as the Group grows and develops in line with its strategy.

The Committee remains focused on ensuring that finance and risk capability is enhanced appropriately to manage in an increasingly complex business and an increasingly regulated environment.

I am confident that the Committee has the necessary skills and experience to continue to meet the challenges ahead.



**Giles Kerr**

**Audit and Risk Committee Chairman**

20 March 2023

Our remuneration structure aims to support Abcam's long-term sustainable growth and value creation by aligning interests across our global team to the delivery of our strategy and fostering a philosophy of share ownership.

**Sally Crawford**

Remuneration Committee Chair

### Committee meetings

6

### Committee members and attendance

	Meetings
Sally Crawford (Chair)	6/6
Mara Aspinall	6/6
Giles Kerr	6/6
Peter Allen	6/6
Mark Capone	6/6

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for 2022

As I mentioned in my first report as Remuneration Committee chair last year, I have long been an admirer of Abcam's commitment to its people and track record of aligning interests across the Company with those of our shareholders. This philosophy underpins our approach to reward: from our global multi-award-winning share plan, AbShare, which vested in 2021 to make over 90% of our employees shareholders, to the introduction of the Abcam Growth Plan ('AGP') and the extension to senior leaders of the Profitable Growth Incentive Plan ('PGIP') in 2022. Through these and a wide range of other people-centric initiatives, Abcam has continued to position itself as a great place to work, with employee engagement well above external benchmarks.

In this report, I am pleased to share an overview of the Committee's key decisions over the year to 31 December 2022 and how we are aligning our remuneration structure even more closely to the delivery of our strategy through our new Remuneration Policy approved by shareholders at the General Meeting in July 2021 and approved again at the AGM in May 2022 ('Policy').

### Our Remuneration Policy

Abcam's new Remuneration Policy ('Policy') and Profitable Growth Incentive Plan ('PGIP') were both approved at the July 2021 General Meeting and received a further positive vote at the May 2022 Annual General Meeting which was required due to technical requirements of the Companies Act 2006. I would like to thank our shareholders for their engagement over the course of 2022.

The Remuneration Committee continues to believe that the remuneration package offered to Executive Directors is fair whilst remaining competitive amongst our peers, including in the US as the Americas is a key market for talent (>25% of our headcount) and our business (45% of our revenue). The Committee is committed to ensuring the Company's leadership is motivated to deliver long-term sustainable growth through the successful implementation of the Five-Year Growth Plan to 2024. As such, the Policy and PGIP align all senior leaders to the delivery of Abcam's strategic goals, with a continued focus on profitable growth and long-term sustainable value creation.

### Remuneration in wider context

Alongside decisions made on executive remuneration, the Committee provides oversight of the remuneration of the Executive Leadership Team, broader workforce trends and inputs into the formulation of reward programmes across our global workforce. This includes the strategic review and approval of our incentive plans and their performance criteria to ensure each plan is aligned to the interests of our stakeholders and the long-term success of the Company.

An example of the Committee's role in this regard was in the design and approval of our all employee share plan, the Abcam Growth Plan, which ensures that all employees globally are incentivised and meaningfully rewarded for delivering for customers and Abcam's strategic goals to 2024. The first awards under this plan will vest in April this year and further annual awards will be made to employees. This programme builds on the success of AbShare with a further meaningful offer of equity participation for our people. Participants in the PGIP are not eligible to participate in the Abcam Growth Plan. There has also been a further award of the PGIP to senior managers below the executive leadership team where there are now a total of around 150 leaders that participate in the plan. The Committee also completed a review of the Company's global mobility policies to support internal talent mobility for our people among jobs, projects, and geographies.

As a result of these initiatives, employee engagement scores on the topic of reward have been maintained over the year to 31 December 2022 and remains in the top 25% of comparator companies.

When making decisions on executive remuneration and setting our Directors' Remuneration Policy, the Committee does so in consideration of our global workforce to ensure our total reward offer supports business priorities and is aligned to stakeholder interests, whilst supporting our culture and values. Further details on how the decisions made for Executive Directors compare to the wider workforce are provided on page 56.

## 2022 remuneration outcomes

The Committee always seeks to ensure that the remuneration of our Executive Directors reflects the underlying performance of the business, as summarised on pages 1 to 30 of the Annual Report. When approving outcomes, we therefore considered performance against our financial and strategic targets along with wider business and individual performance and believe that the decisions outlined below fairly reflect 2022 performance.

### Annual Bonus Plan (ABP)

Annual bonus outcomes were considered in the context of financial, strategic, environmental, social and governance (ESG) and personal performance and the performance out-turn was as follows:

**1 January to 31 December 2022** – out-turns were 12.5% (out of 50%) and 0% (out of 33%) of the maximum award for financial and strategic measures, respectively, reflecting the stretching targets and the impact of the go-live transition of the core Oracle Cloud ERP system over the second half of 2022, despite strong underlying performance. In combination with performance which exceeded targets under personal objectives and ESG targets the ABP will pay 25.3% of the maximum for the CEO and 27.0% of the maximum for the CFO.

30% of the earned bonus for the Executive Directors will be deferred into shares for two years. Further details regarding the achievement against each performance target are set out on page 50.

### Long Term Incentive Plan (LTIP)

The 2019 awards were intended to reward and incentivise senior leaders over the three-year period from 1 July 2019 to 30 June 2022. Under the 2019 LTIP, Alan Hirzel and Michael Baldock received two awards: (1) LTIP A, measured against Earnings Per Share (EPS) and Strategic KPIs; and (2) LTIP B, measured against Revenue Growth.

- LTIP A** – overall vesting of 21.6% of maximum award. Recombinant antibody revenue growth performance was above the maximum targets set and customer engagement (tNPS) performance above the threshold target. EPS performance was below the threshold target set due to the significant strategic investments made by the Company over the performance period.
- LTIP B** – overall vesting of 100% of maximum based on performance that was above the maximum target with revenues growing at a compound rate of 11.5% over the performance period.

No adjustments have been made to out-turns over the performance period. The EPS out-turn under LTIP A reflects the evolution of Abcam's strategy and significant strategic investments focused on growth since the awards were granted.

The Committee considered that the formulaic out-turns for both the annual bonus and LTIP were appropriate in the context of wider business performance and reflective of the broader stakeholder experience. Further details regarding the achievement against the performance targets are on page 51.

### Implementation for 2023

The CEO and the CFO did not receive a salary increase during 2022, and hence continued on the same salary since 1 July 2020. Following a comprehensive review by the Committee, the base salary for Alan Hirzel has been increased by 4% from £629,760 to £654,950 effective 1 January 2023. This compares to the UK average workforce increase of 10% over the period since his last salary increase in 1 July 2020. Michael Baldock relocated to the US effective from 1 January 2023, with support in accordance with the Company's global mobility framework. His US salary was set relative to US based peers at a level of \$610,000. The Committee believes that this salary is reflective of his exceptional personal performance since his appointment, the scope of his role (finance, legal and corporate development) and the competitiveness of the US market for senior finance talent.

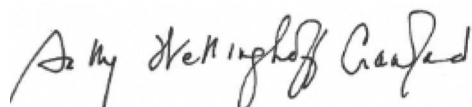
## Remuneration Committee continued

Both Alan Hirzel and Michael Baldock's pension entitlement were aligned with the wider UK workforce following the reduction in pension entitlement for Alan Hirzel to 8% of base salary effective 1 July 2020. Michael Baldock's pension entitlement was originally aligned to the wider UK workforce from his appointment to end 2022 while he was employed in the UK, and was maintained at this level on his relocation to the US.

The 2023 ABP design will be broadly unchanged from 2022, with targets updated in line with the financial plan and outlook for 2023 in the usual way. The PGP remains in-flight until 2024 and so there will be no new long-term incentives granted to Executive Directors during the year.

### Policy developments as a result of the change in listing

During 2022 I led a review of our Remuneration Advisors. We were able to meet a number of companies through the tender process and the committee were pleased to appoint F.W. Cook in partnership with FIT Consulting to advise us. Their combination of experience and knowledge across the US and UK markets will make them a valuable partner to the Committee. With a sole listing on NASDAQ, the Company has eliminated certain complexities and duplication that comes from administering two different listing regimes. Whilst we do not intend to make significant changes to our remuneration approach in 2023, the Committee is mindful that US market and reporting requirements will require a transition process ahead of our next policy review in 2024.



**Sally Crawford**

**Remuneration Committee Chair**

20 March 2023

# Remuneration Principles

## Strategically aligned

Our remuneration structure reflects and is aligned with our business strategy and culture. Equity ownership is central to our approach to remuneration which we believe can drive the right long-term behaviour and alignment with stakeholders' interest in the Company's sustainable long-term profitable growth. To further align the interests of Executive Directors with those of stakeholders, they are required to build and maintain significant shareholdings in Abcam over time, equal to two-times their base salaries in value.

We have consistently demonstrated our commitment to employee share ownership through AbShare, our previous multi-award winning share purchase plan, and more recently through the implementation of its successor programme, the Abcam Growth Plan. In line with our culture & behaviours, both plans are centred around dedication through company ownership. They are equally audacious and bold in ambition, enabling all of our people globally to share meaningfully in Abcam's success. The Executive Directors and other senior leaders on the PGIP are not eligible to participate in the Abcam Growth Plan.

## Pay for performance

The remuneration of our leaders is structured to promote the long-term success of the Company and to reward value creation for our stakeholders.

## Short-term incentives

Assessment of short-term incentives under the Annual Bonus Plan (ABP) is made against a scorecard of performance measures built around Abcam's key financial, strategic and ESG priorities for the relevant year. There is a deferral of shares under the ABP for Executive Directors and senior managers for a further two-year period following the initial year of performance.

## Long-term incentives

Awards are linked to Abcam's long-term profitable growth strategy. To further promote equity ownership and long-term performance, vesting occurs at the end of three-and-a-half years with holding periods applying after the awards vest.

## Wellbeing

Flexibility and choice are key to our employee benefits package through which we aim to support colleagues financial, physical and mental wellbeing. We want to be there for our people when it really counts which is why all of our employees globally receive company-paid life insurance and offer an above market global family leave policy with 18 weeks fully paid maternity leave and six weeks fully paid paternity leave.

## Market competitive

All elements of our remuneration are reviewed regularly to ensure they remain market competitive in order to attract and retain talent as well as to avoid excessive overpayment.

## Fair pay

We are committed to paying our people fairly, ensuring that all our employees are appropriately and fairly rewarded.

## Clear, transparent and simple

A key priority is to ensure that all of our employees understand how they are rewarded and we believe our remuneration structures should be as clear and simple as possible, so that everyone can understand how they are remunerated for performance.

## Compliance and risk

The Committee's role is to ensure our remuneration structures are compliant with the laws and corporate governance requirements that apply and risk assessment is a key consideration of all remuneration decisions.

## Implementation of Directors' Remuneration Policy in 2023

### Executive Directors' base salaries

The CEO and the CFO did not receive a salary increase during 2022, and hence continued at the same salary since 1 July 2020. In November 2022, the Remuneration Committee reviewed the compensation packages of the CEO and the CFO against the market data for their roles in the UK and the US, and recommended new salary levels effective 1 January 2023. The CEO's salary was increased 4% to £654,950, which compares to the UK average workforce increase of 10% over the period since his last salary increase in 1 July 2020. Effective 1 January 2023 Michael relocated to the US and his salary was reviewed to \$610,000, taking into account his starting salary in USD terms when he moved from the US in February 2020. The revised salary reflects market terms and conditions and peer benchmarks for the new location of his role in the US – an increase of 11% over the USD equivalent of his salary at 1 January 2022.

		Salary 1 January 2022 £000	Change	Salary as at 1 January 2023 £000
Alan Hirzel	CEO	630	4.0%	655
Michael Baldock <sup>1</sup>	CFO	408	24.3%	507

<sup>1</sup> The appreciation of the USD against GBP over 2022 (based on the balance sheet exchange rate of 1.20 USD/GBP 2021 at 30 December 2022 applied in the table above) results in the larger quoted increase compared to 11% (at an exchange rate of 1.34 USD/GBP at 31 December 2021).

### Annual Bonus Plan

The overall framework under the Annual Bonus Plan (ABP) will be as follows.

	Maximum % of salary
<b>Annual Bonus Plan</b>	150%, of which 30% of any bonus is deferred into shares

2022 measures	Weighting
Financial targets	50%
Strategic targets	33%
Personal objectives	10%
Environmental, social & governance (ESG)	7%

At the Committee's discretion, the bonus may be restricted if any of the four performance elements (financial, strategic, personal or ESG) shows serious underperformance, or if the Committee determines that there has been underperformance on the part of an Executive Director in their role.

### Profitable Growth Incentive Plan ("PGIP")

The PGIP, approved by shareholders at the General Meeting in July 2021, aims to align Abcam's reward to shareholders and incentivise Executive Directors to deliver Abcam's revenue growth ambition by the end of 2024, underpinned by Return on Capital Employed ('ROCE').

The one-off conditional share awards under the PGIP were granted on 14 July 2021 and are subject to a three-and-a-half year performance period from 1 July 2021 to 31 December 2024. Awards are subject to the delivery of Abcam's revenue growth targets and a Return on Capital Employed (ROCE) underpin.

No further awards will be made to the existing Executive Directors over the life of the plan. The Committee does though reserve the right to make PGIP awards to any future new Executive Director hires during the plan period, albeit that there are no plans to recruit or increase the number of Executive Directors at this time.

Further details are set out on from page 53 of the Remuneration Report.

### Pensions and flexible benefits

The Executive Directors are entitled to contributions from the Company into a flexible benefits fund which can be used for defined contribution pension plan contributions, a range of flexible benefits, or an equivalent cash supplement where their pension arrangements are fully funded. They also receive a range of core benefits such as life insurance, private medical cover and annual health screens. Alan Hirzel's pension contribution is aligned with the wider UK workforce at 8% of base salary. Michael Baldock's pension entitlement was originally aligned to the wider UK workforce from his appointment to end 2022 while he was employed in the UK, and was maintained at this level on his relocation to the US.

### Non-Executive Directors

During 2016 the Company put in place fee arrangements for all Non-Executive Directors where a portion of their fees would be delivered as a fixed number of fully paid ordinary shares. This structure will continue for 2023 and remain in place until 2024. The level of fees, and the calibrated notional share price for converting a portion of the fee to share awards, is reviewed annually.



## Annual Report on Remuneration

## AUDITED INFORMATION

## Executive Directors' single figure for total remuneration in 2022

The aggregate remuneration provided to Directors is set out below.

		Fixed				Variable (performance-related)			
		Base salary £000	Benefits <sup>1</sup> £000	Pensions and pension-related <sup>2</sup> £000	Total fixed £000	Annual bonus <sup>3</sup> £000	LTIP <sup>4,5,6,7</sup> £000	Total variable £000	Total remuneration £000
Alan Hirzel	<b>Total 12 months ended 31 December 2022</b>	<b>630</b>	<b>22</b>	<b>49</b>	<b>701</b>	<b>239</b>	<b>2,077</b>	<b>2,316</b>	<b>3,017</b>
	Annualised equivalent for the period ended 31 December 2021	630	11	50	691	753	1,964	2,717	3,408
	Total 18 months ended 31 December 2021	945	20	76	1,041	1,139	1,964	3,103	4,144
Michael Baldock	<b>Total 12 months ended 31 December 2022</b>	<b>408</b>	<b>90</b>	<b>33</b>	<b>531</b>	<b>165</b>	<b>583</b>	<b>748</b>	<b>1,279</b>
	Annualised equivalent for the period ended 31 December 2021	408	83	33	524	493	43	536	1,060
	Total 18 months ended 31 December 2021	612	128	49	789	749	43	792	1,581

- The Company operates a flexible benefits scheme through which the Executive Directors are entitled to participate in a range of benefits which include life insurance, private healthcare and company car benefits. The figures also include tax compliance support provided by the Company. Michael Baldock is covered under the Company's international medical insurance cover and has received £45,867 under his relocation support over the 12 months ended 31 December 2022 (period ended 31 December 2021: £60,542).
- Alan Hirzel and Michael Baldock were entitled to contributions from the Company of up to 8% of base salary into a defined contribution pension plan. Where the Executive Directors have elected not to receive full contributions from the Company, they are entitled to draw an equivalent cash supplement, adjusted for employer's National Insurance (NI) contributions, such that the Company is in a neutral position.
- Bonus is paid 70% in cash and 30% as deferred shares which vest on the second anniversary immediately following a period of 10 dealing days after the Company announces its preliminary results for the financial year, subject to continuous employment. For the 12 months to 31 December 2022, the value of the deferred share award was £71,557 for Alan Hirzel (period ended 31 December 2021: £341,667) and £49,572 for Michael Baldock (period ended 31 December 2021: £224,543).
- LTIP figures for the period ended 31 December 2022 for Alan Hirzel represents the value of the 2019 LTIP, based on the actual share price of £14.22 when the 146,128 shares were released. For Michael Baldock, represents the value of the 2019 LTIP, based on the actual share price of £14.22 when the 38,268 shares were released and the value of Tranche 3 of his Recruitment Award based on the year end share price of £12.94 for the 2,971 shares that will be released in Q1 subject to same performance conditions as the 2019 LTIP A award for Alan Hirzel.
- LTIP figures for the period ended 31 December 2022 for Alan Hirzel and Michael Baldock represent a share price increase from £12.71 and £14.22 at grant to £14.22 for the LTIP 2019 and from £12.11 to £12.94 for Tranche 3 of Michael Baldock's recruitment award, meaning the amount attributed to share price gains is £220,653 and £60,248, respectively.
- LTIP figures for the period ended 31 December 2021 for Alan Hirzel represents the value of the 2018 LTIP, based on the actual share price of £16.89 when the 116,301 shares were released. For Michael Baldock, the LTIP figures represents the value of Tranche 2 of his Recruitment Award from which 3,301 shares were released subject to the same performance conditions as the 2018 LTIP A award for Alan Hirzel, restated with the actual share price when the shares were released, being £12.91.
- LTIP figures for the period ended 31 December 2021 for Alan Hirzel and Michael Baldock represent a share price increase from £12.33 and £12.11 at grant to £16.89 and £12.91, meaning the amount attributed to share price gains is £530,333 and £2,641 (restated from the amount of £14,359 quoted in the annual report for the previous period based on the average share price over Q4 2021 of £16.40), respectively.

## Annual Report on Remuneration continued

### Annual Bonus Plan (ABP) – targets and performance outcomes

Annual bonus outcomes were considered in the context of financial, strategic, ESG and personal performance over the 12 months to 31 December 2022. The outcomes for the period have been assessed in the round to ensure that the Committee is satisfied that the overall result is appropriate in the context of business performance and reflective of the wider stakeholder experience during the period. The Executive Directors' maximum annual opportunity for the 12 months to 31 December 2022 was 150% of base salary. 30% of the earned bonus for the CEO and CFO will be deferred into shares for two years.

### ABP performance outcome for the 12 months to 31 December 2022

Performance element	Measure	Weighting	Threshold (25%)	Target (50%)	Exceeds (75%)	Maximum (100%)	Overall achievement	Out-turn (% of overall maximum)
<b>Financial</b>	Adjusted Profit Before Tax (PBT) <sup>1</sup>	50.0%	£56.5m	£82.2m	£107.4m	£144.4m	<b>£71.7m</b>	25%
<b>Strategic</b>	Proprietary Product Revenue Growth	16.5%		Proprietary product revenue growth threshold 22%			<b>Below threshold</b>	0%
	Customer Engagement (tNPS)	16.5%	Customer engagement tNPS threshold 50%				<b>Below threshold</b>	0%
<b>Personal</b>	Personal objectives for Executive Directors comprising a range of targets	10.0%	The Executive Directors significantly exceeded expectations under their personal objectives for the year, leading the organisation to deliver the 2024 strategy, despite the challenges of the go-live transition of the core Oracle Cloud ERP system. Alan Hirzel continued to ensure focus on new product development and improvements in first pass product quality. Michael Baldock successfully led the BioVision integration; developed and executed the plan to move listing from AIM to NASDAQ with 98% shareholder approval; and continues to build a function to support an increasing proportion of US life science investors and the requirements of US reporting.				<b>Alan Hirzel (Exceeds)</b>	150%
							<b>: Michael Baldock (Exceeds):</b>	150%
<b>ESG</b>	Progress against ESG objectives	7.0%	The Executive Directors Continued their efforts to build a diverse team and inclusive culture and continue to personally sponsor thriving Employee Resource Groups (ERGs). Employee engagement on D&I is in the top 5% of external peer companies. Shareholder feedback on our ESG profile has been positive.				<b>Alan Hirzel (Exceeds)</b>	150%
							<b>: Michael Baldock (Maximum):</b>	200%
<b>Alan Hirzel overall:</b>		100.0%						25.3%
<b>Michael Baldock overall:</b>		100.0%						27.0%

<sup>1</sup> Financial performance is based on the Group's adjusted profit before tax (adjusted PBT), on a budgeted exchange rate basis. The PBT targets set under the ABP have been disclosed in full. For the strategic measures, targets have been disclosed where not considered commercially sensitive.

**Long Term Incentive Plan (LTIP) – targets and performance outcomes**

The 2019 awards were intended to reward and incentivise senior leaders over the three-year period from 1 July 2019 to 30 June 2022. Under the 2019 LTIP, Executive Directors received two awards: (i) LTIP A, measured against Earnings Per Share (EPS) and Strategic KPIs; and (ii) LTIP B, measured against Revenue Growth.

**2019 LTIP A – performance outcome**

Performance measures	Weighting	Threshold (25%)	Maximum (100%)	Overall achievement	Out-turn (% of overall maximum)
<b>Financial</b>					
Compound annual EPS growth <sup>1</sup>	70.0%	8.0%	12.0%	<b>(37.0%)</b>	0.0%
<b>Strategic</b>					
Recombinant antibody revenue growth	15.0%	Exceeded the maximum target of 20% growth		<b>Above maximum</b>	15.0%
Customer Engagement (tNPS) relative to market leader	15.0%	Between threshold and maximum		<b>56.6</b>	6.6%
<b>Overall</b>	100%				21.6%

<sup>1</sup> At threshold all measures out-turn at 25%. At maximum the measure out-turns at 100%. Out-turn is calculated as linear between threshold and maximum.

**2019 LTIP B – performance outcome**

Scenario	Weighting	Threshold	Maximum	Achievement	Out-turn % of maximum
Revenue Growth (CAGR)	100.0%	6.0%	10.0%	11.5%	100.0%

<sup>1</sup> At threshold all measures out-turn at 40%. At maximum the measure out-turns at 100%. Out-turn is calculated as linear between threshold and maximum.

**2022 single figure for total remuneration for the Chairman and the other Non-Executive Directors (NEDs)**

The Company has a philosophy of share ownership which is extended to the Chairman and NEDs by delivering one third of their fees as Abcam shares. Shares for NEDs are awarded at the beginning of the first open period following the announcement of the annual results. PAYE and NI are deducted and the net amount is used to purchase the actual shares delivered to each NED. Each NED has committed not to transfer or sell these shares during the term of their non-executive directorship.

# Annual Report on Remuneration continued

## Single figure for total remuneration

The aggregate fees paid to Non-Executive Directors who served the Company during the 12 months ended 31 December 2022:

	12 months ended 31 December 2022			12 months ended 31 December 2021			18 months ended 31 December 2021		
	Total fee £000	Delivered as cash £000	To be delivered as shares <sup>1</sup> £000	Total fee £000	Delivered as cash £000	To be delivered as shares £000	Total fee £000	Delivered as cash £000	To be delivered as shares £000
<b>Current Non-Executive Directors</b>									
Peter Allen	285	190	95	280	187	93	393	262	131
Sally Crawford <sup>2</sup>	90	60	30	30	20	10	30	20	10
Mara Aspinall <sup>3,4</sup>	79	54	25	95	66	29	132	91	41
Mark Capone <sup>3</sup>	77	52	25	76	53	23	76	53	23
Bessie Lee <sup>3</sup>	82	57	25	72	49	23	72	49	23
Giles Kerr	90	60	30	90	60	30	131	87	44
Luba Greenwood <sup>5</sup>	23	16	7	—	—	—	—	—	—
<b>Past Non-Executive Directors</b>									
Louise Patten <sup>6</sup>	—	—	—	60	60	—	101	101	—
Jonathan Milner <sup>7</sup>	—	—	—	—	—	—	48	48	—
<b>Total remuneration</b>	<b>726</b>	<b>489</b>	<b>237</b>	<b>703</b>	<b>495</b>	<b>208</b>	<b>983</b>	<b>711</b>	<b>272</b>

1 Shares will be awarded at the beginning of the first open period following the announcement of the annual results in March 2023.

2 Sally Crawford began receiving a £15,000 supplemental fee following her appointment as Chair of the Remuneration Committee on 1 December 2021.

3 Mara Aspinall, Mark Capone and Bessie Lee received tax compliance support in the preparation of their tax returns relating to their fee from Abcam for which £3,639, £2,151 and £7,235 was paid by Abcam over the 12 months to 31 December 2022 (period to 31 December 2021: £9,607, £6,701 and £2,938 respectively) and is included in the total fee figure.

4 Mara Aspinall received a £15,000 supplement fee which ended effective 1 January 2022 following the end of the Interim period as chair of the Remuneration Committee.

5 Luba Greenwood joined as a new Non-Executive Director on 12th September 2022 and the fee reflects the pro-rata figure received for 2022.

6 Louise Patten stepped down as Non-Executive Director on 18 May 2021. The 'Delivered as cash' figure for 18 months to 31 December 2021 represents the pro-rated cash element of her fees to her departure date and the cash equivalent of her share entitlement to this date converted at the closing price on 18 May 2021, being £14.08.

7 Jonathan Milner stepped down as Non-Executive Director on 5 October 2020. The 'Delivered as cash' figure for 18 months to 31 December 2021 represents the pro-rated cash element of his fees to his departure date and the cash equivalent of his share entitlement to this date converted at the closing price on 5 October, being £12.38.

## Scheme interests awarded in period

	Date of conditional award granted in period	Award type	No. shares under award	Face value £000	Threshold performance (% shares delivered)	Maximum Performance (% shares delivered)	End of performance period	Vesting date	End of holding period <sup>1</sup>
<b>Alan Hirzel</b>	25 March 22	ABP	8,279	110	n/a	n/a	n/a	28 March 24	n/a
<b>Michael Baldock</b>	25 March 22	ABP	5,364	71	n/a	n/a	n/a	28 March 24	n/a

1 Face values are based on the grant price for each Conditional Share Award, being £13.27 for the ABP grant. For the ABP awards the grant price is set based on the average share price over the 10 dealing days beginning on the day on which the Company announces its preliminary results for a particular Financial Year the award related to.

### Executive Directors' share scheme interests

	Date of conditional award granted in period	Price at award date	Award basis	Maximum receivable at 1 January 2022	Awarded during the period	Vested / released during the period	Lapsed	Maximum receivable at 31 December 2022
<b>Alan Hirzel</b>								
ABP – Deferred shares <sup>1</sup>	25 March 22	£13.27	30% of prior year's bonus	23,903	8,279	(8,502)	—	23,680
PGIP	—	—	—	1,360,486	—	—	—	1,360,486
LTIP	—	—	—	372,379	—	(146,128)	(47,419)	178,832
SIP Free shares	—	—	—	—	—	—	—	—
SIP Matching shares	—	—	—	—	—	—	—	—
SIP Dividend shares	—	—	—	76	—	(57)	—	19
	—	—	—	<b>1,756,844</b>	<b>8,279</b>	<b>(154,687)</b>	<b>(47,419)</b>	<b>1,563,017</b>
<b>Michael Baldock</b>								
ABP – Deferred shares <sup>1</sup>	25 March 22	£13.27	30% of prior year's bonus	12,431	5,364	(2,242)	—	15,553
PGIP	—	—	—	680,243	—	—	—	680,243
LTIP	—	—	—	120,870	—	(38,268)	(24,674)	57,928
Recruitment Award	—	—	—	27,516	—	(3,301)	(10,457)	13,758
	—	—	—	<b>841,060</b>	<b>5,364</b>	<b>(43,811)</b>	<b>(35,131)</b>	<b>767,482</b>

<sup>1</sup> The 2022 Bonus Plan Deferred Share Award will vest on 28 March 2024, subject to continuous employment.

### Share Incentive Plan (SIP)

Since 2018, no awards have been granted under the SIP, except for dividend reinvestments.

### Directors' beneficial shareholdings and share interests

A shareholding guideline of two-times salary for all Executive Directors has been in effect from the date of the 2015 AGM. This level is to be built up over a period ending on the later of the fifth anniversary of appointment or the fifth anniversary of introduction of the policy. Until the shareholding guideline is achieved, an Executive Director is prohibited from selling any shares they have acquired through a Company scheme. They can, however, sell sufficient shares to satisfy any tax liability that may arise on the release or exercise of an award.

Interests in share awards following departure from the Company enable Executive Directors to remain aligned with the interests of shareholders for an extended period post-employment. For good leavers, deferred annual share awards, and LTIP awards subject to holding periods, will typically vest within normal timeframes.

## Annual Report on Remuneration continued

Shareholdings for all Directors is set out as follows:

	Beneficially owned 31 December 2022			Value as a percentage of salary <sup>3</sup>	Beneficially owned 31 December 2021			Value as a percentage of salary/fee <sup>3</sup>
	Not subject to retention conditions <sup>1</sup>	Subject to retention conditions <sup>2</sup>	Total		Not subject to retention conditions <sup>1</sup>	Subject to retention conditions <sup>2</sup>	Total	
Executive Directors								
Alan Hirzel	294,650	70,966	365,616	751%	232,573	51,322	283,895	781%
Michael Baldock	27,568	13,012	40,580	129%	7,488	2,488	9,976	42%
Non-Executive Directors								
Peter Allen	12,000	11,247	23,247		12,000	6,563	18,563	
Sally Crawford	15,000	609	15,609		—	—	—	
Mara Aspinall	5,070	12,512	17,582		5,070	9,475	14,545	
Mark Capone	—	1,584	1,584		—	—	—	
Bessie Lee	—	1,019	1,019		—	—	—	
Giles Kerr	—	3,204	3,204		—	1,485	1,485	
Luba Greenwood	—	—	—		—	—	—	

1 Includes SIP shares held in trust which are not subject to forfeiture conditions upon termination of employment and shares held by connected persons.

2 Shares subject to retention conditions are entitled to dividends and accordingly are beneficially owned.

3 The share price as at 31 December 2022 £12.94 (being \$15.56 converted at 1.20 USD/GBP) (31 December 2021: £17.33) per share was used to value the beneficially owned shares for Alan Hirzel and Michael Baldock.

### Non-executive appointments at other companies

Michael Baldock and Alan Hirzel did not serve as NEDs elsewhere during the 12 months to 31 December 2022.

### Payments to past Directors

There have been no payments to past Directors during the year.

### Payments for loss of office

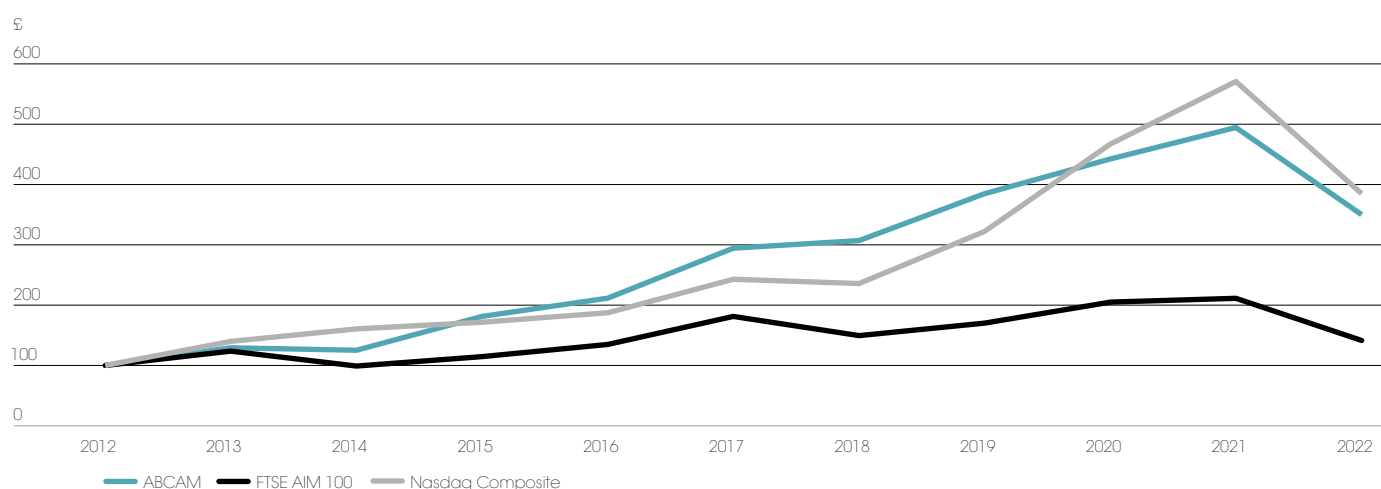
There have been no payments made to Directors for loss of office during the 12 months to 31 December 2022.

## Unaudited Information

### Performance graph

The Company's Total Shareholder Return (TSR) since 2012 compared to a broad equity market is shown in the graph below and represents the value by 31 December 2022 of £100 invested in the Company's shares on 31 December 2012 compared with the FTSE AIM 100 Index and the Nasdaq composite Index. The Nasdaq composite Index has been chosen as the primary comparator as Abcam, with the delisting from AIM in December 2022, now sits solely within this index.

#### TSR performance graph (31 December 2012 to 31 December 2022)



### CEO remuneration

The table below shows the historical total remuneration for the person undertaking the role of CEO:

Financial year		CEO single figure for total remuneration £000	Annual bonus awarded against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
2022	Alan Hirzel	3,017	25.3%	67.9%
Total 18 months ended 31 December 2021	Alan Hirzel	4,144	79.7%	59.8%
Annualised equivalent 18 months ended 31 December 2021	Alan Hirzel	3,408	79.7%	59.8%
2019/20 <sup>2</sup>	Alan Hirzel	1,685	37.7%	68.4%
2018/19	Alan Hirzel	1,820	55.8%	76.4%
2017/18	Alan Hirzel	1,788	62.5%	90.4%
2016/17	Alan Hirzel	1,369	78.0%	71.6%
2015/16	Alan Hirzel	614	52.0%	n/a <sup>1</sup>
2014/15	Alan Hirzel	685	73.3%	n/a <sup>1</sup>
2013/14	Jonathan Milner	642	56.8%	—
2012/13	Jonathan Milner	821	71.2%	16.9%

<sup>1</sup> Vesting of long-term incentives is measured over a three-year performance period. For the 2014/15 and 2015/16 years, Alan Hirzel had not been employed by Abcam for more than three years, and therefore no long-term incentives had vested.

<sup>2</sup> LTIP figures in the 2019/20 total figure have been restated to reflect the actual prices at the date they were released.



## Annual Report on Remuneration continued

### Percentage change in remuneration

Abcam has an international workforce of approximately 1,800 employees in 13 locations. Due to the differing local pay levels across each of our overseas offices, the Committee considers the most meaningful comparator group to be the average remuneration of UK employees.

The following table shows the percentage change in remuneration between the years ended 31 December 2021 and 31 December 2022 for the CEO, CFO, Non-Executive Directors and this comparator group as well as the prior year information (which covers the change between the years ended 30 June 2020 and the annualised equivalent for the 18 months ended 31 December 2021).

	2021 to 2022			2020 to 2021		
	Salary/Fee	Benefits <sup>1</sup>	Bonus <sup>2</sup>	Salary/Fee	Benefits <sup>1</sup>	Bonus
Alan Hirzel	0.0%	0.0%	-68.3%	0.0%	0.0%	111.4%
Michael Baldock	0.0%	0.0%	-66.5%	0.0%	0.0%	114.4%
Peter Allen	1.8%	N/A	N/A	24.6%	N/A	N/A
Mara Aspinall	-10.0%	N/A	N/A	30.9%	N/A	N/A
Giles Kerr	0.6%	N/A	N/A	16.1%	N/A	N/A
Bessie Lee	N/A	N/A	N/A	N/A	N/A	N/A
Mark Capone	N/A	N/A	N/A	N/A	N/A	N/A
Sally Crawford	N/A	N/A	N/A	N/A	N/A	N/A
Luba Greenwood	N/A	N/A	N/A	N/A	N/A	N/A
Comparator group percentage change	3.9%	0.0%	-51.9%	2.7%	0.0%	62.1%

1 Benefits entitlement as a percentage of salary.

2 Annualised annual bonus for 12 months to 31 December 2022 compared to the annualised bonus award for the 18 months to 31 December 2021.

### CEO and employee pay ratios

The table below sets out the ratios of the CEO single total figure of remuneration to the equivalent pay for the lower quartile, median and upper quartile UK employees (calculated on a full-time equivalent basis). The ratios have been calculated in accordance with the Companies (Miscellaneous Reporting) Requirements 2018 (the Regulations).

	2019/20	2021	2022
25th percentile pay ratio	57:1	110:1	71:1
50th percentile pay ratio	37:1	71:1	47:1
75th percentile pay ratio	25:1	42:1	31:1

### Pay Data

		2019/20 (£000)	2021 (£000)	2022 (£000)
CEO	Base salary	615	630	630
	Total pay	1,685	3,408	3,017
25th percentile	Base salary	26	27	30
	Total pay	30	31	42
50th percentile	Base salary	37	39	42
	Total pay	45	48	64
75th percentile	Base salary	52	57	60
	Total pay	68	81	97

The comparison with UK employees is specified by the regulations. This group comprises approximately 42% of our total employee population. The regulations provide flexibility to adopt one of three methods of calculation. We have chosen Option B for all elements of pay for each of the three years illustrated in the table above. The ratios are based on total pay which includes base salary, pension and benefits, bonus and equity awards under our share plans. The CEO annualised pay figure for the 12 months ended 31 December 2022 is as shown in the single total figure of remuneration table on page 52. For UK employees, quartile data has been determined with calculations based on actual pay data as applied for Gender pay gap reporting for the April date preceding the year end. The value of company provided benefits for the indicative employees is calculated based on value of flexible benefit allowance provided to UK based employees.

The year-on-year movement in the CEO pay ratio can be volatile as CEO pay is more heavily weighted towards variable pay, and hence more variable (in line with Company performance) than employee pay. We believe that our CEO pay ratio is consistent with our pay, reward and progression policies and this is reflected in the longer-term trends which are monitored by the Committee. We have recently implemented the Abcam Growth Plan as the successor programme to AbShare, which ensures that all employees globally are incentivised and meaningfully rewarded for delivering Abcam's strategic goals to 2024. This programme builds on the success of AbShare with another generous offer of equity participation for our people. Through this and a wide range of other people-centric initiatives, Abcam has continued to position itself as a great place to work, with employee engagement well above external benchmarks.

#### Relative importance of spend on pay

	Total for 12 months ended 31 December 2022 (\$m)	Total for 12 months ended 31 December 2022 (\$m)	% increase <sup>3</sup>
Dividends in respect of the financial year <sup>1</sup>	0.0	0.0	N/A
Total Group staff costs <sup>2</sup>	126.2	150.2	19.0

1 No dividends have been paid since April 2020.

2 Total Group staff costs includes bonuses, employer social security, pension contributions, redundancies and share-based charges.

3 Increase in total Group staff costs due to an overall increase in salary costs for existing employees during the year.

#### Remuneration Committee

The Committee advises the Board on overall Remuneration Policy on behalf of the Board, and with the benefit of advice from external consultants, the SVP, Human Resources and the Global Reward Director, it also determines the remuneration of the Executive Directors and proposes a fee for the Chairman of the Board of Directors (with the Chairman not being present for any discussions on his fee). The remuneration of the NEDs is determined by the Chairman and the Executive Directors.

The Committee formulates and applies the policy with consideration to the prevailing economic climate in the major economies in which the Group operates. It also observes the spirit of the Group's core values, including responsible leadership in the external and internal social environment. Consequently, the Committee closely considers the Company's performance in building both long-term value and a secure future for all stakeholders.

The Committee currently comprises five NEDs, each of whom the Company deems to be independent: Peter Allen, Sally Crawford, Mara Aspinall, Mark Capone and Giles Kerr. Sally Crawford is Chair of the Committee.

The Chief Executive Officer, Company Secretary, the SVP, Human Resources and Global Reward Director attend the Committee meetings by invitation and assist the Committee in the execution of its objectives, except when issues relating to their own compensation are discussed.

## Annual Report on Remuneration continued

No Director is involved in deciding his or her own remuneration.

While it is the Committee's responsibility to exercise independent judgement, the Committee does request advice from management and professional advisors, so as to be informed on the internal and external environment.

No member of the Committee has any personal financial interest, other than as a shareholder, in the matters to be decided by the Committee. The five independent members of the Committee have no conflicts of interest arising from cross-directorships. Members of the Committee have no day-to-day involvement in the running of the Company. The Committee met six times during the year. Details of attendance can be found in the Corporate Governance Report (see page 33).

### External advisors to the Committee

The following table sets out the details of external advisors who provided material assistance to the Committee during the year in its consideration of matters related to Directors' remuneration:

Advisors	Appointment and selection	Other services provided to the Company	Fees for Committee assistance
FW Cook and FIT Remuneration Consultants	Appointed by the Committee to provide ongoing advice on various matters including Directors' remuneration reporting regulations, shareholder communication and other governance matters.	No other services are provided to the Company by either FW Cook or FIT Remuneration Consultants	£26,834
Deloitte LLP (Deloitte)	Appointed by the Committee to provide ongoing advice on various matters including Directors' remuneration reporting regulations, shareholder communication and other governance matters.	Advice on employee reward and global employment tax services on a time and materials basis.	£2,650

Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that advice received from Deloitte, FW Cook and FIT Remuneration Consultants during the year was objective and independent.

### Statement of voting at general meeting

The table below shows the advisory vote on the 2021 Annual Report on Remuneration and on the current Directors' Remuneration Policy at the 2021 General Meeting.

Whilst we were pleased to gain support for the 2021 Remuneration Policy, we recognise that there were a significant number of votes opposing these resolutions. We recognise the importance of stakeholder engagement when considering our Remuneration Policy and its future implementation and consulted extensively with shareholders prior to the General Meeting. The Committee was grateful for the time and contribution of all those shareholders who participated in the consultation process, and for the broad indications of support for Abcam's management team and the principles underlying our proposals.

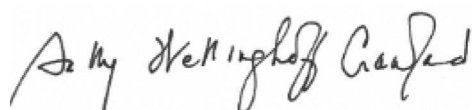
During the process we reviewed the key areas on which we received feedback (the maximum opportunity under the PGIP, the lack of a cap and the number of employee participants) and responded to this by reducing the overall quantum available to the Executive Directors, implementing a cap on the plan, and extending the participation of the plan to approximately 150 senior leaders in the Company. In addition, the Company has recently launched a new all employee share incentive plan globally.

We recognise that the revisions to our original proposals, while generally well received, were not considered sufficient to secure support from all shareholders. The Company has continued to hold follow up meetings with shareholders since the AGM and the Remuneration Committee continues to believe that the remuneration opportunity offered to Executive Directors is fair and competitive; aligns with the Company's strategy and culture; and will ultimately support the long-term success of the business and the continued creation of sustainable long-term shareholder value.

	Votes for		Votes against		Votes total	Votes withheld
	Number	%	Number	%		
2021 Remuneration Report	119,251,896	62.45%	71,690,091	37.55%	190,941,987	591,746
2021 Remuneration Policy	119,905,071	62.80%	71,036,362	37.20%	190,941,433	592,300

## Approval

Approved by the Board and signed on its behalf by:



**Sally Crawford**

**Remuneration Committee Chair**

20 March 2023

# Directors' Report

The Directors present their Report together with the audited consolidated financial statements for the 12 months ended 31 December 2022.

Pages 1 to 62 inclusive (together with sections of the Annual Report incorporated by reference) consist of the Strategic Report and the Directors' Report that have been drawn up and presented in accordance with and in reliance upon applicable English company law.

Additional information incorporated by reference into this Directors' Report, including disclosures required under the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, can be located as follows:

Disclosure	Location
Likely future developments	Throughout the Strategic Report on Pages 1 to 30
Research and development activities	Pages 4, 10 and 17
Financial instruments and risk management	Note 26 to the consolidated financial statements
Greenhouse Gas reporting	Pages 14 to 15
Shareholder, employee and other stakeholder engagement	Section 172 statement on pages 20 to 25

## Dividends

The Board continues to believe that the best way to create shareholder value over the long-term is to maximise value from the Group's investments and to focus on growing Abcam sustainably. Accordingly, the Board has decided not to declare a final dividend. The Board will continue to review the Group's dividend policy, with future distributions reflecting the cash generation and capital needs of the Company. This means the total dividend for the year ended 31 December 2022 was 0 pence per share (2020/21: 0 pence).

## Control and share structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 24 to the consolidated financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company's shares that may result in a restriction on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Details of employee share schemes are set out in note 27 to the financial statements. Shares held by Equiniti Share Plan Trustees Limited abstain from voting.

## Agreements affected by change of control

The Company is not party to any material agreements that take effect, alter or terminate upon a change of control of the Company following a takeover.

There are no agreements between the Company and its Directors providing for compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid. However, members of the Executive Leadership Team, excluding the Executive Directors, are entitled to an agreed sum equal to six months' basic salary in the event of a dismissal for any reason other than misconduct, subject to the satisfaction of certain conditions.

## Purchase of own shares

At the end of the year, the Directors had authority, under a resolution passed at a General Meeting of the Company on 18 May 2022, to purchase through the market 22,890,856 of the Company's ordinary shares, subject to the conditions set out in that resolution. No shares were purchased under this authority during the year under review.

## Directors

A list of the current Directors of the Company is set out on page 33. Luba Greenwood was appointed as a non-executive director on 12 September 2022. All other directors were in office throughout the year and up to the date of signing the financial statements.

The powers of the Directors are determined by UK legislation and the Company's Articles of Association, together with any specific authorities that may be given to the Directors by shareholders from time-to-time (for example the authority to allot or purchase shares in the Company).

The beneficial and non-beneficial interests of the Directors in the Company's ordinary shares of 0.2 pence are disclosed in the Annual Report on Remuneration.

## Re-election of Directors

The Chairman has determined that each individual demonstrates commitment to his or her role and displays effective performance; he is therefore recommending the re-election of all Directors seeking to remain on the Board.

All Directors shall retire and all Directors shall stand for re-election at the AGM to be held on 17 May 2023.

## Articles of Association

The rules governing the appointment and replacement of Directors are contained in the Company's Articles of Association. The Articles of Association may be amended only by special resolution at a general meeting of shareholders.

## Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the reporting period and these remain in force at the date of this report.

## Directors' and officers' insurance

The Company has purchased and maintained throughout the financial year directors' and officers' liability insurance to cover any claim for wrongful acts in connection with their positions. The insurance provided does not extend to claims arising from fraud or dishonesty.

## Going concern

The Group meets its day-to-day working capital requirements from the cash surpluses generated as a result of normal trading. In considering going concern, the Directors have considered the Group's principal risks set out on page 30 and have reviewed the Group's forecasts and projections, taking account of reasonably possible changes in trading performance. These show that the Group should be able to operate within the limits of its available resources.

## Annual General Meeting

The AGM will be held at our registered office at Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX, UK on 17 May 2023 at 1.30pm. A presentation will be made at this meeting outlining the recent developments in the business. All voting at the meeting will be conducted by show of hands where every shareholder present in person or by proxy will have one vote, unless a poll is requested by a shareholder for which each shareholder present or by proxy will have one vote for each share of which they are the owner.

The Group will publish the results of the votes on its website after the AGM. Shareholders are invited to submit written questions in advance of the meeting. Questions should be sent to the Company Secretary by email to [company.secretary@abcam.com](mailto:company.secretary@abcam.com).

Details of the resolutions to be proposed at the meeting are set out in the Circular and Notice of AGM 2023, which will be made available to all shareholders, together with a proxy card.

## Disabled employees

Abcam is an equal opportunities employer and ensures that applications for employment from people with disabilities and other under-represented groups are given full and fair consideration. Such individuals are given the same training, development and job opportunities as other employees and Abcam provides an accessible working environment in which reasonable adjustments are made during recruitment and employment. Every effort is made to retain and support employees who become disabled during their employment, including flexible working to assist their re-entry into the workplace and making alternative suitable provisions, along with a zero-tolerance approach to discrimination, bullying and harassment based on protected characteristics.

## Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

The directors consider that the Annual Report and Accounts and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

In the case of each director in office at the date the directors' report is approved:

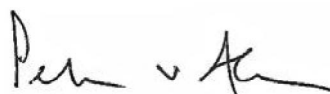
- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

### Provision of information to the auditor

Each Director in office at the date the Directors' Report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information

PricewaterhouseCoopers LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming AGM.



**Peter Allen**

**Chairman**

20 March 2023



**Marc Perkins**

**General Counsel and Company Secretary**

20 March 2023



# Financial statements

Our independently audited statutory accounts provide in-depth and insightful disclosure on the financial performance and position of the Group.

## Financial statements

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# Independent auditors' report to the members of Abcam plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Abcam plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2022 (the "Annual Report"), which comprise: the consolidated and company balance sheets as

at 31 December 2022; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Our audit approach

### Overview

<b>Audit scope</b>	<ul style="list-style-type: none"><li>– We conducted audits of the complete financial information of Abcam plc, Abcam Inc, Abcam (Netherlands) B.V. and Abcam Trading (Shanghai) Co., Limited.</li><li>– We performed specified procedures over certain account balances and transaction classes at other Group companies, including four entities in the US and one entity in each of China, Japan and Australia.</li><li>– With the exception of the audit of Abcam Trading (Shanghai) Co., Limited and certain specified procedures performed over another Chinese operation, which were performed by a component auditor, the Group engagement team performed all of the audit procedures.</li><li>– Taken together, the Group companies, as well as the consolidation adjustments, over which we performed our audit procedures accounted for 87% of the absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 80% of revenue.</li></ul>
<b>Key audit matters</b>	<ul style="list-style-type: none"><li>– Provision for expected credit losses of trade receivables in Abcam Inc. (group)</li></ul>
<b>Materiality</b>	<ul style="list-style-type: none"><li>– Overall group materiality: £3.6m (2021: £3.2m based on 1% of revenue).</li><li>– Overall company materiality: £2.7m (2021: £2.5m based on 1% of revenue).</li><li>– Performance materiality: £1.8m (2021: £1.6m (group) and £1.3m (2021: £1.3m) (company)).</li></ul>

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether

or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The provision for expected credit losses of trade receivables in Abcam Inc. is a new key audit matter this year. The valuation of BioVision, Inc. acquired intangible assets and the impairment assessment of all acquired intangible assets, which were key audit matters last year, are no longer included because of the one-off nature of the BioVision, Inc. acquisition and the decrease in estimation uncertainty around the impairment of acquired intangible assets, following the decision by management to discontinue the group's investment in the Firefly Bioworks products and technology.

Key audit matter	How our audit addressed the key audit matter
<p><b>Provision for expected credit losses of trade receivables in Abcam Inc. (group)</b></p> <p>As described in Note 4 to the consolidated financial statements, accounts receivable and the provision for expected credit losses ('ECL') of trade receivables in Abcam Inc. was \$54.8 million and \$2.2 million, respectively, as of December 31, 2022. Management assesses the requirement for a provision of expected credit losses in line with the lifetime expected credit loss for trade receivables. The ECL is based upon the Group's historical credit loss experience that is then adjusted to account for factors that are specific to the individual customer balances, the general economic conditions and the forecast conditions at the balance sheet date. In September of 2022, a new sales and distribution module within the ERP system was implemented which interrupted operations and resulted in delays in the Group's (in particular Abcam Inc's) ability to perform credit checks and distribute invoices timely. Amounts collected may be less than amounts billed due to untimely invoice distribution, prolonged delays in collection, and other reasons unrelated to credit risk. Management applied complex and subjective judgment in estimating the provision for ECL of trade receivables.</p>	<p>Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for developing the estimate of the provision for ECL of trade receivables, (ii) evaluating the relevance and use of historical experience data as an input into the estimate, (iii) testing the completeness and accuracy of underlying data used in the estimate, (iv) testing, on a sample basis, the existence and accuracy of invoicing transactions and cash collections from the billing and collection data used in management's estimate (v) understanding management's plans for collecting outstanding accounts receivable and evaluating the ability to carry out those plans and (vi) performing subsequent cash receipt testing by comparing actual cash collections received subsequent to year-end to related accounts receivable outstanding as of year-end to evaluate the reasonableness of management's estimate..</p> <p>We found no material exceptions in our testing.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The consolidated financial statements are a consolidation of 26 reporting units, comprising the Group's operating businesses and holding companies. We performed audits of the complete financial information of Abcam plc, Abcam Inc, Abcam (Netherlands) B.V. and Abcam Trading (Shanghai) Co., Limited reporting units, which were individually financially significant, and over the consolidation adjustments. We also performed specified audit procedures over certain account balances and transaction classes that we regarded as material to the Group at seven further reporting units, four based in the US and one in each of China, Japan and Australia.

The Group engagement team performed all audit procedures, with the exception of the audit of Abcam Trading (Shanghai) Co., Limited and certain specified procedures performed over another Chinese operation which were performed by a component auditor in China. Our involvement in the work of the component auditor in China included regular communication, both before and during the performance of the procedures. In addition, the senior statutory auditor held discussions with the component auditor in China and the Group engagement team conducted a review of the working papers. Taken together, the Group companies as well as the consolidation adjustments, over which we performed our audit procedures, accounted for 87% of the absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 80% of revenue.

### The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Independent auditors' report continued to the members of Abcam plc

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
<b>Overall Group materiality</b>	£3.6m (2021: £3.2m).	£2.7m (2021: £2.5m).
<b>How we determined it</b>	1% of revenue.	1% of revenue.
<b>Rationale for benchmark applied</b>	We believe that revenue is the primary measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. Revenue is a key metric used in the Group's five-year growth plan and also a key metric utilised within the Group's incentive schemes, including the Group's Profitable Growth Incentive Plan.	We believe that revenue is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark. Revenue is a key metric used in the Group's five-year growth plan and also a key metric utilised within the Group's incentive schemes, including the Group's Profitable Growth Incentive Plan.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.0m and £3.3m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% (2021: 50%) of overall materiality, amounting to £1.8m (2021: £1.6m) for the group financial statements and £1.3m (2021: £1.3m) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £0.18m (group audit) (2021: £0.16m) and £0.13m (company audit) (2021: £0.13m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed the Directors' analyses and models. These included base case forecast assumptions and severe but plausible downside scenarios and considered whether these were reasonable and appropriate in light of our knowledge of the Group and Company.
- We challenged the forecasts and assumptions and confirmed the mathematical accuracy of the model.
- We validated the liquidity position of the Group and Company and in particular the extent of available cash and bank facilities and considered the extent of headroom these resources provided against the downside scenarios and loan covenants.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate the financial statements and bias in estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- discussions with management and those charged with governance, including known or suspected instances of non-compliance with laws and regulation and fraud;
- identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- reviewing meeting minutes, including those of the board of directors; and
- assessing assumptions made by management in their significant accounting estimates, including the provision for expected credit losses of trade receivables in Abcam Inc.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Sam Taylor (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge  
20 March 2023

# Consolidated income statement

## Year ended 31 December 2022

	Note	Year ended 31 December 2022			18 month period ended 31 December 2021		
		Adjusted £m	Adjusting items £m	Total £m	Adjusted £m	Adjusting items £m	Total £m
Revenue	5	361.7	—	361.7	462.9	—	462.9
Cost of sales		(88.5)	(2.7)	(91.2)	(130.6)	(3.1)	(133.7)
<b>Gross profit</b>		<b>273.2</b>	<b>(2.7)</b>	<b>270.5</b>	332.3	(3.1)	329.2
Selling, general and administrative expenses		(176.3)	(48.2)	(224.5)	(211.5)	(51.8)	(263.3)
Research and development expenses		(20.6)	(35.5)	(56.1)	(25.3)	(16.2)	(41.5)
<b>Operating profit/(loss)</b>	6	<b>76.3</b>	<b>(86.4)</b>	<b>(10.1)</b>	95.5	(71.1)	24.4
Finance income	10	0.4	—	0.4	0.5	—	0.5
Finance costs	10	(5.9)	—	(5.9)	(4.6)	—	(4.6)
<b>Profit/(loss) before tax</b>		<b>70.8</b>	<b>(86.4)</b>	<b>(15.6)</b>	91.4	(71.1)	20.3
Tax	11	(13.1)	20.2	7.1	(16.9)	13.8	(3.1)
<b>Profit/(loss) for the year/period attributable to the equity shareholders of the parent</b>		<b>57.7</b>	<b>(66.2)</b>	<b>(8.5)</b>	74.5	(57.3)	17.2
<b>Earnings per share</b>							
Basic earnings per share	12	25.2p		(3.7)p	33.2p		7.7p
Diluted earnings per share	12	24.9p		(3.7)p	32.9p		7.6p

Adjusted figures exclude impairment of intangible assets, systems and process improvement costs, acquisition costs, amortisation of fair value adjustments, integration and reorganisation costs, amortisation of acquisition intangibles, share-based payments and employer tax contributions thereon, the tax effect of adjusting items and credits from patent box claims. Such excluded items are described as 'adjusting items'. Further information on these items is shown in note 7.

# Consolidated statement of comprehensive income

## Year ended 31 December 2022

	Note	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
<b>(Loss)/profit for the year/period attributable to the equity shareholders of the parent</b>		<b>(8.5)</b>	17.2
<b>Items that may be reclassified to the income statement in subsequent years</b>			
Movement on cash flow hedges	26	(0.4)	1.0
Exchange differences on translation of foreign operations		58.6	(11.8)
Tax relating to components of other comprehensive (income)/expense		(1.3)	(0.1)
<b>Items that will not be reclassified to the income statement in subsequent years</b>			
Movement in fair value of investments	17	(0.4)	(3.2)
Tax relating to components of other comprehensive (income)/expense		—	1.2
<b>Other comprehensive income/(expense) for the year/period</b>		<b>56.5</b>	(12.9)
<b>Total comprehensive income for the year/period</b>		<b>48.0</b>	4.3



# Consolidated balance sheet

## As at 31 December 2022

	Note	31 December 2022 £m	31 December 2021* £m
<b>Non-current assets</b>			
Goodwill	13	398.3	363.5
Intangible assets	14	227.9	234.2
Property, plant and equipment	15	80.5	73.5
Right-of-use assets	16	79.2	88.2
Investments	17	3.2	3.5
Deferred tax asset	18	12.1	13.2
		<b>801.2</b>	<b>776.1</b>
<b>Current assets</b>			
Inventories	19	68.0	58.2
Trade and other receivables	20	84.0	60.5
Current tax receivable		13.9	10.5
Derivative financial instruments	21	0.5	0.5
Cash and cash equivalents		89.0	95.1
		<b>255.4</b>	<b>224.8</b>
<b>Total assets</b>		<b>1,056.6</b>	<b>1,000.9</b>
<b>Current liabilities</b>			
Trade and other payables	22	(67.8)	(69.0)
Derivative financial instruments	21	(0.8)	(0.2)
Lease liabilities	16	(8.5)	(9.2)
Borrowings	23	(119.6)	(119.2)
Current tax liabilities		(5.1)	(4.4)
		<b>(201.8)</b>	<b>(202.0)</b>
<b>Net current assets</b>		<b>53.6</b>	<b>22.8</b>
<b>Non-current liabilities</b>			
Deferred tax liability	18	(32.1)	(41.5)
Lease liabilities	16	(95.8)	(101.3)
		<b>(127.9)</b>	<b>(142.8)</b>
<b>Total liabilities</b>		<b>(329.7)</b>	<b>(344.8)</b>
<b>Net assets</b>		<b>726.9</b>	<b>656.1</b>
<b>Equity</b>			
Share capital	24	0.5	0.5
Share premium account		269.4	268.3
Merger reserve	24	68.6	68.6
Own shares	24	(1.9)	(2.2)
Translation reserve	24	89.7	31.1
Hedging reserve	24	(0.1)	0.2
Retained earnings		300.7	289.6
<b>Total equity attributable to the equity shareholders of the parent</b>		<b>726.9</b>	<b>656.1</b>

\* See note 29 for details related to the measurement period adjustment to the accounting for the acquisition of BioVision.

The consolidated financial statements on pages 68 to 108 were approved by the Board of Directors on 20 March 2023 and signed on its behalf by:



**Michael Baldock**  
Director

# Consolidated statement of changes in equity

## Year ended 31 December 2022

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
<b>Balance as at 1 July 2020</b>	0.4	138.2	68.6	(2.5)	42.9	(0.7)	254.0	500.9
Profit for the period	—	—	—	—	—	—	17.2	17.2
Other comprehensive (expense)/ income	—	—	—	—	(11.8)	0.9	(2.0)	(12.9)
<b>Total comprehensive (expense)/ income</b>	—	—	—	—	(11.8)	0.9	15.2	4.3
Issue of ordinary shares, net of issue costs	0.1	130.1	—	—	—	—	—	130.2
Own shares disposed of on exercise of share options	—	—	—	0.3	—	—	(0.3)	—
Share-based payments inclusive of deferred tax	—	—	—	—	—	—	20.8	20.8
Purchase of own shares	—	—	—	—	—	—	(0.1)	(0.1)
<b>Balance as at 31 December 2021</b>	0.5	268.3	68.6	(2.2)	31.1	0.2	289.6	656.1
Loss for the year	—	—	—	—	—	—	(8.5)	(8.5)
Other comprehensive income/ (expense)	—	—	—	—	58.6	(0.3)	(1.8)	56.5
<b>Total comprehensive income/ (expense)</b>	—	—	—	—	58.6	(0.3)	(10.3)	48.0
Issue of ordinary shares	—	1.1	—	—	—	—	—	1.1
Own shares disposed of on exercise of share options	—	—	—	0.3	—	—	(0.3)	—
Share-based payments inclusive of deferred tax	—	—	—	—	—	—	21.9	21.9
Purchase of own shares	—	—	—	—	—	—	(0.2)	(0.2)
<b>Balance as at 31 December 2022</b>	0.5	269.4	68.6	(1.9)	89.7	(0.1)	300.7	726.9

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# Consolidated cash flow statement

## Year ended 31 December 2022

	Note	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
<b>Cash generated from operations</b>	25	<b>36.0</b>	105.3
Net income taxes paid		<b>(7.3)</b>	(9.1)
<b>Net cash inflow from operating activities</b>	(ii)	<b>28.7</b>	96.2
<b>Investing activities</b>			
Interest income		<b>0.4</b>	0.5
Purchase of property, plant and equipment	(ii)	<b>(16.8)</b>	(46.0)
Purchase of intangible assets	(ii)	<b>(24.5)</b>	(38.3)
Transfer of cash from escrow in respect of future capital expenditure	(ii)	<b>0.3</b>	0.4
Purchase of investments	17	<b>—</b>	(0.1)
Reimbursement of leasehold improvement costs	(ii)	<b>—</b>	14.9
Net cash inflow/(outflow) arising from acquisitions	29	<b>16.2</b>	(245.1)
<b>Net cash outflow from investing activities</b>		<b>(24.4)</b>	(313.7)
<b>Financing activities</b>			
Principal element of lease obligations	(ii)	<b>(11.3)</b>	(12.6)
Interest element of lease obligations	(ii)	<b>(2.1)</b>	(2.0)
Interest paid		<b>(3.0)</b>	(1.3)
Proceeds on issue of shares, net of issue costs		<b>1.1</b>	130.2
Facility arrangement fees		<b>—</b>	(0.8)
Utilisation of revolving credit facility	(i)	<b>23</b>	120.0
Repayment of revolving credit facility	(i)	<b>23</b>	(107.0)
Purchase of own shares		<b>(0.2)</b>	(0.1)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(15.5)</b>	126.4
<b>Net decrease in cash and cash equivalents</b>		<b>(11.2)</b>	(91.1)
Cash and cash equivalents at beginning of year/period		<b>95.1</b>	187.3
Effect of foreign exchange rates		<b>5.1</b>	(1.1)
<b>Cash and cash equivalents at end of year/period</b>		<b>89.0</b>	95.1
<b>Free cash flow</b>	(ii)	<b>(25.7)</b>	12.6

- (i) During the period ended 31 December 2021, the Group repaid in full the sum of £107.0m which was drawn under the RCF up until that point. Subsequently, the Group drew £120.0m to fund the purchase of BioVision, Inc. (as set out in note 29).
- (ii) Free cash flow comprises net cash generated from operating activities less net capital expenditure, reimbursement of leasehold improvement costs, transfer of cash from/(to) escrow in respect of future capital expenditure and the principal and interest elements of lease obligations.

# Notes to the consolidated financial statements

## Year ended 31 December 2022

### 1. Presentation of the financial statements

#### a) General information

Abcam plc (the Company) is a public limited company whose shares have been listed on NASDAQ since 2020 and were listed on the Alternative Investment Market (AIM) of the London Stock Exchange up until 14 December 2022 when Abcam plc delisted from AIM, is incorporated and domiciled in the UK and is registered in England under the Companies Act 2006.

#### b) Basis of preparation and consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities under its control (together the 'Group'). Control is achieved when the Company has power to control the financial and operating policies of an entity either directly or indirectly and the ability to use that power to affect the returns it receives from its involvement with the entity.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been presented in Sterling, the functional currency of the Company, and on the historical cost basis, except as modified to include revaluation of certain financial instruments to fair value.

On 2 June 2021, the Group announced that it was extending its current period from 30 June to 31 December. The financial statements are therefore presented for the year ended 31 December 2022, while the comparatives are for the 18 month period ended 31 December 2021. As such, amounts presented in the financial statements are not directly comparable.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group. All intra-group transactions, balances, equity, income and expenses are eliminated on consolidation.

The Group's directly and indirectly held subsidiary undertakings are disclosed in note C8 to the Company financial statements.

#### c) Adjusted performance measures

Adjusted performance measures are used by the Directors and management to monitor business performance internally and exclude certain cash and non-cash items which they believe are not reflective of the normal day-to-day operating activities of the Group. The Directors believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year to year. Adjusted performance measures may not be directly comparable with other similarly titled measures used by other companies. A detailed reconciliation between reported and adjusted measures is presented in note 7.

#### d) Going concern

The Group meets its day-to-day working capital requirements from the cash surpluses generated as a result of normal trading. In considering going concern, the Directors have reviewed the Group's forecasts and projections, taking account of reasonably possible changes in trading performance. These show that the

Group should be able to operate within the limits of its available resources.

On 7 March 2023, the Group replaced its existing RCF which was due to expire on January 31 2024. The new RCF has a term of 4 years, with the option to extend for one further year, for an amount of £300m and with no accordion option. The amount of £120m drawn down on the previous RCF was rolled forward into the new facility. See note 31 for further details.

Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and at least one year from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing its consolidated financial statements.

### 2. New accounting standards, amendments and interpretations

#### Standards, amendments and interpretations effective during the period

The following standards and amendments are effective in the group's consolidated financial statements:

- Annual Improvements 2018-2020 Cycle—amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41;
- Interest Rate Benchmark Reform—Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16;
- Amendments to IFRS 3 'References to the Conceptual Framework';
- Amendments to IFRS 16 'Covid-19-related rent concessions';
- Amendments to IAS 16 'Property, plant and equipment—proceeds before intended use'; and
- Amendments to IAS 37 'Onerous contracts—cost of fulfilling a contract'

Amendments effective during the reporting period did not have any significant impact on adoption.

#### Standards, amendments and interpretations not yet effective and not early adopted

The following standards and amendments have not been adopted in the group's consolidated financial statements as they are not yet effective:

- Amendments to IFRS 17 'Insurance contracts' (effective from 1 January 2023);
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective from 1 January 2023)
- Amendments to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction' (effective from 1 January 2023);
- Amendments to IFRS 16 'Lease liability in a sale and leaseback' (effective from 1 January 2024, not yet endorsed for use in the EU or the UK); and
- Amendments to IAS 1 'Non-current liabilities with covenants' (effective from 1 January 2023, not yet endorsed for use in the EU or the UK).

The amendments listed above are not expected to have a material impact on the financial statements of the Group in future periods.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 3. Principal accounting policies

The following paragraphs describe the main accounting policies, which have been applied consistently.

#### Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services, net of discounts, VAT and other sales-related taxes.

Revenue from sales of goods, including revenue generated from products sold from the Group's catalogue and IVD and which represents the significant majority of the Group's revenue, is recognised upon delivery to the customer or the point at which the customer takes control of the goods if this is sooner.

Custom product and service revenue, which can be the provision of a service or the development of products for customers, is recognised at the point at which a milestone, as defined in the contract, has been completed. Each milestone is typically aligned to a customer deliverable, for example, the amount of services provided, a deliverable arising from the services or the number of products successfully developed and provided to customers, and accordingly is considered to be a performance obligation. Every milestone has a defined transaction price. If it is identified that the costs will be in excess of the contract revenue, the expected loss is recognised as an expense immediately.

Licence fee income is recognised upon delivery of the licensed technology where the Group's continued performance or future research and development services are not required. Royalty revenue is recognised on an accruals basis based on the contractual terms and the substance of the agreements with the counterparty, provided that the amount can be reliably measured and it is probable that the economic benefit will flow to the Group.

#### Leasing

Leased assets are capitalised on inception of the lease as right-of-use assets. A corresponding lease liability, representing the present value of the lease payments is also recognised and split between current and non-current liabilities accordingly.

The lease liability includes; fixed payments, variable lease payments dependent on an index or rate (initially measured using the index or rate on the lease commencement date) and in substance fixed payments. The variable aspect of variable payments are recognised when the rate or index takes effect resulting in an adjustment to the liability and right-of-use asset. Currently the Group's lease portfolio does not contain variable or in substance lease payments.

The discounted lease liability is calculated where possible using the interest rate implicit in the lease or where this is not attainable the incremental borrowing rate is utilised. The incremental borrowing rate is the rate the Group would have to pay to borrow the funds necessary to obtain a similar asset

under similar conditions. The Group calculates the incremental borrowing rate using risk free rate of the country where the asset is held, adjusted for length of the lease and a risk premium.

Lease payments are allocated against the principal and finance cost. Finance costs, representing the unwinding of the discount on the lease liability are charged to the income statement to produce a constant periodic rate of interest on the remaining liability.

Right-of-use assets are measured at cost including; the discounted initial lease liability, lease payments made at or before the commencement date, any initial direct costs and reduced by any lease incentives received.

Right-of-use assets are depreciated over the shorter of the non-cancellable lease period and any extension options that are considered reasonably certain to be taken or the useful life of the asset. The Group's current leases run from 1–20 years.

Modifications to lease agreements result in remeasurement of the lease liability and right-of-use asset.

Short-term leases, defined as less than one year, and also of low value, are recognised on a straight-line basis in the income statement.

There are no material lease agreements where the Group acts as a lessor.

#### Foreign currencies

Foreign currency transactions are booked at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on settlement or retranslation of monetary assets and liabilities are included in the income statement.

The results of overseas subsidiaries are translated into Sterling using the average exchange rates during the year. Assets and liabilities are translated at the rates ruling at the balance sheet date. Goodwill arising on the acquisition of a foreign operation is treated as an asset of that foreign operation and as such is translated at the relevant foreign exchange rate at the balance sheet date. Exchange differences arising on this translation are recognised through other comprehensive income in the translation reserve.

Other exchange differences are recognised in the income statement in the period in which they arise except for where items are designated as hedging instruments or where there is a net investment hedge.

#### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Group has no further obligations once the contributions have been paid.

### 3. Principal accounting policies continued

#### Taxation

Current tax payable is based on taxable profit for the year using tax rates that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes certain items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. Where the current tax deduction in respect of share option exercises exceeds the share option accounting charge for the period, the excess is recorded in equity rather than the income statement.

The benefit of UK research and development is recognised under the UK's Research and Development Expenditure Credit (RDEC) scheme. The benefit is recorded as income included in profit before tax, netted against research and development expenses, as the RDEC is of the nature of a government grant.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group's liability for deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to other comprehensive income or reserves, in which case the deferred tax is also dealt with in other comprehensive income or reserves respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

#### Business combinations

Business combinations are accounted for using the acquisition method. On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be reliably measured in which case the value is subsumed into goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information

obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year. Where measurement period adjustments are identified, comparative prior period is revised to reflect the change to the acquisition accounting.

Acquisition-related costs are expensed to the consolidated income statement in the period they are incurred.

#### Goodwill

Goodwill represents the excess of the fair value of the consideration over the fair value of the net assets acquired. Where the fair value of the consideration is less than the fair value of the acquired net assets, the deficit is recognised immediately in the income statement as a bargain purchase.

Goodwill is not amortised, but is subject to an impairment review at least annually and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs). The CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the carrying value may not be recoverable.

#### Intangible assets

##### *Acquisition intangibles:*

Acquisition intangibles comprise licence fees, customer relationships and distribution rights, patents, technology and know-how and trade names. These are capitalised at fair value and amortised on a straight-line basis over their estimated useful lives. The principal expected useful lives are as follows:

Licence fees	Term of licence
Customer relationships and distribution rights	4 to 10 years
Patents, technology and know-how	10 to 16 years
Trade names	8 to 11 years

Patents, technology and know-how assets are only amortised once the development is complete and being utilised for their intended purpose; until this point the assets are deemed to be in progress.

##### *Other intangibles:*

These comprise software and expenditure on capitalised internally developed technology. Internally developed technology costs are recognised as an asset if and only if they meet the recognition criteria set out in IAS 38 'Intangible Assets' which are that:

- the project must be technically feasible;
- there must be the intention to complete the project;
- there must be adequate resources to be able to complete the project;
- the ability to use or sell the asset or product is secure;
- the future economic benefits must exceed the costs; and
- the ability to reliably measure costs.



# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 3. Principal accounting policies continued

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Assets under construction are not amortised.

The principal expected useful lives are as follows:

Software	3 to 10 years
Internally developed technology	3 to 16 years
Patents and licences	2 to 3 years

During the period to 31 December 2021, the Group revised its estimate of the useful life of its software assets from 3 to 5 years to 3 to 10 years. Further details are shown in note 14.

#### Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, as follows:

Laboratory equipment	2 to 5 years
Cell line assets	10 years
Office fixtures, fittings and other equipment	2 to 5 years
Leasehold improvements	Term of lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Residual values of assets and their useful lives are assessed on an ongoing basis and adjusted, if appropriate, at each balance sheet date. Assets under the course of construction are not depreciated.

#### Impairment of property, plant and equipment and intangible assets excluding goodwill

A review is undertaken upon the occurrence of events or circumstances which indicate that the carrying amount may not be recoverable. In addition, any assets not yet available for use are tested for impairment annually.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to determine the recoverable amount for an individual asset, the assessment is made for the asset's cash-generating unit (CGU).

#### Assets held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value, less the cost of disposal, and are not depreciated or amortised.

#### Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and an attributable portion of production overheads that have been incurred in bringing the inventories to their present location and condition. The valuation methodology is on a weighted average cost basis, depending on the nature of the inventory, and net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### Financial assets

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets comprise cash and cash equivalents, receivables which involve a contractual right to receive cash from external parties, and investments.

#### Investments

Investments in shares are held at fair market value, with any revaluation gain or loss recorded through other comprehensive income.

#### Trade and other receivables

Trade receivables (excluding derivative financial assets) are recognised at cost less allowances for expected credit loss. The provision is based on the Group's expected credit loss, which is calculated using the simplified approach for trade receivables based on historical data adjusted for forward looking information.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Financial liabilities

Financial liabilities are those which involve a contractual obligation to deliver cash to external parties at a future date.

#### Trade and other payables

Trade payables (excluding derivative financial liabilities) are non-interest bearing and are stated at cost which equates to their fair value.

#### Equity instruments

Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

#### Derivative financial instruments

The Group uses forward contracts to manage the exposure to fluctuating foreign exchange rates in relation to forecast future transactions.



### 3. Principal accounting policies continued

Derivatives are initially recognised at fair value at the date a contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

#### Hedge accounting

At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, its effectiveness along with its risk management objectives, and its strategy for undertaking various hedge transactions. The effectiveness is repeated on an ongoing basis during the life of the instrument to ensure that the instrument remains effective.

Hedge effectiveness is assessed via the dollar offset method, being the ratio of change in the cumulative fair value of the hedging instrument divided by the cumulative change in present value of the hedged item attributed to changes in the stated currency pair forward rate.

#### Cash flow hedges

The Group designates certain derivatives as cash flow hedges of highly probable forecast foreign currency transactions.

The effective portion of changes in the fair value of derivatives which are designated and qualify as cash flow hedges is deferred in other comprehensive income. Gains or losses relating to the ineffective portion are recognised immediately in the income statement.

Amounts deferred in other comprehensive income are recycled to the income statement in the periods when the hedged item is recognised in the income statement.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or it no longer qualifies for hedge accounting. Any cumulative gain or loss in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in other comprehensive income is recognised immediately in the income statement.

#### Share-based payments

Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Share-based payments where vesting is by reference to external performance criteria (such as growth in an external index) are measured using the Monte Carlo simulation. Those which are subject only to internal performance criteria or service conditions are measured using the Black-Scholes model.

For all schemes, the number of options expected to vest is recalculated at each balance sheet date based on expectations of leavers prior to vesting. The number of options expected to vest for schemes with internal performance criteria is also adjusted based on expectations of performance against targets. No adjustments are made for expected performance against external or 'market-based' targets. Charges made to the income statement in respect of equity settled share-based payments are credited to equity.

For cash settled share-based payments, the Group recognises a liability for the services acquired, measured initially at the fair value of the liability. This liability is remeasured at each balance sheet date and at the date of settlement, with any changes in fair value recognised in the income statement.

#### Own shares

No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own shares. Any difference between the carrying amount and the consideration is recognised in equity.

### 4. Critical accounting judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions about the application of its accounting policies which affect the reported amounts of assets, liabilities, revenue and expenses. Actual amounts and results may differ from those estimates.

Judgements and estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Any revisions to accounting estimates are recognised in the period in which the estimate is revised.

#### a) Key accounting judgements

##### *Capitalisation of intangible assets – internal software development*

The Group capitalises internal software development costs, in particular internal staff costs, relating to the enhancement of the Group's core IT systems architecture and developments. Judgement is required in applying the capitalisation criteria of IAS 38 'Intangible Assets', differentiating between enhancements and maintenance. Those costs which are not treated as capital but are directly attributable to the Group's system and process improvement project are treated as adjusting items.

In establishing the principles on which costs are capitalised, consideration is given to the nature of work being performed, whether the costs and the activities are incremental and whether the associated deliverables meet the characteristics of an asset. Processes are in place to evaluate this, and the same processes are used to confirm whether the expensed costs are related to the system and process improvement project so that classification as an adjusting item is appropriate.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 4. Critical accounting judgements and sources of estimation uncertainty continued

#### *Capitalisation of intangible assets – internally developed technology*

The Group capitalises internal costs associated with internally developed technology as intangible assets as described further in notes 3 and 14. This requires judgement to determine that the characteristics of such assets meet the relevant criteria if IAS 38 'Intangible Assets' for classification as an intangible asset.

Internal costs are capitalised as internally developed technology within intangible assets which are used to generate antibodies and kits. The point at which such internal costs are capitalised as well as their magnitude (whereby the amount capitalised comprises mainly of attributable salary costs and consumables used in the manufacture process) is a key area of judgement. A key area in respect of the stage of development of internally developed technology is subject to judgement as to when a product's future economic value justifies capitalisation. Management reviews regularly these factors in order to determine that the costs meet the criteria for capitalisation as intangible assets.

During the prior period, an impairment was booked for assets relating to AxioMx where changes in scope of the project impacted on the usability of the historical work performed, details of which can be seen in notes 7 and 14.

#### *Assessment of cash generating units (CGUs)*

For the purposes of impairment testing, the Group identifies the CGU that is appropriate for the asset to be measured against if it is not possible to estimate the recoverable amount individually. The goodwill acquired in a business combination is allocated at acquisition to the CGU which is expected to benefit from that business combination.

The Group applies judgement in determining how integrated the acquired business is within the Group. Consideration is given to the product branding and ranges, whether the manufacturing and research and development has broadened since acquisition, whether sales and marketing activity is separate from the Group and how the business is monitored.

For the BioVision acquisition in October 2021, the Group had determined that the business was not sufficiently integrated into the Group at 31 December 2021 and therefore the goodwill associated with this acquisition was tested separately as part of a separate BioVision CGU. As at 31 December 2022, the acquired BioVision business had been fully integrated in to the Group's operations and product portfolio and so the Goodwill arising from the BioVision acquisition has also been allocated to the Group CGU. Full details can be found in note 13.

#### **b) Key sources of estimation uncertainty**

##### *Performance conditions associated with share based payment schemes*

The Group operates a number of share-based payment schemes for its employees, many of which need to meet non-market-based performance conditions in order to either partially or fully vest at the end of the vesting period. Management uses forecast financial information, such as expected revenue growth, to assess the likelihood of achieving performance conditions

throughout the vesting period and adjusts the share-based payment charge to reflect the expected proportion of issued share awards that will vest. Where actual performance differs from management expectations during the vesting period, or there are changes to management's estimates, this can result in a material change to the share-based payment charge in the period in which this change occurs.

#### *Impairment assessment of assets held for sale*

During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed, along with other assets relating to this technology and product range, which included an allocation of goodwill (£1.6m). Accordingly, these assets were classified as held for sale on the Group's balance sheet during the year.

The group was not successful in locating a buyer and a decision was made by the directors to discontinue the group's investment in these products and technology. As such an impairment charge of £18.3m has been recognised within R&D expenses within the income statement, with the carrying amount of the assets classified as held for sale written down to £nil. Further, associated deferred tax liabilities of £4.1m and other liabilities of £0.2m were also released to the income statement, as well as other costs associated with this decision of £0.2m. Details can be found in note 9.

#### *Provision for expected credit losses*

During the financial year a new ERP system module for sales and distribution was implemented which, in September 2022, interrupted operations and resulted in delays in Abcam's ability to perform credit checks and distribute invoices in a timely manner, in particular in Abcam, Inc. Amounts collected may be less than amounts billed due to untimely invoice distribution, prolonged delays in collection and other reasons unrelated to credit risk. These factors make the valuation of accounts receivable more subjective.

Abcam assesses the requirement for a provision against bad or doubtful debts in line with the lifetime expected credit loss ('ECL') for the trade receivables. The ECL is based upon the Group's historical credit loss experience that is then adjusted to account for factors that are specific to the individual customer balances, the general economic conditions and the forecast conditions at the balance sheet date. The evaluation of these historical and other factors involves complex, subjective judgments.

The valuation of trade receivables is adjusted for the expected credit loss in the form of a provision for bad and doubtful debts. Our collection procedures include: review of account aging; review of current sales activity; and direct contact with our payors. An uncollectible amount is written off to the provision after reasonable collection efforts have been exhausted. As of 31 December 2022, the provision for bad and doubtful accounts balance was £2.4 million (31 December 2021: £0.8 million) which is included in accounts receivable, net of allowances on the Group's Consolidated Balance Sheets and of which there is a provision of \$2.2m (£1.8m) against a gross accounts receivable balance of \$54.8m (£46.0m) within Abcam Inc.

Details on the ageing of trade receivables can be found in note 20.

## 5. Operating segments

### Products and services from which reportable segments derive their revenues

The Directors consider that there is only one core business activity and there are no separately identifiable business segments which are engaged in providing individual products or services or a group of related products and services which are subject to separate risks and returns. 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, 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 Group has no individual product or customer which contributes more than 10% of its revenues.

### Geographical information

Revenues are attributed to regions based primarily on customers' location. The Group's revenue from external customers and information about its non-current segment assets (excluding deferred tax) is set out below:

	Revenue		Non-current assets	
	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m	As at 31 December 2022 £m	As at 31 December 2021 £m
The Americas	162.5	189.0	483.7	464.3
EMEA	90.1	124.5	237.0	231.8
China	62.9	85.6	8.0	8.6
Japan	17.9	28.6	0.4	0.2
Rest of Asia Pacific	28.3	35.2	60.0	59.3
	361.7	462.9	789.1	764.2

Revenue by type is shown below:

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Catalogue revenue	339.8	435.4
Custom products and services	6.8	8.4
IVD	6.1	8.9
Royalties and licences	9.0	10.2
Custom products and licensing	21.9	27.5
<b>Total reported revenue</b>	<b>361.7</b>	<b>462.9</b>

Because all custom products and services projects within a contract had an original expected duration of one year or less, the Group has taken advantage of the exemption not to disclose outstanding amounts in respect of uncompleted contracts.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 6. Operating (loss)/profit

Operating (loss)/profit for the year/period is stated after charging/(crediting):

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Cost of inventories recognised as an expense	60.6	94.2
Write down of inventories recognised as an expense	3.6	5.4
UK R&D tax credits	(2.0)	(3.2)
Movements arising on financial instruments at fair value through profit or loss	0.2	(0.4)
Other net foreign exchange differences (including cash flow hedge movements reclassified from other comprehensive income)	0.1	0.8

Auditor's remuneration comprised the following:

	Year ended 31 December 2022 £'000	18 month period ended 31 December 2021 £'000
Audit services		
– Group and parent company	805	1,072
– Subsidiary companies pursuant to legislation	12	12
<b>Total audit fees</b>	<b>817</b>	<b>1,084</b>
Audit related assurance services		
– Interim reviews	69	150
– Attestation under s404 of Sarbanes-Oxley Act 2002 and audit of 20-F filing	568	535
– Services in respect of the Group's US listing	—	653
– Other	30	35
<b>Total assurance-related fees</b>	<b>667</b>	<b>1,373</b>
Other services	—	6
<b>Total auditor remuneration</b>	<b>1,484</b>	<b>2,463</b>

Audit related assurance services in respect of the Group's secondary listing in the US, which was completed in October 2020, relate to work on documents required for the US Securities and Exchange Commission (SEC). This includes the Attestation of the Group's internal control framework under s404 of the Sarbanes-Oxley Act 2002 and other related services.

The Group's policy on the use of the auditor for non-audit services is set out in the Audit and Risk Committee Report on page 42.

## 7. Adjusted performance measures

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

	Note	Year ended 31 December 2022			18 month period ended 31 December 2021		
		Adjusted £m	Adjusting items £m	Total £m	Adjusted £m	Adjusting items £m	Total £m
Cost of sales		(88.5)	(2.7)	(91.2)	(130.6)	(3.1)	(133.7)
<b>Gross profit</b>		<b>273.2</b>	<b>(2.7)</b>	<b>270.5</b>	332.3	(3.1)	329.2
Selling, general and administrative expenses		(176.3)	(48.2)	(224.5)	(211.5)	(51.8)	(263.3)
Research and development expenses		(20.6)	(35.5)	(56.1)	(25.3)	(16.2)	(41.5)
<b>Operating profit</b>		<b>76.3</b>	<b>(86.4)</b>	<b>(10.1)</b>	95.5	(71.1)	24.4
Finance income	10	0.4	—	0.4	0.5	—	0.5
Finance costs	10	(5.9)	—	(5.9)	(4.6)	—	(4.6)
<b>Profit before tax</b>		<b>70.8</b>	<b>(86.4)</b>	<b>(15.6)</b>	91.4	(71.1)	20.3
Tax	11	(13.1)	20.2	7.1	(16.9)	13.8	(3.1)
<b>Profit/(loss) for the year/period</b>		<b>57.7</b>	<b>(66.2)</b>	<b>(8.5)</b>	74.5	(57.3)	17.2

Analysis of adjusting items:

		Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Amortisation of fair value adjustments	(i)	(2.7)	(3.1)
<b>Affecting gross profit</b>		<b>(2.7)</b>	<b>(3.1)</b>
Impairment of intangible assets and asset held for sale	(ii)	(18.3)	(1.1)
System and process improvement costs	(iii)	(6.6)	(9.5)
Acquisition costs	(iv)	—	(8.3)
Integration and reorganisation costs	(v)	(15.7)	(6.6)
Amortisation of acquisition intangibles	(vi)	(16.9)	(13.5)
Share-based payment charges	(vii)	(26.2)	(29.0)
<b>Affecting operating profit and profit before tax</b>		<b>(86.4)</b>	<b>(71.1)</b>
Tax effect of adjusting items		20.2	13.8
<b>Affecting tax</b>		<b>20.2</b>	<b>13.8</b>
<b>Total adjusting items after tax</b>		<b>(66.2)</b>	<b>(57.3)</b>

- (i) Comprises amortisation of fair value adjustments relating to the acquisition of BioVision, Inc as detailed in note 29. Following the acquisition, the Group recognised a fair value uplift of \$5.8m (\$7.7m) to inventory carried on the Group's balance sheet. This adjustment is being amortised over 4 months from November 2021. Such costs are included within cost of sales.
- (ii) During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed, along with other assets relating to this technology and product range. Accordingly, these assets were classified as held for sale on the Group's balance sheet, which included an allocation of goodwill (£1.6m). The group was not successful in locating a buyer and a decision was made by the directors, in the second half of 2022, to discontinue the group's investment in these products and technology. As such an impairment charge of £18.3m has been recognised within R&D expenses within the income statement, with the carrying amount of the assets classified as held for sale written down to £nil. Further, associated deferred tax liabilities of £4.2m and other liabilities of £0.2m were also released to the income statement, as well as other costs associated with this decision of £0.2m. Details can be found in note 9. The impairment charge is included within research and development expenses. During the year ended 31 December 2021 this charge comprises an impairment of internally developed technology assets relating to AxioMx, following an assessment of the work performed and costs capitalised to date. Following the review, it was concluded that as a result of changes in the scope and nature of the project to which the costs related, and the corresponding usability of historical work performed, £1.1m of internally developed technology assets were impaired. The impairment charge is included within research and development expenses.
- (iii) Comprises costs of the strategic ERP implementation which do not qualify for capitalisation and, for the year ended 31 December 2022, impairment charges of £0.7m (period ended 31 December 2021: £2.1m), as a result of a software asset developed as part of the ERP project that was no longer required. Such costs are included within selling, general and administrative expenses.
- (iv) Period ended 31 December 2021: Comprises legal and other professional fees associated with the acquisition of BioVision and other aborted acquisitions. Such costs are included within selling, general and administrative expenses.
- (v) Year ended 31 December 2022: Integration and reorganisation costs relate to the integration of the acquired BioVision business as described in note 29 of £8.6m, the accelerated depreciation of a property lease that is no longer in use of £2.9m and de-listing and other set-up costs associated with having a sole listing on Nasdaq of £4.2m. £0.1m of integration and reorganisation costs are included within research and development expenses and the remaining £15.6m is included within selling, general and administrative expenses.
- Period ended 31 December 2021: Integration and reorganisation costs relate to the integration of the acquired BioVision business a (comprising mainly legal and professional fees) of £1.0m, integration costs relating to Expedeon of £0.7m, and reorganisation costs in the US and Asia Pacific, relating to the ongoing reorganisation of the Group's property portfolio of £4.0m
- (vi) Amortisation of £14.5m (period ended 31 December 2021: £10.1m) is included within research and development expenses, with the remaining £2.4m (period ended 31 December 2021: £3.4m) included within selling, general and administrative expenses.
- (vii) Comprises share-based payment charges of £23.3m (period ended 31 December 2021: £25.2m) and employer's tax contributions of £2.9m (period ended 31 December 2021: £3.8m) thereon for all the Group's equity- and cash-settled schemes. Charges of £2.6m (period ended 31 December 2021: £5.1m) are included in research and development expenses, with the remaining £23.6m (period ended 31 December 2021: £23.9m) included within selling, general and administrative expenses.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 8. Employees

The average monthly number of employees (including Executive Directors) was:

	Year ended 31 December 2022 number	18 month period ended 31 December 2021 number
Management, administrative, marketing and distribution	1,304	1,158
Laboratory	425	429
	1,729	1,587

During the period ended 31 December 2021, the Group changed the allocation of certain departmental headcount to particular cost centres, which had the effect of reducing the average number of laboratory staff and increasing the average number of management, administrative, marketing and distribution staff. This was in order to more accurately reflect the nature of operations being undertaken by those particular departments. Contractors are not included in the analysis of employee numbers.

Their aggregate remuneration comprised:

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Wages and salaries	103.6	132.0
Social security costs	15.1	18.7
Other pension costs	7.2	9.3
Share-based payments charge	23.3	25.2
<b>Total staff costs</b>	<b>149.2</b>	<b>185.2</b>

The remuneration of the Directors, including rewards under share schemes, are set out in note 30 and the Annual Report on Remuneration on pages 49 to 59.

### 9. Impairment of asset held for sale

Assets held for sale and subsequently impaired:

	Impairment of assets held for sale £m
<b>Impaired assets held for sale</b>	
Goodwill	1.6
Intangible assets	15.8
Property plant and equipment	0.5
Inventories	0.4
<b>Assets</b>	<b>18.3</b>
Trade and other payables	(0.2)
Deferred tax liabilities	(4.1)
<b>Liabilities</b>	<b>(4.3)</b>
Impairment charges impacting operating profit	18.3
Release of other liabilities	(0.2)
Other costs associated with discontinued investment	0.2
<b>Expenses recognised within operating profit</b>	<b>18.3</b>
Release of deferred tax liabilities	(4.1)
<b>Loss recognised within the income statement</b>	<b>14.2</b>

### 9. Impairment of asset held for sale continued

During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed, along with other assets relating to this technology and product range, which included an allocation of goodwill (£1.6m). The criteria for classification as an Asset Held for Sale under IFRS 5 was met in May 2022, when active marketing of these assets had commenced, and these assets were classified as held for sale on the group's balance sheet.

The group was not successful in locating a buyer and a decision was made by the directors, in the second half of 2022, to discontinue the group's investment in these products and technology. As such an impairment charge of £18.3 m has been recognised within R&D expenses within the income statement, with the carrying amount of the assets classified as held for sale written down to £nil. Further, associated deferred tax liabilities of £4.1m and other liabilities of £0.2m were also released to the income statement, as well as other costs associated with this decision of £0.2m.

### 10. Finance income and costs

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Interest receivable	0.4	0.5
<b>Finance income</b>	<b>0.4</b>	<b>0.5</b>
Interest expense on lease liabilities	(2.1)	(2.7)
Borrowing costs	(3.3)	(1.8)
Other interest expense	(0.5)	(0.1)
<b>Finance costs</b>	<b>(5.9)</b>	<b>(4.6)</b>
<b>Net finance costs</b>	<b>(5.5)</b>	<b>(4.1)</b>



# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 11. Tax

	Note	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
<b>Current tax</b>			
Current income tax charge		11.2	15.1
Adjustment in respect of prior years		(5.4)	(2.4)
		5.8	12.7
<b>Deferred tax</b>			
Origination and reversal of temporary differences		(15.4)	(12.9)
Adjustment in respect of prior years		5.4	1.9
Effect of tax rate change		(2.9)	1.4
	18	(12.9)	(9.6)
<b>Total income tax (credit)/charge</b>		<b>(7.1)</b>	<b>3.1</b>
<b>Adjusted income tax charge</b>	(i)	<b>13.1</b>	<b>16.9</b>

(i) Adjusted income tax charge excludes the tax effects of adjusting items which are set out in note 7.

The Group reported a net tax credit of £7.1m (period ended 31 December 2021: charge of £3.1m). The net tax charge is reduced below the standard rate of UK corporation tax due to the credit from the 'patent box' benefit in the UK, where a lower rate of tax is applied to profits on patented income. The effective tax rate on adjusted profits is 23.4% (period ended 31 December 2021: 14.9%).

The UK corporation tax rate for the year was 19.0% (31 December 2021: 19.0%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Finance Act 2021 increased the UK corporation tax rate to 25% with effect from 1 April 2023. This 25% rate has been applied in the deferred tax valuations based on the expected timing of when such assets and liabilities will be recovered.

The (credit)/charge for the year/period can be reconciled to the (loss)/profit per the income statement as follows:

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
<b>(Loss)/profit before tax</b>	<b>(15.6)</b>	<b>20.3</b>
Tax at the UK corporation tax rate of 19.0% (period ended 31 December 2021: 19.0%)	(3.0)	3.9
Adjustment in respect of overseas tax rates	2.3	2.2
Adjustments in respect of prior years	—	(0.5)
Effect of 'patent box' benefit	(2.8)	(3.3)
Tax effect of non-deductible expenses and non-taxable income	0.1	(0.6)
Overseas R&D tax credit uplift	(0.8)	(0.4)
Overseas withholding tax	—	0.4
Effect of tax rate change	(2.9)	1.4
<b>Tax (credit)/charge for the year/period</b>	<b>(7.1)</b>	<b>3.1</b>

## 12. Earnings per share

The calculations 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 year.

Adjusted EPS figures have been calculated based on earnings before adjusting items which are considered significant in nature or value and which are described in note 7.

	Note	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
<b>Earnings</b>			
<b>Profit attributable to equity shareholders of the parent – adjusted</b>		<b>57.7</b>	74.5
Adjusting items	7	(66.2)	(57.3)
<b>(Loss)/profit attributable to equity shareholders of the parent – reported</b>		<b>(8.5)</b>	17.2

	Million	Million
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	229.0	224.7
Less ordinary shares held by Equiniti Share Plan Trustees Limited	(0.3)	(0.4)
<b>Weighted average number of ordinary shares for the purposes of basic EPS</b>	<b>228.7</b>	224.3
Effect of potentially dilutive ordinary shares – share options and awards	2.6	2.0
<b>Weighted average number of ordinary shares for the purposes of diluted EPS</b>	<b>231.3</b>	226.3

Basic EPS and adjusted basic EPS are calculated by dividing the earnings attributable to the equity shareholders of the parent by the weighted average number of shares outstanding during the year/period. Diluted EPS and adjusted diluted EPS are calculated on the same basis as basic EPS but with a further adjustment to the weighted average number of 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 year/period and any unvested shares which have met, or are expected to meet, the performance conditions at the end of the year/period.

	Year ended 31 December 2022	18 month period ended 31 December 2021
Basic EPS	(3.7)p	7.7p
Diluted EPS	(3.7)p	7.6p
Adjusted basic EPS	25.2p	33.2p
Adjusted diluted EPS	24.9p	32.9p

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 13. Goodwill

	Note	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 * £m
<b>Cost and carrying amount</b>			
At beginning of year/period		363.5	195.0
Additions	29	—	177.6
Measurement period adjustments	29	—	(1.3)
Transfer to asset held for sale	9	(1.6)	—
Exchange differences		36.4	(7.8)
<b>At end of year/period</b>		<b>398.3</b>	<b>363.5</b>
Allocated to BioVision CGU		—	179.7
Allocated to Group CGU		398.3	183.8
<b>At end of year/period</b>		<b>398.3</b>	<b>363.5</b>

\* See note 29 for details related to the measurement period adjustment to the accounting for the acquisition of BioVision.

Goodwill is converted at the exchange rate on the date of acquisition and retranslated at the balance sheet date.

Goodwill acquired in a business combination is allocated at acquisition to the Cash Generating Unit (CGU) which is expected to benefit from that business combination. Following the acquisition of BioVision, Inc. (as described in note 29), the acquired business has not been fully integrated into the Group's operations as at 31 December 2021. As such, as at 31 December 2021 BioVision was considered a separate CGU, and goodwill arising from this acquisition has been allocated to a separate CGU and the remainder of the Group was considered to be one CGU, as previous acquisitions have been fully integrated into the Group's operations and product portfolio. As at 31 December 2022, the acquired BioVision business had been fully integrated in to the Group's operations and product portfolio and so the Goodwill arising from the BioVision acquisition has also been allocated to the Group CGU.

During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed, along with other assets relating to this technology and product range. Accordingly these assets were classified as Assets held for sale, which included an allocation from goodwill of £1.6m. The goodwill was allocated on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained. This was determined with reference to the proportion of revenue related to these assets in comparison to the total revenue for the group, as recognised in the first half of 2022 which was when these assets were classified as an asset held for sale.

Goodwill is subject to an annual impairment review or more frequently if there are any indications that goodwill might be impaired. The review assesses the carrying amount of the group's CGU, which is equivalent to the net assets of the group, in comparison to its recoverable amount. In the event that the CGU were impaired, the impairment loss would be allocated against the recorded goodwill first before any other assets within the CGU.

The reviews are carried out using the following criteria:

- The recoverable amount of the CGU is determined by fair value less costs to sell;
- The fair value less is determined with reference to the market capitalization of the Abcam plc group as at 31 December 2022;
- Costs to sell are deemed to be negligible in comparison to the overall recoverable amount.

The key assumptions considered most sensitive for the fair value calculations are:

- Movements in the share price and exchange rate

Based on the results of this analysis, management is satisfied that the recoverable amount of the group's CGU, inclusive of the recorded goodwill, exceeds its carrying amount.

Management has performed a sensitivity analysis on each of the key assumptions mentioned above. Due to the significant headroom which exists between the recoverable amount and the carrying value, the Directors have concluded that there are no reasonable possible changes in any of these key assumptions which would cause the goodwill to exceed its recoverable amount.

## 14. Intangible assets

	Acquisition intangibles								
	Customer relationships and distribution rights £m	Patents, technology and know-how £m	Licence fees £m	Trade names £m	Sub-total £m	Software £m	Internally developed technology £m	Patents and licences £m	Total £m
Cost									
At 1 July 2020	8.9	117.8	16.3	3.8	146.8	64.5	37.1	—	248.4
Additions	—	—	—	—	—	24.5	12.0	1.6	38.1
Acquisition	3.7	77.5	—	—	81.2	—	—	—	81.2
Exchange differences	(0.4)	(6.1)	(0.5)	(0.2)	(7.2)	(0.2)	(0.4)	—	(7.8)
At 31 December 2021	12.2	189.2	15.8	3.6	220.8	88.8	48.7	1.6	359.9
Additions	—	—	—	—	—	14.6	8.5	0.4	23.5
Transfer to asset held for sale	—	(21.6)	—	—	(21.6)	(0.8)	(5.2)	—	(27.6)
Exchange differences	1.0	18.5	0.6	0.3	20.4	0.2	0.5	—	21.1
At 31 December 2022	13.2	186.1	16.4	3.9	219.6	102.8	52.5	2.0	376.9
Accumulated amortisation									
At 1 July 2020	6.0	44.7	7.3	2.7	60.7	24.7	12.9	—	98.3
Charge for the period	1.4	10.0	2.0	0.1	13.5	10.9	3.9	0.5	28.8
Impairment	—	—	—	—	—	2.1	1.7	—	3.8
Exchange differences	(0.4)	(3.8)	(0.4)	(0.2)	(4.8)	(0.1)	(0.3)	—	(5.2)
At 31 December 2021	7.0	50.9	8.9	2.6	69.4	37.6	18.2	0.5	125.7
Charge for the year	1.0	14.5	1.3	0.1	16.9	6.1	3.0	0.4	26.4
Impairment	—	—	—	—	—	0.7	0.3	—	1.0
Transfer to asset held for sale	—	(9.4)	—	—	(9.4)	(0.1)	(2.3)	—	(11.8)
Exchange differences	0.6	5.7	0.6	0.3	7.2	0.1	0.4	—	7.7
At 31 December 2022	8.6	61.7	10.8	3.0	84.1	44.4	19.6	0.9	149.0
Carrying amount									
At 31 December 2021	5.2	138.3	6.9	1.0	151.4	51.2	30.5	1.1	234.2
At 31 December 2022	4.6	124.4	5.6	0.9	135.5	58.4	32.9	1.1	227.9
Included in carrying amount – Assets under construction									
At 31 December 2021	—	—	—	—	—	18.6	4.3	1.1	24.0
At 31 December 2022	—	—	—	—	—	14.7	8.4	1.0	24.1

Amortisation of £12.0m (period ended 31 December 2021: £14.5m) is included within research and development expenses and £14.4m (31 December 2021: £14.3m) is included within selling, general and administrative expenses.

During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed for sale, along with other assets relating to this technology and product range. These assets which included acquired patents, technology and know-how, software, and internally developed technology with a total carrying amount of £15.8m were classified as assets held for sale in May 2022.

During the year ended 31 December 2022, a £0.7m impairment charge was recognized in respect of capitalized software development that will no longer be used in the Group's ERP implementation project (year ended 31 December 2021: £2.1m impairment charge). These impairment charges are included within selling, general and administrative expenses.

A further £0.3m impairment charge on internally developed technology was recorded in the year ended 31 December 2022 (£0.6m in the year ended 31 December 2021), relating to certain technology assets. The impairment charge is included within selling, general and administrative expenses.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 14. Intangible assets continued

During the period ended 31 December 2021, an impairment was made of internally developed technology assets relating to the AxioMx business unit, following an assessment of the work performed and costs capitalised to date. Following the review, it was concluded that as a result of changes in the scope and nature of the project to which the costs related, and the corresponding usability of historical work performed, £1.1m of internally developed technology assets were impaired. The impairment charge is included within research and development expenses and is included in adjusting items.

Capital commitments at 31 December 2022 amounted to £2.3m (2021: £5.4m).

#### Individually material intangible assets

	Carrying amount £m	Remaining amortisation period Years
Expedeon CaptSure technology	21.7	13
Expedeon antibody labelling and conjugation technology	14.6	13
Epitomics RabMAb® technology	8.1	4
Roche licence agreement	5.3	6
BioVision Metabolism Assays & Proteins	77.9	9
ERP System	26.4	9

Assets included within software under construction amounting to £14.7m relate to the Group's new website platform.

## 15. Property, plant and equipment

	Laboratory equipment £m	Office fixtures, fittings and other equipment £m	Cell line assets £m	Leasehold improvements £m	Total £m
<b>Cost</b>					
At 1 July 2020	29.3	15.5	5.6	20.3	70.7
Additions	7.9	5.8	2.9	28.9	45.5
Acquisitions	0.8	—	—	—	0.8
Disposals	(1.1)	(2.0)	—	(0.2)	(3.3)
Exchange differences	(0.8)	(0.8)	—	0.2	(1.4)
As 31 December 2021	36.1	18.5	8.5	49.2	112.3
Additions	8.0	1.4	1.9	6.9	18.2
Transfer to assets held for sale	(1.3)	—	—	—	(1.3)
Transfers	0.3	(0.3)	—	—	—
Disposals	(0.2)	(0.1)	—	—	(0.3)
Exchange differences	2.3	1.3	—	3.3	6.9
<b>At 31 December 2022</b>	<b>45.2</b>	<b>20.8</b>	<b>10.4</b>	<b>59.4</b>	<b>135.8</b>
<b>Accumulated depreciation</b>					
At 1 July 2020	16.1	9.5	0.3	1.5	27.4
Charge for the period	6.3	4.1	0.9	4.0	15.3
Disposals	(1.1)	(1.5)	—	—	(2.6)
Exchange differences	(0.5)	(0.6)	—	(0.2)	(1.3)
At 31 December 2021	20.8	11.5	1.2	5.3	38.8
Charge for the year	6.2	2.4	1.2	5.2	15.0
Disposals	(0.2)	(0.1)	—	—	(0.3)
Transfers	0.3	(0.3)	—	—	—
Transfer to assets held for sale	(0.8)	—	—	—	(0.8)
Exchange differences	1.5	1.0	—	0.1	2.6
<b>At 31 December 2022</b>	<b>27.8</b>	<b>14.5</b>	<b>2.4</b>	<b>10.6</b>	<b>55.3</b>
<b>Net book value</b>					
At 31 December 2021	15.3	7.0	7.3	43.9	73.5
<b>At 31 December 2022</b>	<b>17.4</b>	<b>6.3</b>	<b>8.0</b>	<b>48.8</b>	<b>80.5</b>
<b>Included in net book value – Assets under construction</b>					
At 31 December 2021	—	—	2.3	0.9	3.2
<b>At 31 December 2022</b>	<b>—</b>	<b>—</b>	<b>0.8</b>	<b>7.1</b>	<b>7.9</b>

Capital commitments at 31 December 2022 amounted to £20.7m (2021: £4.0m).

During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed, along with other assets relating to this technology and product range. These assets related to laboratory equipment with a total carrying amount of £0.5m were classified as assets held for sale in May 2022.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 16. Leases

#### Right-of-use assets

	Land and Buildings £m	Other £m	Total £m
<b>Cost</b>			
At 1 July 2020	127.9	0.2	128.1
Additions	2.5	0.1	2.6
Acquisitions	2.0	—	2.0
Leasehold incentives received	(14.9)	—	(14.9)
Disposals and other adjustments	(4.2)	—	(4.2)
Exchange differences	(6.2)	—	(6.2)
At 31 December 2021	107.1	0.3	107.4
Additions	1.1	0.1	1.2
Disposals and other adjustments	(2.9)	—	(2.9)
Exchange differences	5.4	—	5.4
<b>31 December 2022</b>	<b>110.7</b>	<b>0.4</b>	<b>111.1</b>
<b>Accumulated amortisation</b>			
At 1 July 2020	6.6	0.1	6.7
Charge for the period	12.8	0.1	12.9
Exchange differences	(0.4)	—	(0.4)
At 31 December 2021	19.0	0.2	19.2
Charge for the year	11.4	0.1	11.5
Exchange differences	1.2	—	1.2
<b>31 December 2022</b>	<b>31.6</b>	<b>0.3</b>	<b>31.9</b>
<b>Carrying amount</b>			
At 31 December 2021	88.1	0.1	88.2
<b>At 31 December 2022</b>	<b>79.1</b>	<b>0.1</b>	<b>79.2</b>

#### Lease liabilities

Maturity analysis of lease liabilities:

	31 December 2022 £m	31 December 2021 £m
<b>Amounts falling due within</b>		
One year	8.5	9.2
Between one and five years	33.2	33.9
Later than five years	62.6	67.4
	<b>104.3</b>	<b>110.5</b>

The interest expense incurred on lease liabilities included within finance costs was £2.1m (2021: £2.7m) and income recognised from subleases was £nil (period ended 31 December 2021: £0.8m). The lease expense relating to short-term leases and low value assets (that are not shown in the tables above) was £0.2m (period ended 31 December 2021: £0.3m). Cash outflows in respect of right-of-use assets were £13.4m (31 December 2021: £14.6m).



## 17. Investments

	31 December 2022 £m	31 December 2021 £m
At beginning of year/period	3.5	7.0
Additions	—	0.1
Revaluation to fair value	(0.4)	(3.2)
Exchange differences	0.1	(0.4)
At end of year/period	3.2	3.5

Additions in the prior period relate to increased investment in Somaserve Limited. See note C8 for a list of group subsidiaries.

Fair value adjustments relate to changes in the value of the Group's investment in Plexbio Inc.

## 18. Deferred tax assets and liabilities

	Accelerated capital allowances £m	Cash flow hedges £m	Share-based payments £m	Acquired intangible assets* £m	Losses £m	Other temporary differences £m	Total £m
At 1 July 2020	(8.8)	0.2	4.2	(19.5)	5.3	4.0	(14.6)
(Charge)/credit to income	(6.0)	—	7.6	5.8	1.2	1.0	9.6
Charge to equity	—	—	(4.2)	—	—	—	(4.2)
(Charge)/credit to other comprehensive income	—	(0.2)	—	—	—	1.7	1.5
Reclassification	—	—	—	0.3	(0.3)	—	—
Arising on acquisition*	—	—	—	(19.9)	—	(1.6)	(21.5)
Exchange differences	—	—	—	1.1	(0.1)	(0.1)	0.9
At 31 December 2021*	(14.8)	—	7.6	(32.2)	6.1	5.0	(28.3)
(Charge)/credit to income	(8.3)	—	5.5	7.5	5.8	2.4	12.9
Charge to equity	—	—	(1.4)	—	—	—	(1.4)
Credit to other comprehensive income	—	0.1	—	—	—	—	0.1
Exchange differences	0.1	—	—	(3.6)	0.1	0.1	(3.3)
<b>At 31 December 2022</b>	<b>(23.0)</b>	<b>0.1</b>	<b>11.7</b>	<b>(28.3)</b>	<b>12.0</b>	<b>7.5</b>	<b>(20.0)</b>

\* See note 29 for details related to the measurement period adjustment to the accounting for the acquisition of BioVision.

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so and an intention to settle net.

Deferred tax balances are comprised as follows:

	31 December 2022 £m	31 December 2021* £m
<b>Deferred tax assets to be recovered</b>		
Within 12 months	13.4	3.6
After more than 12 months	(1.3)	9.6
	12.1	13.2
<b>Deferred tax liabilities to be settled</b>		
Within 12 months	0.1	4.6
After more than 12 months	(32.2)	(46.1)
	(32.1)	(41.5)
<b>Deferred tax liabilities (net)</b>	<b>(20.0)</b>	<b>(28.3)</b>

\* See note 29 for details related to the measurement period adjustment to the accounting for the acquisition of BioVision.

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability or asset is expected to be realised based on rates enacted or substantively enacted by the reporting date.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 19. Inventories

	31 December 2022 £m	31 December 2021 £m
Raw materials	13.8	10.0
Work in progress	23.2	25.0
Finished goods and goods for resale	31.0	23.2
	<b>68.0</b>	<b>58.2</b>

Inventories are stated net of provision for slow moving or defective inventory of £14.8m (2021: £13.7m). Cost of inventories recognised as an expense and write down of inventories recognised as an expense (and which are included as part of cost of sales) are set out in note 6.

### 20. Trade and other receivables

	31 December 2022 £m	31 December 2021* £m
Amounts receivable for the sale of goods and services	69.4	34.0
Less provision for bad and doubtful debts	(2.4)	(0.8)
	<b>67.0</b>	<b>33.2</b>
Other receivables*	9.4	22.2
Prepayments	7.6	5.1
	<b>84.0</b>	<b>60.5</b>

\* This relates to a measurement period adjustment to the consideration for the acquisition of BioVision, whereby this was reduced by \$18.0m (£13.3m) but the cash was not received until the year ended 31 December 2022 (refer to note 29 for further details).

#### Ageing of trade receivables:

	31 December 2022			31 December 2021		
	Gross £m	Provision £m	Net £m	Gross £m	Provision £m	Net £m
Not past due	26.5	—	26.5	18.7	—	18.7
<b>Past due</b>						
0 to 30 days	12.7	(0.1)	12.6	5.8	—	5.8
30 to 60 days	8.3	(0.2)	8.1	2.9	—	2.9
More than 60 days	21.9	(2.1)	19.8	6.6	(0.8)	5.8
	<b>42.9</b>	<b>(2.4)</b>	<b>40.5</b>	<b>15.3</b>	<b>(0.8)</b>	<b>14.5</b>
	<b>69.4</b>	<b>(2.4)</b>	<b>67.0</b>	<b>34.0</b>	<b>(0.8)</b>	<b>33.2</b>

#### Movement in provision for bad and doubtful debts

	31 December 2022 £m	31 December 2021 £m
Balance at beginning of year/period	(0.8)	(0.3)
Impairment losses recognised in the income statement	(1.6)	(0.5)
<b>Balance at end of year/period</b>	<b>(2.4)</b>	<b>(0.8)</b>

The average credit period taken for sales is 61 days (31 December 2021: 35 days). Trade and other receivables are non-interest bearing and generally on terms between 30 to 90 days. Trade receivables are provided for based on estimated irrecoverable amounts determined by specific circumstances as described in note 4.

The Group does not hold any collateral or other credit enhancements over its trade receivables, nor do they have a legal right to offset against any amounts owed to the counterparty.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

## 21. Derivative financial instruments

31 December 2022

	Current		Non-current	Total £m
	Asset £m	Liability £m	Liability £m	
Derivatives carried at fair value through profit and loss				
Forward exchange contracts that are not designated in hedge accounting relationships	—	(0.2)	—	(0.2)
Derivatives that are designated and effective as hedging instruments carried at fair value				
Forward exchange contracts	0.5	(0.6)	—	(0.1)
	0.5	(0.8)	—	(0.3)

31 December 2021

	Current		Non-current	Total £m
	Asset £m	Liability £m	Liability £m	
<b>Derivatives carried at fair value through profit and loss</b>				
Forward exchange contracts that are not designated in hedge accounting relationships	0.2	(0.1)	—	0.1
<b>Derivatives that are designated and effective as hedging instruments carried at fair value</b>				
Forward exchange contracts	0.3	(0.1)	—	0.2
	0.5	(0.2)	—	0.3

Further details of derivative financial instruments are provided in note 26.

## 22. Trade and other payables

	31 December 2022 £m	31 December 2021* £m
<b>Amounts falling due within one year</b>		
Trade payables	15.8	12.9
Accruals	36.3	28.1
Deferred income	7.3	6.6
Other taxes and social security	1.9	3.0
Other payables*	6.5	18.4
	67.8	69.0

\* See note 29 for details related to the measurement period adjustment to the accounting for the acquisition of BioVision.

At 31 December 2022, the Group had an average of 38 days of purchases (31 December 2021: 37 days) outstanding in trade payables (excluding accruals and deferred income). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timetable. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Deferred income includes contract liabilities of £3.2m (2021: £3.1m) which represent consideration received for performance obligations not yet satisfied, in delivering products or services to customers. All deferred income is to be recognised within the next financial year.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 23. Borrowings

	31 December 2022 £m	31 December 2021 £m
<b>Amounts falling due within one year</b>		
Loan	(119.6)	(119.2)

The loan comprises drawings on the Group's three year £200.0m RCF which was entered into in February 2019 and is shown net of unamortised facility arrangement fees. The RCF has a £100.0m accordion option which may be requested with prior notice at any time up to six months of the termination date. The initial term of this RCF had two extension options of one year each whereby the Company exercised the option for a two year extension on 17 December 2020 such that on 7 January 2021, the Company received approval from all syndicate banks. This extends the expiry of the facility to 31 January 2024. All other terms of the facility remain unchanged.

On 23 November 2020, the Group repaid in full the sum of £107.0m which was drawn up until that point. On 19 October 2021, the Group drew £120.0m to fund the purchase of BioVision (as set out in note 29).

The Group is subject to financial covenants on the RCF and has complied with these at all testing points in both 2021 and 2022.

On 7 March 2023, the Group replaced its existing RCF which was due to expire on January 31 2024 with a new RCF for an amount of £300m. See note 31 for further details.

### 24. Share capital and reserves

#### Share capital

	31 December 2022 £m	31 December 2021 £m
Authorised, issued and fully paid:		
229,309,701 (2021: 228,886,439) ordinary shares of 0.2 pence each	0.5	0.5

The Company has one class of ordinary shares which carries no right to fixed income.

On 26 October 2020, the Group closed its offering of an aggregate of 10,287,000 American Depositary Shares ("ADSs") representing 10,287,000 ordinary shares at a price of \$17.50 per ADS, following the Group's listing on Nasdaq. The net proceeds from this offering were £126.5m.

#### Other reserves

##### Merger reserve

Comprises the premium on shares issued as consideration for acquisitions where conditions for merger relief have been satisfied.

##### Own shares

Represents shares in the Company held by the Equiniti Share Plan Trustees Limited. These shares are held in order to satisfy the Free Shares and Matching Shares elements of the SIP, further details of which are set out in note 27.

	31 December 2022		31 December 2021	
	Nominal value £'000	Number	Nominal value £'000	Number
Own shares	1	272,400	1	349,500

##### Translation reserve

Represents exchange differences on translation of overseas operations.

##### Hedging reserve

Comprises gains and losses recognised on cash flow hedges and the associated deferred tax assets.

## 25. Notes to the cash flow statement

	Note	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m	
<b>Operating (loss)/profit</b>		<b>(10.1)</b>	24.4	
Adjustments for:				
Depreciation of property, plant and equipment	15	15.0	15.3	
Depreciation of right-of-use assets	16	11.5	12.9	
Amortisation of intangible assets	14	26.4	28.8	
Impairment of intangible assets	14	1.0	3.8	
Impairment of assets held for sale	9	18.3	—	
Loss on disposal of property, plant and equipment	15	—	0.7	
Loss on disposal of right of use asset		0.6	—	
Derivative financial instruments at fair value through profit or loss	6	0.2	(0.4)	
Research and development expenditure credit	6	(2.0)	(3.2)	
Share-based payments charge	27	23.2	25.2	
Unrealised currency translation (gains)/losses		(1.3)	1.4	
<b>Operating cash flows before movements in working capital</b>		<b>82.9</b>	108.9	
Increase in inventories		(7.4)	(9.7)	
Increase in receivables		(33.3)	(3.7)	
(Decrease)/increase in payables		(6.2)	9.8	
<b>Cash generated from operations</b>		<b>36.0</b>	105.3	
<b>Analysis of changes in net debt</b>				
	Cash and cash equivalents £m	Lease liabilities* £m	Borrowings* £m	Net debt £m
At 1 July 2020	187.3	(127.8)	(106.4)	(46.9)
Additions to leases	—	(4.6)	—	(4.6)
Cash flow	(91.1)	14.6	(13.0)	(89.5)
Foreign exchange and other non-cash movements	(1.1)	7.3	0.2	6.4
At 31 December 2021	95.1	(110.5)	(119.2)	(134.6)
Additions to leases	—	(1.2)	—	(1.2)
Cash flow	(11.2)	13.4	—	2.2
Foreign exchange and other non-cash movements	5.1	(6.0)	(0.4)	(1.3)
Net debt	89.0	(104.3)	(119.6)	(134.9)

Total financial liabilities included within net debt comprise those items marked \* and amount to £223.9m (31 December 2021: £229.7m).

Liabilities arising from financing activities comprise the Group's RCF (as set out in note 23) and lease liabilities (as set out in note 16).

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 26. Financial instruments

#### Capital risk management

The capital structure of the Group comprises of cash and cash equivalents, a Revolving Credit Facility of £200m (with a £100m additional accordion option and an initial term of three years which was entered into in February 2019) and total equity attributable to the owners of the parent. The Group maintains a capital structure with the following objectives:

- to protect the ability of the Group to continue as a going concern and maintain sufficient available resources as protection for unforeseen events;
- to provide flexibility of resource for strategic growth and investment where opportunities arise; and
- to provide reasonable returns to shareholders whilst maintaining a limited level of risk.

As part of achieving these objectives the Group identifies the principal financial risk exposures that are created by the Group's financial instruments and monitors them on a regular basis. These are considered to be foreign currency risk (a component of market risk), credit risk and liquidity risk.

Where appropriate the Group uses financial derivatives to help mitigate the key risks, the use of which is governed by the Group's policies approved by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Foreign currency risk

This is the risk that a change in currency rates causes an adverse impact on the Group's performance or financial position.

The Group has transactions denominated in various currencies with the principal currency exposure being fluctuations in US Dollars (USD), Euros, Japanese Yen and Chinese Renminbi (RMB). Collectively these currencies make up approximately 90% of the Group's revenue and cash inflows. Whilst a large portion of the manufacturing and research and development costs are USD and RMB, giving a natural offset against the currency inflows, the majority of administration costs remain as Sterling leaving an overall net currency inflow in the Group's cash flows.

This remaining currency exposure is centrally managed with the objective being to secure a level of certainty of Sterling value for up to 90% of the future net exposure based on forecast cash flows expected to occur up to 18 months ahead. The Group uses forward currency contracts to achieve this objective and applies hedge accounting where applicable. Foreign currency forward contracts are valued using quoted forward exchange rates and yield curves matching maturities of the contracts.

No hedges were designated as ineffective in the year ended 31 December 2022.

## 26. Financial instruments continued

The Group's open forward currency contracts and their maturity profile as at the year end is as follows:

	31 December 2022 Average rate	31 December 2022 Foreign currency million	31 December 2021 Average rate	31 December 2021 Foreign currency million
Outstanding contracts				
Sell US Dollars				
Less than 3 months	1.21	\$3.2	—	—
3 to 6 months	1.18	\$6.6	1.36	\$0.2
7 to 12 months	1.18	\$5.3	—	—
	1.19	\$15.1	1.36	\$0.2
Sell Euros				
Less than 3 months	1.15	€9.9	1.16	€8.2
3 to 6 months	1.15	€7.8	1.16	€6.9
7 to 12 months	1.13	€6.3	1.17	€5.9
	1.15	€24.0	1.16	€21.0
Sell Yen				
Less than 3 months	159.86	¥431.1	150.88	¥461.0
3 to 6 months	159.87	¥427.5	152.58	¥452.2
7 to 12 months	157.58	¥310.7	151.73	¥296.0
	159.25	¥1,169.3	151.72	¥1,209.2
Sell Chinese Renminbi				
Less than 3 months	8.27	¥35.6	9.03	¥24.5
3 to 6 months	8.18	¥22.3	8.99	¥17.2
7 to 12 months	8.19	¥16.5	8.85	¥16.6
	8.22	¥74.4	8.96	¥58.3

At 31 December 2022, the fair value of contracts held as cash flow hedges is a net liability of £0.1m (2021: net asset of £0.3m).

The movement recognised in other comprehensive income/(expense) in the period:

	Year ended 31 December 2022	18 month period ended 31 December 2021
(Loss)/gain in the year/period	(0.6)	1.4
Recycled to profit and loss	0.2	(0.4)
(Loss)/gain recognised in other comprehensive income/(expense)	(0.4)	1.0



# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 26. Financial instruments continued

#### Currency risk sensitivity analysis

The following table shows the sensitivity of the Group's financial instruments to changes in exchange rates by detailing the impact on profit and other comprehensive income of a 10% change in the Sterling exchange rate against the relevant foreign currencies.

10% represents management's assessment of a reasonably possible change in foreign exchange rates over a 12 month period.

The sensitivity analysis below only includes financial instruments denominated in non-functional currency and forward currency contracts outstanding at the reporting date and represents the impact of an immediate change in Sterling against other currencies.

	US Dollar currency impact		Euro currency impact		Yen currency impact		RMB currency impact	
	+10% £m	-10% £m	+10% £m	-10% £m	+10% £m	-10% £m	+10% £m	-10% £m
<b>31 December 2022</b>								
Income statement	0.5	(0.6)	0.5	(0.6)	0.3	(0.4)	0.2	(0.2)
Other comprehensive income	1.1	(1.4)	1.4	(1.8)	0.5	(0.6)	0.8	(1.0)
<b>31 December 2021</b>								
Income statement	1.1	(1.3)	0.4	(0.5)	0.4	(0.5)	0.3	(0.3)
Other comprehensive income	—	—	1.3	(1.5)	0.4	(0.5)	0.3	(0.4)

The sensitivity analysis is limited to the year end exposure and therefore does not reflect the exposure and inherent risk during the year.

#### Liquidity risk

This is the risk that the Group will have insufficient funds available in the right currency to settle its obligations as they fall due.

The Group generates funds from operational activities in excess of its operational requirements and has substantial cash balances available for its current investment activities.

The Board reviews the funding requirement of the Group as part of the budgeting and long-term planning processes and considers as necessary alternative possible sources of funding where the requirement is not satisfied by the Group's forecast operational cash generation.

The Group manages liquidity risk by maintaining an adequate level of easily accessible cash reserves, in a currency profile representative of the Group's cost base and matching customer and supplier terms where possible. The Group also has access to daily currency trading facilities which provides the ability to convert currency within the agreed settlement limits as required.

On 7 March 2023, the Group replaced its existing RCF which was due to expire on January 31 2024. The new RCF has a term of 4 years, with the option to extend for one further year, for an amount of £300.0m and with no accordion option. The amount of £120.0m drawn down on the previous RCF was rolled forward into the new facility. See note 31 for further details.

The maturity profile of financial liabilities shown below represents the Group's gross expected contractual cash flows.

	Less than 1 year £m	Between 2 and 5 years £m	Over five years £m	Total £m
<b>31 December 2022</b>				
Trade and other payables	55.3	—	—	55.3
Borrowings	120.0	—	—	120.0
Lease liabilities	10.7	40.0	67.7	118.4
Derivative financial instruments	50.1	—	—	50.1
<b>31 December 2021</b>				
Trade and other payables	46.0	—	—	46.0
Borrowings	120.0	—	—	120.0
Lease liabilities	11.1	47.0	64.0	122.1
Derivative financial instruments	32.4	—	—	32.4

The Group holds sufficient funds to meet these commitments as they fall due.

## 26. Financial instruments continued

### Credit risk

This refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk on its financial assets; however, there is not deemed to be a significant exposure due to the nature of its customer base and the types of transaction that are undertaken.

Trade receivables consist of a large number of customers spread globally with the majority being in economically strong geographies. The Group's customer base is predominantly government-funded institutions, pharmaceutical companies conducting research, and local distributors. The perceived risk of default is deemed to be low.

Further information on the Group's trade receivable ageing and impairment can be found in note 20.

The Group generates significant levels of operational cash. Cash in excess of local operational requirements is remitted and managed centrally. Exposure to counterparty default risk is managed by limiting the concentration of funds and contracts held with individual financial institutions and ensuring funds are only placed with institutions or in products rated BBB- or above by Standard & Poor's.

### Interest rate risk

This refers to the risk that a potential change in interest rates will increase the group's exposure to greater net finance costs and increased cash outflows in servicing debt. The Group is exposed to fluctuations in interest rates on its cash, cash equivalents and borrowings.

The Group's interest rate risk consists of:

Floating interest rate risk, arising on any drawings under the RCF. Changes in floating interest rates affect finance expense and cash flows. Interest rates are set with reference to market interest rates such as SONIA; and interest rate risk associated with the Group's cash deposits. The Group's overall objective with respect to holding these deposits is to maintain a balance between security of funds, accessibility and competitive rates of return.

Exposure to interest rate risk is managed through optimizing the return on surplus funds, whilst maintaining sufficient liquidity to manage operating cash flows, as well as regular monitoring of debt levels and the cost of servicing these.

A 1% increase in the interest rates would have increased net annual finance expenses by £1.0m (2021: £0.6m). A 1% decrease would have decreased net annual finance expense by £1.0m (2021: £1.2m).

### Categories of financial instruments

	Carrying and fair value	
	31 December 2022 £m	31 December 2021* £m
<b>Financial instruments held at amortised cost</b>		
Trade receivables	67.0	33.2
Other receivables	3.4	16.1
Cash and cash equivalents	89.0	95.1
Trade and other payables	(55.3)	(46.0)
Borrowings	(120.0)	(120.0)
Lease liabilities	(104.3)	(110.5)
<b>Financial instruments held at fair value</b>		
Derivative financial instruments	(0.3)	0.3
Investment	3.2	3.5

\* See note 29 for details related to the measurement period adjustment to the accounting for the acquisition of BioVision.

The Directors consider there to be no material difference between the carrying value and the fair value of the financial instruments classified as held at amortised cost. For the items classified as held at fair value, the fair value is recognised on the balance sheet as the carrying amount.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 26. Financial instruments continued

#### Financial instruments held at fair value

Financial instruments that are measured at fair value are classified using a fair value hierarchy that reflects the source of inputs used in deriving the fair value. The three classification levels are:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

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

31 December 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Assets</b>				
Derivative financial instruments	—	0.5	—	0.5
Investment	0.7	—	2.5	3.2
	0.7	0.5	2.5	3.7
<b>Liabilities</b>				
Derivative financial instruments	—	(0.8)	—	(0.8)
	—	(0.8)	—	(0.8)
<hr/>				
31 December 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Assets</b>				
Derivative financial instruments	—	0.5	—	0.5
Investment	1.0	—	2.5	3.5
	1.0	0.5	2.5	4.0
<b>Liabilities</b>				
Derivative financial instruments	—	(0.2)	—	(0.2)
	—	(0.2)	—	(0.2)

Level 1 investments comprise listed equity securities in Plexbio, Inc. See note 17 for further information.

Level 2 derivative financial instruments comprise forward foreign exchange contracts. The fair value is remeasured on a monthly basis with reference to available forward market rates and comparative instrument pricing.

Level 3 investments comprise non-listed equity securities in respect of a 13% stake in Brickbio, Inc. and, for the period ended 31 December 2021, a 14% stake in Somaserve Limited. The fair value is determined to be equal to the carrying amount of the investment and is reviewed periodically based on information available about the performance of the underlying business.

### 27. Share-based payments

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Expense arising from share-based payment transactions:		
Included in selling, general and administrative expenses	20.7	20.7
Included in research and development expenses	2.6	4.5
	23.3	25.2
<hr/>		
Equity settled share-based payment expense	23.3	25.0
Cash settled share-based payment expense*	—	0.2
	23.3	25.2

\* The total liability as at 31 December 2022 was £0.2m (2021: £0.2m) of which less than £0.1m (2021: less than £0.1m) relates to options which have vested.

## 27. Share-based payments continued

### Equity settled share option schemes

The Group operates a number of share schemes for certain employees of the Group as follows:

- 2005 and 2015 Share Option Scheme (ISO/Unapproved) (SOS)
- Company Share Option Plan 2009 (CSOP);
- Long Term Incentive Plan (LTIP);
- Profitable Growth Incentive Plan (PGIP);
- Annual bonus plan – deferred share award (DSA);
- Share Incentive Plan (SIP);
- Growth Plan (AGP); and
- Non-Executive Directors (NED) share award.

Options or conditional share grants under each scheme have been aggregated.

The vesting period ranges from one to four years. Options which remain unexercised after a period of 10 years from the date of grant expire. Options are forfeited if the employee leaves the Group before they vest, save where the employee is deemed to be a 'good leaver' in which case options awarded are pro-rated to the leaving date.

### Discretionary awards

Share option plans: SOS and CSOP

	Year ended 31 December 2022		18 month period ended 31 December 2021	
	Number	Weighted average exercise price pence	Number	Weighted average exercise price pence
Outstanding at beginning of year/period	391,817	726.5	701,272	559.7
Forfeited	(8,445)	843.9	(78,152)	773.0
Exercised	(136,709)	697.6	(231,303)	758.7
Outstanding at end of year/period	246,663	738.5	391,817	726.5
Number of options exercisable at end of year/period	246,663	738.5	391,817	726.5

		Year ended 31 December 2022		18 month period ended 31 December 2021	
		Number outstanding	Weighted average remaining contractual life	Number outstanding	Weighted average remaining contractual life
<b>Analysed by range of exercise price:</b>					
180.8p–464.0p	prior to 2016	71,883	1.5 years	122,688	2.2 years
598.0p	2016	38,946	2.8 years	59,852	3.8 years
851.0p	2017	61,003	3.8 years	94,632	4.8 years
1,020.0p	2018	74,831	4.8 years	114,645	5.8 years
		246,663	3.3 years	391,817	4.2 years

	Year ended 31 December 2022	18 month period ended 31 December 2021
Weighted average share price at date of exercise	1,322.6p	1,540.1p

There were no grants issued under the SOS in the periods ended 31 December 2022 and 31 December 2021. All shares granted under these schemes have fully vested.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 27. Share-based payments continued

Share award plans: LTIP and DSA

	Year ended 31 December 2022	18 month period ended 31 December 2021
Outstanding at beginning of year/period	1,005,345	1,085,162
Granted	460,018	604,774
Forfeited	(195,221)	(298,397)
Exercised	(257,815)	(386,194)
Outstanding at end of year/period	1,102,327	1,005,345
Number of options exercisable at end of year/period	95,245	63,759

	Year ended 31 December 2022	18 month period ended 31 December 2021
Weighted average fair value of awards granted	1,169.9p	1,394.0p
Weighted average share price at date of exercise	1,370.4p	1,524.5p
Weighted average remaining contractual life	3.2 years	4 years

Fair values of the awards with a performance condition based on non-market condition, for example EPS, are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current and prior periods were as follows:

	Year ended 31 December 2022			
	LTIP 14 September 2022	LTIP 18 May 2022	LTIP 18 May 2022	DSA 25 March 2022
Share price at grant (pence)	1,383.0	1,104.0	1,104.0	1,358.0
Expected volatility	33%	31%	32%	35%
Contractual life (years)	Less than one year	1 year	2 years	2 years
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	2.66%	1.38%	1.47%	1.43%

	18 month period ended 31 December 2021					
	LTIP 1 December 2021	LTIP 1 December 2021	LTIP 7 December 2020	LTIP 7 December 2020	DSA 26 October 2021	DSA 26 October 2020
Share price at grant (pence)	1,699.0	1,699.0	1,397.0	1,397.0	1,337.0	1,435.0
Expected volatility	34%	33%	36%	36%	33%	35%
Contractual life (years)	3.5 years	2 years	3 years	2 years	3 years	3 years
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.71%	0.71%
Risk-free interest rate	0.52%	0.43%	(0.07%)	(0.07%)	(0.06%)	(0.06%)

The volatility of the options is based on the average of standard deviations of historical daily continuous returns on Abcam plc shares, looking back over the same period as the expected life of the option. The dividend yield is based on Abcam plc's actual dividend yield in the past. The risk-free rate is the yield on UK government gilts at each date of grant.

LTIP: Full details of the performance conditions for the LTIP are shown in the Annual Report on Remuneration on page 51. All awards are subject to achievement of the performance conditions and can be exercised up to ten years after the grant date. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

## 27. Share-based payments continued

DSA: For those employees entitled to participate in the annual bonus plan, a portion of the bonus is awarded in the form of shares for which there is a compulsory holding period of two years and a requirement for continued employment before these fully vest to the employees (deferred shares). The number of deferred shares granted is dependent on certain performance criteria, comprising a one-year profit target and achievement of strategic and personal objectives.

### Share award plans: PGIP

In Summer 2021, the Company approved a new share scheme PGIP (Profitable Growth Incentive Plan) which aims to align the reward to shareholders and incentivise key management employees & the executive directors to deliver the revenue growth ambition underpinned by ROCE. Upon vesting in April 2025, and subject to certain performance conditions being met, vested shares will be released as soon as practicable and will expire 30 days from the vesting date. Certain awards within the PGIP are subject to tranche vesting with 25% of vested shares released immediately; 25% after six months; 25% after 12 months; and 25% after 18 months.

	Year ended 31 December 2022	18 month period ended 31 December 2021
Outstanding at beginning of year/period	4,873,002	—
Granted	1,116,996	4,875,141
Forfeited	(137,025)	(2,139)
Exercised	—	—
<b>Outstanding at end of year/period</b>	<b>5,852,973</b>	<b>4,873,002</b>
Number of options exercisable at end of year/period	—	—
	Year ended 31 December 2022	18 month period ended 31 December 2021
Weighted average fair value of awards granted	1,382.0p	1,360.4p
Weighted average share price at date of exercise	—	—
Weighted average remaining contractual life	2.6 years	3.4 years

Fair values of the awards with a performance condition based on non-market conditions, for example EPS, are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current and prior periods were as follows:

	Year ended 31 December 2022	PGIP 14 September 2022
Share price at grant (pence)		1,383.0p
Expected volatility		34%
Contractual life (years)		3 years
Expected dividend yield		0.0%
Risk-free interest rate		3.0%
	18 month period ended 31 December 2021	PGIP 14 July 2021
Share price at grant (pence)	1,341.0	1,508.0
Expected volatility	34%	35%
Contractual life (years)	4 years	4 years
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.24%	0.27%

The inputs to the Black-Scholes model, such as expected volatility, are based on the same calculation as those for other schemes.

All awards are subject to achievement of the performance conditions and can be exercised over the following five years. Same as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 27. Share-based payments continued

#### All employee share schemes: AbShare, SIPs and Abcam Growth Plan

##### Abcam Growth Plan (AGP)

In Spring 2022, the Company launched a share scheme (Abcam Growth Plan) under which all employees globally, excluding those eligible for the PGIP, were eligible to receive shares. The scheme is split in to two components; an annual incentive and a strategic incentive. Participants can receive up to 10% of their salary annually under the annual incentive where annual customer focused and financial targets are met over the three year period of the scheme. The strategic incentive pays out at up to 30% of salary, where the Group's growth targets are achieved by the end of the 2024 financial year.

	Year ended 31 December 2022	18 month period ended 31 December 2021
Outstanding at beginning of year/period	—	—
Granted	1,765,344	—
Forfeited	(223,127)	—
<b>Outstanding at end of year/period</b>	<b>1,542,217</b>	—
Number of options exercisable at end of year/period	—	—

	Year ended 31 December 2022	18 month period ended 31 December 2021
Weighted average fair value of awards granted	1,398.6p	—
Weighted average remaining contractual life	1.9 years	—

Fair values of the awards with a performance condition based on non-market conditions, for example EPS, are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current and prior periods were as follows:

	Year ended 31 December 2022			
	AGP 1 July 2022	AGP 1 July 2022	AGP 29 March 2022	AGP 29 March 2022
Share price at grant (pence)	1,202.0p	1,202.0p	1,406.0p	1,406.0p
Expected volatility	32%	34%	28%	35%
Contractual life (years)	1 year	3 years	1 year	3 years
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	1.6%	1.7%	1.2%	1.4%

The inputs to the Black-Scholes model, such as expected volatility, are based on the same calculation as those for other schemes.

As at 31 December 2022, it was not expected that the performance criteria for the annual awards issued under the AGP in 2022 would be met. Accordingly, a charge was not recognised in relation to these awards in the year ended 31 December 2022.

##### AbShare

In Autumn 2018, the Company launched a share scheme (AbShare) where all employees globally, excluding Executive Directors, are eligible to participate. Each employee who participates is required to contribute 5% of their salary spread across three years (therefore equating to 1.67% per annum). Upon vesting in November 2021, and subject to certain performance conditions being met, the funds contributed have been used as consideration for the issue of the predetermined number of shares to the employee with the Company issuing a further 10 shares for each share issued.

	18 month period ended 31 December 2021
Outstanding at beginning of year/period	1,723,183
Granted	456,143
Forfeited	(371,861)
Exercised	(1,807,465)
<b>Outstanding at end of year/period</b>	—
Number of options exercisable at end of year/period	—



## 27. Share-based payments continued

	18 month period ended 31 December 2021
Weighted average fair value of awards granted	1,280.2p
Weighted average remaining contractual life	—

Fair values of the awards are calculated using the Black-Scholes model. The inputs into the models for awards granted in the current periods were as follows:

	18 month period ended 31 December 2021	
	16 June 2021	7 December 2020
Share price at grant (pence)	1,345.0	1,397.0
Expected volatility	32%	39%
Contractual life (years)	0.5 years	1 year
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.00%	(0.06%)

The inputs to the Black-Scholes model, such as expected volatility, are based on the same calculation as those for other schemes.

### SIP

Up until October 2018, all UK-based employees were eligible to participate in the SIP whereby employees could purchase shares in the Company. These shares are referred to as Partnership Shares and are held in trust on behalf of the employee. For every Partnership Share bought by the employee up to a limit of £1,800 per tax year the Company will give the employee one share (Matching Shares), provided the employee remains employed by the Company for a period of at least three years.

Employees must withdraw their shares from the plan upon leaving the Company and will not be entitled to the Matching Shares if they leave within three years of purchasing the Partnership Shares.

In addition to this, also up until October 2018, the Company also awarded shares to employees (Free Shares) with a value of up to £3,600 per tax year. There are no vesting conditions attached to the Free Shares, other than being continuously employed by the Company for three years from the date of grant.

The fair value of Matching Shares and Free Shares is determined as the market value of the shares at the date of grant. No valuation model is required to calculate the fair value of awards under the SIP. The fair value of an equity-based payment under the SIP is the face value of the award on the date of grant because the participants are entitled to receive the full value of the shares and there are no market-based performance conditions attached to the awards.

	Number of free shares		Number of matching shares	
	Year ended 31 December 2022	18 month period ended 31 December 2021	Year ended 31 December 2022	18 month period ended 31 December 2021
Outstanding at beginning of year/period	232,390	302,023	59,890	77,534
Forfeited	—	(1,150)	—	(1,289)
Exercised	(60,877)	(68,483)	(16,223)	(16,355)
<b>Outstanding at end of year/period</b>	<b>171,513</b>	<b>232,390</b>	<b>43,667</b>	<b>59,890</b>
Exercisable at end of year/period	171,513	232,390	43,667	59,890

### Other awards: NED share award

A component of the Non-Executive Directors' remuneration is delivered as a fixed number of fully paid ordinary shares in the first open period following the announcement of annual results of the financial year to which the award relates.

Further details are included in the Annual Report on Remuneration on page 52.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 28. Retirement benefit schemes

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Total charge to income statement in respect of defined contribution schemes	7.2	9.3

#### Defined contribution schemes

The UK-based employees of the Group have the option to join a defined contribution pension scheme managed by a third party pension provider. For each member the Company contributes a fixed percentage of salary to the scheme.

Employees of the Group's subsidiaries in the US, Japan, China and Hong Kong are members of state-managed retirement benefit schemes. Depending on location, the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits.

As at 31 December 2022 contributions of £0.2m (2021: £1.1m) due in respect of the current reporting period had not been paid over to the schemes.

### 29. Business combinations

#### Year ended 31 December 2022

No business combinations were undertaken during the period.

During the 12 month period after the BioVision acquisition was completed, several measurement period adjustments were identified for new information obtained about facts and circumstances that existed as of the acquisition date.

Following the completion of the acquisition, Abcam successfully claimed \$18.0m (£13.1m at the exchange rate on the date of acquisition) from the escrow account established for the purpose of the BioVision acquisition following the discovery of previously undisclosed contractual terms with a significant customer of BioVision. A reduction in consideration of \$18.0m (£13.1m) has been recognised in relation to this, as well as a corresponding liability for exiting this contract (which had been paid during the 12 months ended 31 December 2022). A deferred tax asset of \$3.8m (£2.7m at the exchange rate on the date of acquisition) which has also been recognised on the opening balance sheet of BioVision in relation to this transaction.

In addition to the above, other liabilities totalling \$2.0m (£1.4m at the exchange rate on the date of acquisition) were identified during the year after the acquisition was completed. The total adjustment to goodwill was \$1.8m (£1.3m at the exchange rate on the date of acquisition).

As at 31 December 2021, there was a claim for a £1.1m adjustment to the consideration, which was adjustable for certain net working capital balances for which an estimate had been provided at the acquisition completion date. This was recognised as a receivable on the Group's consolidated balance sheet as at 31 December 2021 and the claim was resolved and the cash for this was received during the 12 months ended 31 December 2022.

#### Period ended 31 December 2021

On 26 October 2021, Abcam US Group Holdings Inc., a subsidiary of Abcam Plc, acquired 100% of the issued share capital of NKY Biotech US, Inc. from Boai NKY Biotech Co. Ltd for initial total cash consideration of \$349.9m (£253.8m) and acquisition expenses of £7.8m. NKY Biotech US, Inc. has one wholly owned subsidiary, BioVision, Inc. (collectively 'BioVision'). BioVision is a leading provider of biochemical and cell-based assays for biological research. It also develops, produces, and sells a wide portfolio of other products including recombinant proteins, antibodies, enzymes, and biochemical compounds.

The acquisition accelerates Abcam's strategic ambitions within the adjacent biochemical and cellular assay market and aligns with existing areas of research focus including oncology, immuno-oncology, neuroscience, and epigenetics.

## 29. Business combinations continued

The fair value of identifiable net assets acquired was as follows:

	Provisional Fair Values £m	Adjustment £m	Final Fair Value £m
<b>Non-current assets</b>			
Intangible assets	80.6	—	80.6
Property, plant and equipment	0.8	—	0.8
Right-of-use assets	1.9	—	1.9
Deferred tax asset	0.3	2.7	3.0
<b>Current assets</b>			
Inventory	8.1	—	8.1
Trade and other receivables	3.3	—	3.3
Cash and cash equivalents	10.0	—	10.0
<b>Current liabilities</b>			
Trade and other payables	(2.3)	(14.5)	(16.8)
Lease liabilities	(1.7)	—	(1.7)
<b>Non-current liabilities</b>			
Deferred tax liabilities	(23.6)	—	(23.6)
Lease liabilities	(0.6)	—	(0.6)
<b>Total identifiable assets acquired</b>	76.8	(11.8)	65.0
Goodwill	177.0	(1.3)	175.7
<b>Total consideration</b>	253.8	(13.1)	240.7

Final Fair Value  
£m

### Consideration

Total consideration	240.7
Adjustment for settlement of pre-existing relationship	1.4
<b>Consideration paid in cash</b>	242.1

Final Fair Value  
£m

### Net cash outflow on acquisition

Consideration paid in cash	242.1
Adjustment for settlement of pre-existing relationship	(1.4)
Acquired cash and cash equivalents	(10.0)
<b>Net cash outflow on acquisition</b>	230.5
Foreign exchange differences between acquisition and payment date	(2.0)
<b>Consideration per cash flow</b>	228.7

Prior to acquisition, BioVision was a supplier of products to Abcam and there was a trading balance of £1.4m outstanding at the acquisition. As such, the consideration and total identifiable net assets acquired have been adjusted to reflect this pre-existing relationship, which was effectively settled upon acquisition.

The goodwill recognised is attributable to the expertise of the assembled workforce, potential new technology and products and leveraging Abcam's global channels to market.

Since the date of acquisition to 31 December 2021 the acquisition contributed £2.6m to the Group's revenue and a loss before tax of £2.6m. The effect on adjusted profit before tax was £1.4m which is before taking into account the effects of the amortisation of acquisition intangibles and amortisation of fair value adjustments as described in note 7.

Had BioVision been acquired on 1 July 2020, the Group revenue would have been £490.4m, the profit before tax would have been £29.3m and the adjusted profit before tax would have been £110.4m.

# Notes to the consolidated financial statements continued

## Year ended 31 December 2022

### 30. Related party transactions

#### Remuneration of Directors and key management personnel

Key management personnel is comprised of the Non-Executive Directors, the Executive Directors and the Executive Leadership Team.

The Non-Executive Directors' fees represent amounts received in cash and an element receivable in shares. Further information about the remuneration of individual Directors is provided in the audited section of the Annual Report on Remuneration on pages 49 to 54.

	Directors' remuneration		Key management personnel (including Directors)	
	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Short-term employee benefits and fees	2.0	4.3	4.1	7.4
Post-employment benefits	0.1	0.1	0.1	0.2
Share-based payments	7.9	5.5	16.0	9.0
	10.0	9.9	20.2	16.6

#### Directors' transactions

During the year, the Group made purchases from companies related to Directors of £nil (period ended 31 December 2021: £nil) of which the balance outstanding at 31 December 2022 was £nil (2021: £nil). Total sales to companies related to the Directors was less than £0.1m (period ended 31 December 2021: less than £0.1m), of which less than £0.1m (2021: less than £0.1m) was outstanding as at 31 December 2022.

### 31. Subsequent events

On 7 March 2023, the Group replaced its existing RCF which was due to expire on January 31 2024 with a new RCF for an amount of £300m.

In February 2019, the Group entered into an RCF with a syndicate of banks for £200m with an additional £100m accordion option. The Group drew down £120m on the RCF to fund the BioVision acquisition in October 2021, and the RCF remained drawn in this amount as of 31 December 2022.

The new RCF has a term of 4 years, with the option to extend for one further year, for an amount of £300m and with no accordion option. The amount of £120m drawn down on the previous RCF was rolled forward into the new facility.

Borrowings under both the existing facility and the new facility are unsecured but are guaranteed by certain of our material subsidiary companies.

# Company balance sheet

## As at 31 December 2022

	Note	31 December 2022 £m	31 December 2021 £m
<b>Non-current assets</b>			
Goodwill	C4	43.0	43.0
Intangible assets	C5	114.7	106.3
Property, plant and equipment	C6	28.6	29.3
Right of use assets	C7	47.5	50.6
Investments	C8	494.7	217.4
Deferred tax asset	C9	0.5	—
		<b>729.0</b>	<b>446.6</b>
<b>Current assets</b>			
Inventories	C11	37.7	30.7
Trade and other receivables	C12	123.7	59.5
Loan receivable	C10	57.7	319.3
Current tax receivable		13.6	10.5
Derivative financial instruments		0.5	0.5
Cash and cash equivalents		27.1	40.9
		<b>260.3</b>	<b>461.4</b>
<b>Total assets</b>		<b>989.3</b>	<b>908.0</b>
<b>Current liabilities</b>			
Trade and other payables	C13	(142.8)	(74.2)
Derivative financial instruments		(0.8)	(0.2)
Lease liabilities	C7	(2.0)	(1.8)
Borrowings	C14	(119.6)	(119.2)
Borrowings with Group companies		(4.2)	(7.4)
		<b>(269.4)</b>	<b>(202.8)</b>
<b>Net current assets</b>		<b>(9.1)</b>	<b>258.6</b>
<b>Total assets less current liabilities</b>		<b>719.9</b>	<b>705.2</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	C9	—	(5.6)
Lease liabilities	C7	(50.6)	(53.3)
		<b>(50.6)</b>	<b>(58.9)</b>
<b>Total liabilities</b>		<b>(320.0)</b>	<b>(261.7)</b>
<b>Net assets</b>		<b>669.3</b>	<b>646.3</b>
<b>Equity</b>			
Share capital	C15	0.5	0.5
Share premium account		269.4	268.3
Merger reserve	C15	68.6	68.6
Own shares	C15	(1.9)	(2.2)
Hedging reserve	C15	(0.1)	0.2
Retained earnings		332.8	310.9
<b>Total shareholders' funds</b>		<b>669.3</b>	<b>646.3</b>

The Company reported a profit for the year ended 31 December 2022 of £0.8m (period ended 31 December 2021: profit of £1.8m).

The financial statements of the Company on pages 109 to 120 were approved by the Board on 20 March 2023 and signed on its behalf by:



**Michael Baldock**  
Director

# Company statement of changes in equity

## Year ended 31 December 2022

	Share capital £m	Share premium account £m	Merger reserve £m	Own shares £m	Hedging reserve £m	Retained earnings £m	Total shareholders' funds £m
<b>At 1 July 2020</b>	0.4	138.2	68.6	(2.5)	(0.7)	289.0	493.0
Profit for the period	—	—	—	—	—	1.8	1.8
Other comprehensive income	—	—	—	—	0.9	0.3	1.2
<b>Total comprehensive income</b>	—	—	—	—	0.9	2.1	3.0
Issue of ordinary shares	0.1	130.1	—	—	—	—	130.2
Own shares disposed of on exercise of share options	—	—	—	0.3	—	(0.3)	—
Share-based payments inclusive of deferred tax	—	—	—	—	—	20.2	20.2
Purchase of own shares	—	—	—	—	—	(0.1)	(0.1)
<b>Balance as at 31 December 2021</b>	0.5	268.3	68.6	(2.2)	0.2	310.9	646.3
Profit for the year	—	—	—	—	—	0.8	0.8
Other comprehensive expense	—	—	—	—	(0.3)	—	(0.3)
<b>Total comprehensive income</b>	—	—	—	—	(0.3)	0.8	0.5
Issue of ordinary shares	—	1.1	—	—	—	—	1.1
Own shares disposed of on exercise of share options	—	—	—	0.3	—	(0.3)	—
Share-based payments inclusive of deferred tax	—	—	—	—	—	21.6	21.6
Purchase of own shares	—	—	—	—	—	(0.2)	(0.2)
<b>Balance as at 31 December 2022</b>	0.5	269.4	68.6	(1.9)	(0.1)	332.8	669.3

# Notes to the Company financial statements

## Year ended 31 December 2022

### C1. Basis of preparation

The Company is incorporated in the United Kingdom and the separate financial statements of the Company have been presented as required by the Companies Act 2006.

The financial statements have been prepared under the historical cost convention (as modified to include revaluation of certain financial instruments to fair value) and on the going concern basis (see note 1 to the consolidated financial statements). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' except for the departure explained in note C4 and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- Business combinations.
- Share-based payments.
- Financial instruments.
- Fair value measurement.
- Statement of cash flows.
- Certain related party transactions including those with subsidiaries.
- Certain plant, property and equipment disclosure.
- Certain impairment testing related disclosures.
- The effects of new but not yet effective IFRSs.

The basis for the above exemptions is because equivalent disclosures are included in the Group financial statements in which the entity is consolidated.

The adopted principal accounting policies, which have been applied consistently, are the same as those set out in note 3 to the consolidated financial statements except as noted below in respect of those which are Company specific.

### Investments

Investments in subsidiaries are stated at cost plus capital contributions less, where appropriate, provisions for impairment. Where applicable, acquisition costs incurred in acquiring the subsidiary are capitalised as part of the investment cost.

### Critical accounting judgements and estimates

The preparation of the Company financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the Company financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The critical accounting judgements and estimates are those set out in note 4 of the consolidated financial statements. These judgements have been applied consistently within the Company financial statements, where applicable.

### C2. Income statement

In accordance with the exemption permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement or statement of comprehensive income for the year.



# Notes to the Company financial statements continued

## Year ended 31 December 2022

### C3. Employees and remuneration

Details of Directors' remuneration, share-based payments and pension entitlements in note 30 to the consolidated financial statements and the Annual Report on Remuneration on pages 49 to 59 form part of these Company financial statements. Information on the main employee share-based payments is given in note 27 of the consolidated financial statements. Details of the key management personnel are given in note 30 of the consolidated financial statements.

The average monthly number of employees (including Executive Directors) was:

	Year ended 31 December 2022 number	18 month period ended 31 December 2021 number
Management, administrative, marketing and distribution	598	587
Laboratory	117	118
	715	705

See note 8 to the consolidated financial statements for details over the allocation of headcount to cost centres.

Their aggregate remuneration comprised:

	Year ended 31 December 2022 £m	18 month period ended 31 December 2021 £m
Wages and salaries	43.1	61.5
Social security costs	7.7	10.5
Other pension costs	4.5	6.2
Share-based payments charge	19.3	17.2
<b>Total staff costs</b>	<b>74.6</b>	<b>95.4</b>

### C4. Goodwill

	31 December 2022 £m	31 December 2021 £m
<b>Cost</b>		
At beginning of year/period	43.0	42.4
Additions	—	0.6
At end of year/period	43.0	43.0
<b>Accumulated impairment losses</b>		
At beginning and end of year/period	—	—
<b>Carrying amount</b>	<b>43.0</b>	<b>43.0</b>

The Companies Act Accounting Regulations require goodwill to be amortised, however, the Company has chosen not to do so but instead an annual impairment test is performed with any impairment identified being recognised as a charge to the income statement. This is a departure from the Companies Act 2006, for the overriding purpose of providing a true and fair view in line with the requirements of FRS 101.

A finite life for the goodwill has not been identified; however, the effect of amortising over a useful life of 20 years would be an income statement charge of £2.1m (period ended 31 December 2021: £3.2m) and a reduction of £7.5m (period ended 31 December 2021: £5.4m) in the carrying value of goodwill in the balance sheet.

### Impairment review

Goodwill is tested for impairment on an annual basis in accordance with IAS 36 'Impairment of assets' or more frequently if there are any indications that the goodwill might be impaired. These reviews are carried out using the same criteria as set out in note 13 to the consolidated financial statements.

A sensitivity analysis has been performed on each base case assumption used for assessing the goodwill with other variables held constant. Consideration of the sensitivities to key assumptions can evolve from one financial year to the next. The Directors have concluded that there are no reasonably possible changes in key assumptions which would cause the carrying amount of goodwill to exceed its value in use.

## C5. Intangible assets

	Acquisition intangibles								
	Customer relationships and distribution rights £m	Patents, technology and know-how £m	Licence fees £m	Trade names £m	Sub-total £m	Internally developed technology £m	Software £m	Patents and licences £m	Total £m
Cost									
At 1 July 2020	3.1	19.0	10.7	0.8	33.6	32.3	62.9	—	128.8
Additions	—	—	—	—	—	12.0	24.0	1.6	37.6
Acquisitions	—	—	—	—	—	—	—	—	—
At 31 December 2021	3.1	19.0	10.7	0.8	33.6	44.3	86.9	1.6	166.4
Additions	—	—	—	—	—	9.3	14.5	0.4	24.2
Disposals	—	—	—	—	—	—	—	—	—
Transfer to asset held for sale	—	—	—	—	—	(5.2)	—	—	(5.2)
At 31 December 2022	3.1	19.0	10.7	0.8	33.6	48.4	101.4	2.0	185.4
Accumulated amortisation									
At 1 July 2020	1.2	0.7	2.7	—	4.6	9.4	23.6	—	37.6
Charge for the period	0.5	1.8	1.6	0.1	4.0	3.6	10.6	0.5	18.7
Impairments	—	—	—	—	—	1.7	2.1	—	3.8
At 31 December 2021	1.7	2.5	4.3	0.1	8.6	14.7	36.3	0.5	60.1
Charge for the year	0.3	1.2	1.0	0.1	2.6	2.9	6.0	0.4	11.9
Impairments	—	—	—	—	—	0.3	0.7	—	1.0
Transfer to asset held for sale	—	—	—	—	—	(2.3)	—	—	(2.3)
At 31 December 2022	2.0	3.7	5.3	0.2	11.2	15.6	43.0	0.9	70.7
Carrying amount									
At 31 December 2021	1.4	16.5	6.4	0.7	25.0	29.6	50.6	1.1	106.3
At 31 December 2022	1.1	15.3	5.4	0.6	22.4	32.8	58.4	1.1	114.7
Included in carrying amount – Assets under construction									
At 31 December 2021	—	—	—	—	—	4.3	18.1	1.1	23.5
At 31 December 2022	—	—	—	—	—	8.4	14.7	0.9	23.0

During the year ended 31 December 2022, the assets relating to Firefly BioWorks multiplex and assay technology were actively marketed, along with other assets relating to this technology and product range. Internally developed technology with a total carrying amount of £2.9m were classified as assets held for sale in May 2022.

Capital commitments at 31 December 2022 amounted to £2.3m (period ended 31 December 2021: £5.2m).

## Individually material intangible assets

	Carrying amount £m	Remaining amortisation period years
Expedeon antibody labelling and conjugation technology	14.6	13
Roche licence agreement	5.3	6
ERP System	26.4	9

Assets included within software under construction amounting to £14.7m relate to the Group's new website platform.

Notes to the Company financial statements continued  
Year ended 31 December 2022

C6. Property, plant and equipment

	Laboratory equipment £m	Office fixtures, fittings and other equipment £m	Leasehold improvements £m	Cell line assets £m	Total £m
<b>Cost</b>					
At 1 July 2020	11.9	4.2	20.3	5.6	42.0
Additions	0.6	1.0	—	2.9	4.5
Disposals	(0.4)	(0.1)	(0.2)	—	(0.7)
At 31 December 2021	12.1	5.1	20.1	8.5	45.8
Additions	1.4	0.5	—	1.9	3.8
<b>31 December 2022</b>	<b>13.5</b>	<b>5.6</b>	<b>20.1</b>	<b>10.4</b>	<b>49.6</b>
<b>Accumulated depreciation</b>					
At 1 July 2020	7.6	1.6	1.4	0.3	10.9
Charge for the period	1.8	1.9	1.5	0.9	6.1
Disposals	(0.4)	(0.1)	—	—	(0.5)
At 31 December 2021	9.0	3.4	2.9	1.2	16.5
Charge for the year	1.6	0.7	1.0	1.2	4.5
<b>31 December 2022</b>	<b>10.6</b>	<b>4.1</b>	<b>3.9</b>	<b>2.4</b>	<b>21.0</b>
<b>Net book value</b>					
31 December 2021	3.1	1.7	17.2	7.3	29.3
<b>31 December 2022</b>	<b>2.9</b>	<b>1.5</b>	<b>16.2</b>	<b>8.0</b>	<b>28.6</b>

Capital commitments as at 31 December 2022 amounted to £0.1m (period ended 31 December 2021: £1.7m)

## C7. Leases

### Right of use assets

	Land and Buildings £m	Other £m	Total £m
<b>Cost</b>			
At 1 July 2020	58.2	0.1	58.3
At 31 December 2021	58.2	0.1	58.3
<b>At 31 December 2022</b>	<b>58.2</b>	<b>0.1</b>	<b>58.3</b>
<b>Accumulated amortisation</b>			
At 1 July 2020	3.0	0.1	3.1
Charge for the period	4.6	—	4.6
At 31 December 2021	7.6	0.1	7.7
Charge for the year	3.1	—	3.1
<b>At 31 December 2022</b>	<b>10.7</b>	<b>0.1</b>	<b>10.8</b>
<b>Carrying amount</b>			
At 31 December 2021	50.6	—	50.6
<b>At 31 December 2022</b>	<b>47.5</b>	<b>—</b>	<b>47.5</b>
<b>Lease liabilities</b>			
Maturity analysis of lease liabilities			
	31 December 2022 £m	31 December 2021 £m	
<b>Amounts falling due within</b>			
One year	2.0	1.8	
Between one and five years	11.5	11.3	
Later than five years	39.1	42.0	
	<b>52.6</b>	<b>55.1</b>	

The interest expense incurred on lease liabilities included within finance costs was £0.7m (period ended 31 December 2021: £1.1m). The lease expense relating to short-term leases and low value assets (that are not shown in the tables above) was £0.1m (period ended 31 December 2021: £0.2m). Cash outflows in respect of right of use assets were £3.1m (period ended 31 December 2021: £4.7m).

# Notes to the Company financial statements continued

## Year ended 31 December 2022

### C8. Investments

		31 December 2022			31 December 2021		
		Investments in subsidiary undertakings £m	Other investments £m	Total £m	Investments in subsidiary undertakings £m	Other investments £m	Total £m
At beginning of year/period		214.8	2.6	217.4	202.1	2.2	204.3
Capital contribution	(i)	4.1	—	4.1	7.8	—	7.8
Additions	(ii)	—	—	—	5.1	0.1	5.2
Revaluation to fair value	(iii)	—	—	—	—	0.3	0.3
Impairment in investment value	(iv)	—	—	—	(0.2)	—	(0.2)
Capitalisation of intercompany loan	(v)	273.2	—	273.2	—	—	—
At end of year/period		492.1	2.6	494.7	214.8	2.6	217.4

(i) Comprises share-based awards issued by the Company to employees of its subsidiaries.

(ii) Comprises mainly fees related to the acquisition of BioVision, Inc. and additional investment in Somaserve Limited.

(iii) Comprises fair value adjustment to Somaserve Limited.

(iv) Period ended: 31 December 2021: the impairment relates to the write down of the investment in Abcam Taiwan Company Limited to the value of its net assets.

(v) Comprises capitalisation of loan between Abcam plc and Abcam US Group Holdings Inc.

### Directly held subsidiary undertakings

	Registered office	Country of incorporation or registration	Principal activity
Abcam Australia Pty Limited	Level 16, 414 La Trobe Street, Melbourne, VIC 3000	Australia	Sales and distribution
Abcam KK	Sumitomo Fudousan, Ningyocho Bldg 2F, 2-2-1 Nihonbashi Horidomecho Chuo-ku Tokyo 103-0012	Japan	Sales and distribution
Abcam (Hong Kong) Limited	1301 Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central Hong Kong SAR	Hong Kong	Sales and distribution
Abcam Taiwan Company Limited	15F, No.2-1, Sec. 3, Minquan E. Road., Zhongshan District, Taipei City, Taiwan	Taiwan	Sales and distribution
Abcam (Netherlands) B.V.	Kingsfordweg 151, 1043GR Amsterdam	Netherlands	Sales and distribution
Abcam US Group Holdings, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	Holding company
Abcam Singapore Pte. Limited	11 North Buona Vista Drive, #16-08 The Metropolis Tower Two, Singapore 138589	Singapore	Sales and distribution
AbShare Share Plan Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX	England	Dormant
Ascent Scientific Limited*	C/O BDO LLP, 55 Baker Street, London, W1U 7EU	England	Dormant
Expedeon Holdings Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX	England	Holding company

\* In liquidation

## C8. Investments continued

## Indirectly held subsidiary undertakings

	Registered office	Country of incorporation or registration	Principal activity
Abcam (Hangzhou) Biotechnology Co., Limited	1418 Moganshan Road, Hangzhou Zhejiang, 310011	China	R&D and manufacturing
Abcam Trading (Shanghai) Co., Limited	Room 5401, Floor 4, Building 5, No. 338 Galileo Road, Pudong New Area, Shanghai	China	Sales and distribution
Abcam Inc.	152 Grove Street, Suite 1100, Waltham, MA 02453	USA	Sales and distribution
Abcam LLC	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	Holding company
Abcam (US) Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge CB2 0AX	England	Holding company
Axiomx Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
BioVision, Inc.	CSC-Lawyers Incorporating Service, 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833	USA	Sales and distribution
Calico Biolabs Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	Dormant
Epitomics Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
Epitomics Holdings, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	Holding company
Expedeon Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge CB2 0AX	England	Dormant
Firefly BioWorks Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
Innova BioSciences Limited	Discovery Drive, Cambridge Biomedical Campus, Cambridge, CB2 0AX	England	Dormant
Marker Gene Technologies, Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
MitoSciences Inc.	Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, DE 19808	USA	R&D and manufacturing
NKY Biotech US, Inc.	CSC-Lawyers Incorporating Service, 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833	USA	Holding company
TGR BioSciences Pty Limited	31 Dalgleish Street, Thebarton, SA 5031, Australia	Australia	R&D and manufacturing

Expedeon Asia Pte Limited was liquidated during the year ended 31 December 2022.

The Group's holdings in subsidiaries are all through ordinary shares and are all 100% owned.

## Subsidiary undertakings exempt from audit

The following subsidiaries, which are incorporated in England and Wales, are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act:

Name	Company registration number
AbShare Share Plan Limited	06706259
Abcam (US) Limited	08151375
Expedeon Limited	04681599
Expedeon Holdings Limited	06785444
Innova BioSciences Limited	04415674

# Notes to the Company financial statements continued

## Year ended 31 December 2022

### C9. Deferred tax

	Accelerated capital allowances £m	Share-based payment £m	Acquired intangible assets £m	Other temporary differences £m	Total £m
At 1 July 2020	(7.4)	2.7	(3.8)	4.8	(3.7)
Credit/(charge) to income statement	(7.6)	5.8	3.6	1.1	2.9
Reclassification	0.2	(0.2)	0.2	(0.2)	—
Charge to equity	—	(4.7)	—	(0.1)	(4.8)
At 31 December 2021	(14.8)	3.6	—	5.6	(5.6)
Credit/(charge) to income statement	(1.1)	4.6	—	4.2	7.7
Charge to equity	—	(1.7)	—	0.1	(1.6)
<b>At 31 December 2022</b>	<b>(15.9)</b>	<b>6.5</b>	<b>—</b>	<b>9.9</b>	<b>0.5</b>

Deferred tax balances are comprised as follows:

	31 December 2022 £m	31 December 2021 £m
<b>Deferred tax assets to be recovered</b>		
Within 12 months	4.7	—
After more than 12 months	(4.2)	—
	<b>0.5</b>	<b>—</b>
<b>Deferred tax liabilities to be recovered</b>		
Within 12 months	—	4.7
After more than 12 months	—	(10.3)
	<b>—</b>	<b>(5.6)</b>
Deferred tax assets/liabilities (net)	<b>0.5</b>	<b>(5.6)</b>

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability or asset is expected to be realised based on rates enacted or substantively enacted by the reporting date. Deferred tax assets mainly relate to tax losses that will be recovered against future profits of the Company.



**C10. Loans receivable**

	31 December 2022 £m	31 December 2021 £m
<b>Amounts owed by subsidiary undertakings</b>		
Within 12 months	57.7	319.3
	<b>57.7</b>	<b>319.3</b>

**Comprising:**

	Borrower	Principal \$m	Repayment date	Interest rate	31 December 2022 £m	31 December 2021 £m
Term Loan 1	Abcam US Group Holdings Inc.	33.0	On demand	4.50%	27.4	24.5
Term Loan 2	Abcam US Group Holdings Inc.	34.0	On demand	8.69%	28.3	25.2
Bridging Loan	Abcam US Group Holdings Inc.	361.0	31 March 2022	2.55%	—	267.8
Other loans	Various	Various	On demand	Various	2.0	1.8
					<b>57.7</b>	<b>319.3</b>

Changes in the values of each loan include foreign exchange movements and settlements.

The bridging loan for US\$361.0m was capitalised in March 2022. The two term loans (1 & 2) were due to be settled on the 20th December 2022. These have yet to be renewed and are therefore deemed to be payable on demand.

**C11. Inventories**

	31 December 2022 £m	31 December 2021 £m
Raw materials	2.2	1.9
Work in progress	5.9	11.8
Finished goods	29.6	17.0
	<b>37.7</b>	<b>30.7</b>

**C12. Trade and other receivables**

	31 December 2022 £m	31 December 2021 £m
Amounts receivable for the sale of goods and services	3.7	2.3
Amounts owed by subsidiary undertakings	110.7	50.8
Other receivables	2.5	2.2
Prepayments	6.8	4.2
	<b>123.7</b>	<b>59.5</b>

The carrying amount of trade and other receivables approximates their fair value.

## Notes to the Company financial statements continued

### Year ended 31 December 2022

#### C13. Trade and other payables

	31 December 2022 £m	31 December 2021 £m
Trade payables	11.7	10.1
Amounts owed to subsidiary undertakings	101.8	36.6
Accruals	20.7	20.6
Deferred income	4.1	3.4
Other taxes and social security	2.0	2.9
Other payables	2.5	0.6
	142.8	74.2

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

#### C14. Borrowings

	31 December 2022 £m	31 December 2021 £m
Loan	119.6	119.2

The loan relates to the Group's Revolving Credit Facility ('RCF'), further details of which are set out in note 23 to the consolidated financial statements.

The Group is subject to financial covenants for the RCF and has complied with these at all testing points in both 2021 and 2022.

#### C15. Share capital and reserves

Details of share capital and reserves are set out in note 24 to the Group financial statements.

#### C16. Related party transactions

##### Directors' transactions

The remuneration of the Directors is set out in the Annual Report on Remuneration on pages 49 to 59. Related party transactions relating to Directors of the Company are shown in note 30 to the consolidated financial statements.

## Investor information

### Five year record – unaudited

	Year ended 31 December 2022 £m	18 months ended 31 December 2021 £m	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m	Year ended 30 June 2018 £m
<b>Income statement – Adjusted performance measures*</b>					
<b>Revenue</b>	<b>361.7</b>	462.9	260.0	259.9	233.2
<i>Percentage change</i>	<b>(21.9%)</b>	78%	—	11.4%	7.4%
<b>Adjusted operating profit</b>	<b>76.3</b>	95.5	54.0	90.1	83.6
<b>Adjusted profit before tax</b>	<b>70.8</b>	91.4	51.9	90.4	83.9
Taxation	<b>(13.1)</b>	(16.9)	(9.4)	(17.7)	(14.3)
<b>Adjusted profit after tax</b>	<b>57.7</b>	74.5	34.7	72.7	69.6
<b>Adjusted earnings per share</b>					
Basic	<b>25.2p</b>	33.2p	20.5p	35.5p	34.1p
Diluted	<b>24.9p</b>	32.9p	20.3p	35.2p	33.8p
<b>Free Cash Flow</b>	<b>(25.7)</b>	12.6	19.0	34.3	26.8
<b>Return on capital employed** (ROCE)</b>	<b>8.9%</b>	12.0%	8.3%	22.6%	22.8%

\* For period ended 31 December 2021 and all subsequent periods, share-based payments have been included in adjusting items. Comparative periods have been re-presented.

\*\* The Group calculates ROCE on a pre-tax basis using adjusted operating profit. Capital employed is based on total assets less current liabilities.

## Investor information

### Alternative performance measures

The Group's performance is assessed using a number of financial measures which are not defined under IFRS and are therefore non-GAAP (or alternative) performance measures. These are set out as follows:

- CER is a measure which allows management to identify the relative year-on-year performance of the business by removing the impact of currency movements which are outside of management's control.
- Margin percentages (which are calculated by dividing the relevant profit figure by revenue) for each of the relevant profit metrics provide management with an insight into relative year-on-year performance.
- Adjusted profit measures, as described in note 1(c) to the consolidated financial statements, are believed by the Directors to enable a reader to obtain a fuller understanding of underlying performance since they exclude items which are not reflective of the normal course of business. Furthermore, such measures are reflective of how performance is measured internally including targets against which compensation is determined. Adjusted profit measures are derived and reconciled to their reported IFRS equivalent on the face of the consolidated income statement as well as in note 7 to the consolidated financial statements.
- The key adjusted profit measures comprises adjusted operating profit.
- Adjusting items (which are excluded to arrive at adjusted performance measures) are also described on the face of the income statement and in note 7 to the consolidated financial statements.
- Adjusted earnings per share measures are derived from adjusted profit after tax with the rationale for their use being the same as for adjusted profit metrics and are reconciled to their IFRS equivalent in note 11 to the consolidated financial statements.
- Free Cash Flow is defined on the face of the consolidated cash flow statement and provides management with an indication of the amount of cash available for discretionary investing or financing after removing capital related items.

## Further information

### Technical glossary

#### Agonists, Antagonists, Activators and Inhibitors (AAAI)

Biochemicals which activate or inhibit biological pathways.

#### Affinity Binder

A reagent that binds specifically to an antigen – antibodies are a subset of affinity binders.

#### Amino acids

The basic building blocks of proteins and peptides.

#### Antibody

A protein made by the immune system that binds specifically to an antigen. When an antibody detects this antigen in the body, it will contribute to an immune response to rid the body of the antigen.

#### Antigen

A molecule that is recognised by the immune system and which can be specifically bound by an antibody.

#### Assay

A laboratory test for assessing the presence, amount or functional activity of a chemical or biological molecule.

#### Biological pathway

A series of molecular interactions that leads to a change in a cell in response to a stimulus. For example, biological pathways can trigger the assembly of new molecules, turn genes on and off, or spur a cell to move.

#### Biological therapeutics

Any pharmaceutical drug product manufactured in, extracted from, or semi-synthesised from biological sources. Different from totally synthesised pharmaceuticals, they include vaccines, blood, blood components, allergenics, somatic cells, gene therapies, tissues, recombinant therapeutic protein, and living cells used in cell therapy.

#### Biomarker

A measurable indicator of a biological state or condition. For example, increased amounts of a particular protein in a blood sample may indicate the presence of a particular disease.

#### Conjugated antibody

Antibodies that are chemically bound to molecules that enable detection of the antibody. For example, an antibody might be bound to a fluorescent dye.

#### CRISPR CAS9

An experimental technique allowing effective and specific editing of genetic sequences.

#### DNA

Deoxyribonucleic acid – a polymeric molecule that comprises both the coding and non-coding elements of the genome of an organism. Coding elements are transcribed into RNA, while non-coding elements exert cellular control functions.

#### ELISA

Assay that uses antibodies to detect and quantify proteins and peptides in a biological sample. Acronym for enzyme-linked immunosorbent assay.

#### Epigenetics

The study of changes in organisms caused by modification of gene expression rather than alteration of the genetic code itself.

#### ERP

Acronym for Enterprise Resource Planning. It refers to business process management software that allows an organisation to use a system of integrated applications to manage the business and automate many back-office functions related to technology, services and human resources.

#### Gene

A section of DNA that acts as the blueprint for making a particular protein. Every human being (except identical twins) has a unique set of genes, half of which came from their mother and the other half from their father.

#### Immunoassay

A test that uses the binding of antibodies to antigens to detect and quantify a biological molecule in a sample.

#### Immunology

A branch of biology that focuses on immune systems.

#### Immunohistochemistry (IHC)

The process of selectively imaging antigens (proteins) in cells of a tissue section by exploiting the principle of antibodies binding specifically to antigens in biological tissues

#### In vitro

Describes studies that are performed with microorganisms, cells or biological molecules outside their normal biological context. For example, an in vitro experiment might involve extracting a blood sample from a patient and performing an assay on that sample in a test tube.

#### In vivo

Describes a biological process that takes place in a living cell or organism, including animals and plants.

#### In vitro diagnostics (IVD)

Tests done on samples such as blood or tissue that have been taken from the human body. In vitro diagnostics can detect diseases or other conditions, and can be used to monitor a person's overall health to help cure, treat, or prevent diseases.

#### Kits and assays

Multi-component products comprising antibodies and other reagents that can be used to detect a wide range of biological molecules.

#### Knockout cell lines

A cell line that has had a particular gene removed (or 'knocked out'). The protein that the knocked-out gene encodes for is therefore not produced.

#### Lysate

The fluid produced by lysis of cells and tissues. Lysates are used as controls in biological experiments to confirm the absence or presence of proteins of interest.

#### Lysis

The disruption of cells by mechanical, chemical or enzymatic means.

#### M-phase phospho-proteins

A family of proteins with diverse roles in cellular signalling and gene expression.

## Further information continued

### Technical glossary

#### Matched antibody pairs

A pair of antibodies that binds to an individual protein at different sites, meaning that both antibodies of the pair can bind the protein at the same time. Matched antibody pairs are used in assays such as ELISA.

#### microRNA or miRNA

Small RNAs that are involved in regulating gene expression.

#### Monoclonal antibodies

Identical antibodies derived from a group of identical cloned cells or from an expression vector. Monoclonal antibodies recognise only one kind of antigen, i.e. they bind to the same site on a protein.

#### Multiplex immunoassays

Immunoassays that can detect multiple proteins at once within a single sample. They allow scientists to increase the efficiency and scope of their experiments.

#### Next generation sequencing

An experimental technique allowing high throughput analysis of genetic sequences. Used by Abcam to analyse the immune response to select the best monoclonal antibodies for a given target or application.

#### Oncology

Branch of medicine that deals with the prevention, diagnosis, and treatment of cancer.

#### PD-L1

Acronym for programmed death-ligand 1. It is a protein that plays a major role in suppressing the immune system and is an important target in difficult to treat cancers.

#### Peptides

Short chains of amino acids.

#### Phage Display

A technique for affinity binder discovery using viruses and bacteria in vitro, rather than the immune system of a live animal.

#### Polyclonal antibodies

Antibodies that target the same antigen but are derived from different cell lineages. Polyclonal antibodies bind to different sites on the antigen.

#### Polycomb proteins

A family of proteins first discovered in fruit flies that regulate epigenetic processes to drive cellular differentiation, critical in development.

#### Proteins

Large, complex molecules made up of amino acids. Proteins are required for the structure, function and regulation of the body's tissues and organs.

#### Proteomics

The exploration of proteomes (entire set of proteins in an organism or a cell) in respect to protein composition, structure, and activity.

#### RabMAb®

Abcam's patented technology for the generation of high quality rabbit monoclonal antibodies.

#### Rabbit/recombinant monoclonal antibodies

Antibodies made by cloning DNA sequences from cell lines that produce rabbit monoclonal antibodies. Cloned recombinant antibodies are identical and are therefore not susceptible to lot-to-lot variation.

#### Reagent

A product used in an experiment to detect or measure biological processes.

#### Recombinant

An antibody or protein that is synthesised from modified DNA in an artificial system that permits rapid production of large quantities of the protein.

#### RNA

Ribonucleic acid – a polymeric molecule that is transcribed from DNA. Various forms of RNA are involved in protein synthesis.

#### RUO

Research Use Only

#### Specificity

This refers to the ability of an antibody to bind only the desired antigen.

#### SimpleStep ELISA® kits

Kits that deliver fast results in just 90 minutes by reducing antibody and sample additions to a single step.

#### Transactional (or Touchpoint) Net Promoter Score or tNPS

A management tool that can be used to gauge the loyalty of a company's customer relationships. It serves as an alternative to traditional customer satisfaction research and can be correlated with revenue growth.

## Corporate directory

### Registered office

Discovery Drive  
Cambridge Biomedical Campus  
Cambridge CB2 0AX  
UK

### Websites

[www.abcam.com](http://www.abcam.com)  
[corporate.abcam.com](http://corporate.abcam.com)

### Registered number

3509322

### Company Secretary

Marc Perkins

### Independent auditors

#### **PricewaterhouseCoopers LLP**

The Maurice Wilkes Building  
St John's Innovation Park  
Cowley Rd  
Cambridge CB4 0DS  
UK

### Registrar

#### **Equiniti Limited**

Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
UK

## Shareholder information

### Shareholder enquiries

Any shareholder with enquiries should, in the first instance, contact our registrar, Equiniti Limited, using the address provided in the Corporate Directory.

### Share price information

Nasdaq American Depositary Shares symbol: ABCM

Information on the Company's share price is available on the Abcam investor relations website at [corporate.abcam.com](http://corporate.abcam.com).

### Investor relations

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Website: [corporate.abcam.com](http://corporate.abcam.com)

### Financial calendar

Financial year end	31 December 2023
Full year results announced	20 March 2023
Annual General Meeting	17 May 2023

## Further information continued

### Shareholder information (continued)

#### Forward Looking Statements

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any express or implied statements contained in this Annual Report that are not statements of historical fact may be deemed to be forward-looking statements, including, without limitation: statements of targets, plans, objectives or goals for future operations, including those related to Abcam's products, product research, product development, product introductions and sales forecasts; statements containing projections of or targets for revenues, costs, income (or loss), earnings per share, capital expenditures, dividends, capital structure, net financials and other financial measures; statements regarding future economic and financial performance; statements regarding the scheduling and holding of general meetings and AGMs; statements regarding the assumptions underlying or relating to such statements; statements about Abcam's portfolio and ambitions, as well as statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "anticipate" and similar statements of a future or forward-looking nature. Forward-looking statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected, including, without limitation: challenges in implementing our strategies for revenue growth in light of competitive challenges; the development of new products or the enhancement of existing products, and the need to adapt to significant technological changes or respond to the introduction of new products by competitors to remain competitive; our customers discontinuing or spending less on research, development, production or other scientific endeavors; failing to successfully identify or integrate acquired businesses or assets into our operations or fully recognize the anticipated benefits of businesses or assets that we acquire; the ongoing COVID 19 pandemic, including variants, continues to affect our business, including impacts on our operations and supply chains; failing to successfully use, access and maintain information systems and implement new systems to handle our changing needs; cyber security risks and any failure to maintain the confidentiality, integrity and availability of our computer hardware, software and internet applications and related tools and functions; failing to successfully manage our current and potential future growth; any significant interruptions in our operations; our products failing to satisfy applicable quality criteria, specifications and performance standards; failing to maintain and enhance our brand and reputation; ability to react to unfavorable geopolitical or economic changes that affect life science funding; failing to deliver on transformational growth projects; our dependence upon management and highly skilled employees and our ability to attract and retain these highly skilled employees; and as a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and Nasdaq corporate governance rules and are permitted to file less information with the SEC than U.S. companies, which may limit the information available to holders of our American Depositary Shares ("ADS") and the important factors discussed under the caption "Risk Factors" in Abcam's Annual Report on Form 20-F filed for the year ended 31 December 2022 with the U.S. Securities and Exchange Commission ("SEC") on 20 March 2023, which is on file with the SEC and is available on the SEC website at [www.sec.gov](http://www.sec.gov), as such factors may be updated from time to time in Abcam's other filings with the SEC. Any forward-looking statements contained in this Annual Report speak only as of the date hereof and accordingly undue reliance should not be placed on such statements. Abcam disclaims any obligation or undertaking to update or revise any forward-looking statements contained in this Annual Report, whether as a result of new information, future events or otherwise, other than to the extent required by applicable law.



The Abcam Group's commitment to environmental issues is reflected in the production of this Annual Report.

The paper used in this report is elemental chlorine free and is FSC® accredited. It is printed to ISO 14001 environmental procedures, using vegetable based inks.



The Forest Stewardship Council® (FSC®) is an international network which promotes responsible management of the world's forests. Forest certification is combined with a system of product labelling that allows consumers to readily identify timber based products from certified sources.



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