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Oxford Nanopore Technologies plc
03 September 2024

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Interim results for the six months ended 30 June 2024

Solid underlying growth despite end-market headwinds; new customer wins and continued commercial momentum support reaffirmation of full year guidance

Oxford Nanopore Technologies plc (LSE: ONT) ("Oxford Nanopore" or the "Group"), the company behind a new generation of molecular sensing technology based on nanopores, today announces its interim results for the six months ended 30 June 2024.

Gordon Sanghera, Chief Executive Officer, commented:
"Against a challenging backdrop, our financial and operational performance in the first half was solid and in-line with our expectations, underpinning confidence in full year guidance. We delivered robust underlying revenue growth of 12.4% constant currency and margin expansion of 120bps.

"We continued with our high pace of innovation in the first half, with new product launches and platform enhancements. For example, we delivered the two product launches aimed at our regulated customer base, GridION Q-Line and Early Access of ElysION, our fully automated samples to answer product. These meet customer needs for routine, end-to-end analyses, for example in clinical and applied industrial markets, particularly with Biopharma customers.

"As we look forward, our highly differentiated platform and substantial market opportunity position us well to deliver long-term, sustainable growth. Our growth and margin guidance for the full year remains unchanged. We enter the second half in a strong position; new and enlarged contract wins, such as PRECISE and Plasmidsaurus, coupled with the increased productivity of our sales teams in the second quarter reinforces our confidence in delivering between 20 - 30% underlying revenue growth on a constant currency basis in full year 2024."

Summary financial performance

£ million Unless otherwise stated	**H1 2024**	**H1 2023**	**Change reported**	**Change CC**
Revenue	84.1	86.0	(2.2)%	0.6%
- EGP	0.3	4.9	(93.8)%	(93.8)%
- COVID Sequencing	1.2	5.5	(78.7)%	(78.1)%
Underlying revenue	82.6	75.6	9.2%	12.4%
Gross profit	49.5	49.5	0%	
Gross margin	58.8%	57.6%	120bps	
Adjusted EBITDA	**(61.6)**	**(39.4)**	(22.2)	
Loss for the period	**(74.7)**	**(70.1)**	(4.6)	

Notes:

1. All revenue in this document is what has previously been referred to as 'Life Sciences Research Tools' revenue. Historically Group revenue was split into 'LSRT' revenue (i.e. the core business) and COVID testing, to split out short term revenue in FY20, FY21 and FY22 in relation to the COVID testing contract with the Department of Health and Social Care (DHSC), which came to an end in 2022. Following the conclusion of the contract with DHSC in FY22, Group (or total) revenue is the same as 'LSRT revenue', as such, for simplicity going forward the Group will just refer to this as revenue.
2. Underlying revenue excludes revenue from COVID sequencing and revenue from The Emirati Genome Program (EGP). All references to underlying growth in this document have been adjusted for COVID sequencing and EGP revenues. Underlying growth includes currency fluctuations unless explicitly stated at constant currency (CC).
3. Constant currency (CC) applies the same rate to the H1 24 and H1 23 non-GBP results based on H1 23 rates
4. Certain numerical figures included herein have been rounded. Therefore, discrepancies between totals and the sums may occur due to such rounding.
5. Adjusted EBITDA is a non-IFRS measure that may be considered in addition to, but not as a substitute for, or superior to, information presented in accordance with IFRS. Adjusted EBITDA is the EBITDA adjusted for i) Share-based payment expense on founder LTIP ii) Employers' social security taxes on pre-IPO awards, and iii) impairment of investment in associate - see page 11 and note 5.

H1 Financial highlights

- Revenue of £84.1million was broadly flat at constant currency (CC), down 2.2% on a reported basis, in-line with expectations.
- Underlying revenue, excluding an £8.9 million combined headwind from COVID sequencing and the Emirati Genome Program (EGP); increased by 12.4% CC.
  - Underlying revenue growth delivered in all regions, led by the EMEAI and APAC, with underlying growth of 16.4% and 10.6% respectively.
  - Underlying revenue grew fastest across the PromethION product range[1], up 39.0% in the period to £31.9 million (H1 23: £23.0 million). Underlying revenue from the MinION product range[2] declined by 10.8% to £27.8 million (H1 23: £31.1 million) which includes a currency headwind and a mix of commercial and product specific factors. Other revenues, representing kits, services revenues and other devices grew 6.4% on an underlying basis to £22.9 million (H1 23: £21.5 million).

- Gross margin increased by 120 basis points (bps) to 58.8% (H1 23: 57.6%) driven by underlying margin improvements (380bps), particularly across both PromethION Flow Cell and devices, offsetting product mix (140bps) and currency (120bps) headwinds.
- Adjusted EBITDA loss of £(61.6) million (H1 23: £(39.4 million); driven by increasing operational expenses, primarily the annualised impact of additional headcount as highlighted at FY23 results. Adjusted operating costs were broadly flat (+2.0%) against H2 2023, demonstrating good cost control and with EBITDA loss lower than H2 2023 (£65.6m).
- Increase in loss year-on-year to £(74.7) million (H1 23: £(70.1) million). This was predominately driven by increasing operational expenses associated with the increase in headcount partly offset by a lower Founder LTIP charge of £1.0m (H1 23: £14.9 million) and a £5.5 million credit relating to the reversal of historic employers' social security tax charges (H1 23: £1.3 million).
- Strong balance sheet position; cash, cash equivalents and other liquid investments of £397.1 million[3] as at 30f June 2024, compared to £472.1 million as of 31 December 2023. Post period end the Group raised net proceeds of £78.2 million, following the successful completion of a multiple times oversubscribed £80.0 million equity placing, which included a new £50.0 million strategic investment from Novo Holdings.

H1 Business highlights

- Continued commercial progress in the period, evidenced by improving utilisation across existing customers, leading to a growing revenue opportunity for the Group driven by the enlarged and now established commercial infrastructure.
- New contract wins and contract expansions with larger PromethION devices (P24 and P48), including Precision Health Research Singapore (PRECISE), which selected Oxford Nanopore technology to sequence 10,000 long read human genomes to gain deeper insights into Asian genetic diversity, and a multi-million, multi-year contract expansion with Plasmidsaurus, to deliver high-accuracy whole plasmid sequencing with fast turnaround times.
- New strategic collaborations added to develop and access new growth markets in biopharma, clinical and industrial applications, including a collaboration with Lonza on a novel test to accelerate analysis of mRNA products.
- Progress was made to advance existing collaborations in H1, including with bioMérieux. A test for determining antibiotic resistance in tuberculosis is expected to be released as a research-use only product in Q4, prior to seeking IVD approvals by the end of 2025.
- Early Access[4] launch of PromethION 2 Integrated (P2i) in Q2, and continued rollout of the PromethION 2 Solo (P2S), following its successful launch in 2023. Evidence of continued market traction and disruption with more than 1,350 P2 devices now in the field. The P2 devices represent a new market area of affordable, accessible and high output sequencing.
- Strong progress against our 2024 innovation goals, with the launch of new products from our regulated pipeline, including GridION Q-Line and the Early Access of ElysION, our sample-to-answer automated sequencing solution, to drive adoption in new clinical and applied industrial markets.
- Approximately 1,400 peer-reviewed research papers published by users of Oxford Nanopore technology in H1 2024, bringing the total to approximately 12,500 to date, showcasing breakthrough research across cancer, human genetics and infectious disease and demonstrating continued opportunity for growth in the genomics research market.
- Expansion of the leadership team, to support the business in its next phase of growth: Nick Keher appointed as CFO and Director of Oxford Nanopore in January, adding significant financial leadership experience and a deep understanding of global capital markets. Nick succeeds Tim Cowper, who moves into a new role as Chief Operating Officer and will lead Oxford Nanopore's continuous improvement programmes and expanding international footprint and operations.

See the business review section for further detail.

Outlook

FY 2024 guidance

Trading in the second half has started well and remains in-line with guidance. Full year underlying revenue growth and margin guidance reiterated.

- Underlying revenue growth of 20-30% at constant currency (CC) unchanged and driven by improving sales force effectiveness, increasing customer utilisation rates, growing opportunity funnel and recent product launches.
- COVID sequencing and EGP headwinds now expected to be approximately £17.5 million (previously £20.0 million).
- Collectively this equates to 7-16% CC revenue growth (previously 6-15%).
    - As reiterated in the Half Year Trading Update, the Group continues to expect FY24 revenue to be second half weighted, with an approximate 45:55 split
- Gross margin is expected to be approximately 57%.
    - As stated at FY23 results, the gross margin for 2024 could weaken in H2 dependent on product mix and customer mix.

Medium term guidance

No change to medium term guidance:

- Revenue is expected to grow by more than 30% CC on a compound annual growth rate (CAGR) between FY24 and FY27 underpinned by continued penetration in existing markets and expansion into emerging end-market opportunities, such as Biopharma, Clinical and Applied.

- Gross margins are expected to continue to improve and exceed 62% by FY27, supported by continued underlying improvements in manufacturing, increased volume growth and further penetration of new end-markets.
- Operating expenses expected to grow at a CAGR of 3-8% between FY24 and FY27, reflecting a continued focus on financial discipline to leverage the infrastructure the Group has already built and to modulate investment relative to the outlook.
- The Group expects to reach adjusted EBITDA breakeven in FY27 and become cash flow positive in FY28.

Application to the ESCC segment

The Board is encouraged by the FCA's recent changes to the Listing Rules that have combined the existing premium and standard London listing segments into one single segment for Equity Shares in Commercial Companies (the 'ESCC'). The Group is in discussion with the FCA and will formally apply for admission to the ESCC segment by the end of 2024, subject to meeting the required eligibility criteria. The step up to the ESCC segment would make Oxford Nanopore eligible for FTSE indexation.

Presentation of results

Management will host a conference call and webcast today, **3 September, at 10:00am BST**. For details, and to register, please visit https://nanoporetech.com/about-us/investors/reports. The webcast will be recorded and a replay will be available via the same link shortly after the presentation.

For further details please contact ir@nanoporetech.com

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About Oxford Nanopore Technologies plc:

Oxford Nanopore Technologies' goal is to bring the widest benefits to society through enabling the analysis of anything, by anyone, anywhere. The Group has developed a new generation of nanopore-based sensing technology that is currently used for real-time, high-performance, accessible, and scalable analysis of DNA and RNA. The technology is used in more than 125 countries, to understand the biology of humans, plants, animals, bacteria, viruses and environments as well as to understand diseases such as cancer. Oxford Nanopore's technology also has the potential to provide broad, high impact, rapid insights in a number of areas including healthcare, food and agriculture.
For more information please visit: www.nanoporetech.com

Forward-looking statements

This announcement contains certain forward-looking statements. For example, statements regarding expected revenue growth and profit margins are forward-looking statements. Phrases such as "aim", "plan", "expect", "intend", "anticipate", "believe", "estimate", "target", and similar expressions of a future or forward-looking nature should also be considered forward-looking statements. Forward-looking statements address our expected future business and financial performance and financial condition, and by definition address matters that are, to different degrees, uncertain. Our results could be affected by macroeconomic conditions, delays or challenges in manufacturing or delivering of products to our customers, suspensions of large projects and/or acceleration of large products or accelerated adoption of pathogen surveillance or applied uses of our products. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements.

Business review

Notes: In this section, all growth rates are year-on-year unless otherwise stated. All underlying growth rates referred to in this report have been adjusted for EGP and COVID sequencing. Underlying revenue includes currency fluctuations unless explicitly stated at constant currency (CC). See reconciliation in the Financial Review section. Certain numerical figures included herein have been rounded. Therefore, discrepancies between totals and the sums may occur due to such rounding.

Performance summary

In the first half of 2024 the Group delivered results in-line with expectations, delivering revenue of £84.1 million (H1 2023: £86.0 million), broadly flat on a constant currency (CC) basis, down 2.2% on a reported basis.

On an underlying basis, excluding an £8.9 million year-on-year headwind from the EGP and COVID sequencing, we delivered 12.4% CC revenue growth. Underlying growth was robust against a challenging macroeconomic and end market backdrop, particularly in the research field due to constrained funding and elongated customer cycles. This robust growth is testament to our highly differentiated sequencing technology platform, which is being adopted in end-markets only suitable to Oxford Nanopore products relative to other sequencing platforms, and the strength and dedication of our teams across the globe.

Growth continues to be driven by high quality, recurring consumables revenue, accounting for 74% of revenue in H1 24, consistent with last year. Consumables revenue increased 10% year-on-year on an underlying basis, driven by strong PromethION Flow Cell demand and associated kits, partially offset by decline in MinION Flow Cell sales. Device sales grew 7% on an underlying basis, driven by the PromethION range.

The PromethION product range grew 39.0% year-on-year on an underlying basis, through increasing customer flow cell utilisation and new device sales. This helped offset softness in the MinION product range, which declined 10.8% on an underlying basis, due to a mix of factors including currency, higher volumes sold through distributors and the discontinuation of the Mk1C device. We anticipate the launch of the MinION Mk1D alongside the launch of GridION Q-Line and ElysION to support the next leg of growth for the MinION product range.

Underlying growth was delivered across each region, and it was strongest across EMEAI and APAC, with commercial momentum building for the second half across all regions, supported by new product launches, a number of new and expanded contracts, and a continued step up in sales team productivity, as already seen in H1.

Gross margin increased by 120 basis points year-on-year to 58.8%. This margin expansion was predominantly driven by driven by underlying margin improvements, predominantly across both PromethION Flow Cells, but also across devices, offsetting headwinds from mix (140bps) driven by lower MinION revenues relative to PromethION and currency (120bps). Adjusted EBITDA loss of £(61.6) million, an increase of £22.2 million (H1 23: £(39.4) million). The increased loss reflects the annualised cost from investment in our headcount and infrastructure to support our ambitions, in line with prior guidance. Adjusted operating costs were broadly flat (+2.0%) against H2 2023, demonstrating good cost control in the period. In-order to support improving profitability going forwards, we continue to assess current and future investments with a focus on greater prioritisation of activities to deliver on our growth objectives whilst supporting a strong return on investment.

The loss for the period was £(74.7) million, a year-on-year increase of £4.6 million (H1 23 £(70.1) million).

At 30 June 2024, cash and cash equivalents and liquid investments[5] totalled £397.1 million, compared to £472.1 million at 31 December 2023. Post period end the Group raised net proceeds of £78.2 million, following the successful completion of a multiple times oversubscribed £80.0 million equity placing, which included a new £50.0 million strategic investment from Novo Holdings.

Working capital in the period increased £8.5 million, including assets subject to operating leases of £14.4 million. Excluding assets subject to operating leases, working capital would have decreased £6.0 million.

Post period end the Group entered into a new arrangement with a third party firm to provide customers with financing options to fund capex purchases in certain markets, which could potentially help alleviate the financial burden on Oxford Nanopore from leasing devices directly. Adoption of this service by Oxford Nanopore customers could benefit future cashflows through reducing the investment required in placing assets with customers (£14.4 million in H1 2024).

Alongside this, the Group remains in active discussions with third party firms over the potential sale and leaseback for Oxford Nanopore owned assets at customers to release invested capital to the Group as and when required.

Execution of our strategy

Commercial execution

Our commercial model focuses on driving rapid adoption and utilisation of our products to catalyse change and growth of the sequencing and analysis market.

In the first half of 2024, we delivered underlying revenue growth in all regions, led by EMEAI and APAC. The enlarged and now established commercial infrastructure is driving a larger revenue opportunity funnel across all regions which we will look to execute upon in H2 2024 and 2025. This is further supported by the increasing number of end-to-end workflows, applications and products to drive customer engagement and adoption.

Revenue in H1 came from a diverse group of customer types including Research, Biopharma, Clinical and Applied Industrial customers, accounting for 69.9%, 8.8%, 9.4% and 11.9% of H1 revenue respectively. We have seen increasing interest amongst each customer group, and in particular across Biopharma and Applied customers given the benefits of Oxford Nanopore's platform over existing technologies.

EMEAI (Europe, Middle East, Africa and India)

We delivered £34.1 million of revenue in EMEAI in the first half, up 16.4% on an underlying basis (down 4.3% on a reported basis, including headwinds from COVID sequencing and the EGP).

The strong underlying performance across the region was driven by both the placement of new devices and increased utilisation of existing devices. Investments made in 2023 in innovation, to improve product performance and end to end workflows, coupled with a now established, highly experienced commercial team, have driven customer confidence and adoption of our technology at scale. We have also benefitted from an expanded reach via channel partners, now covering 11 countries in Eastern Europe.

Growth in EMEAI has primarily been driven by large scale genomic initiatives. Previously delayed projects such as the 22,000 sample human health and disease study led by the National Institute for Health and Care Research (NIHR) Bioresource and other large-scale projects are now ramping up.

From a customer perspective, we have seen stronger traction within clinical labs, cancer research labs and core facilities running Human Whole Genome Sequencing (WGS) and targeted panels using adaptive sampling. Including a further rapid roll out of WGS in Exeter and national programmes such as the Clinical Long-read Genome Initiative (lonGER), a national German programme to advance the understanding of rare disease and a collaboration to advance precision cancer medicine research with MATRIX (a national centre for clinical cancer research in Norway). We have also seen a substantial increase in utilisation in translational research from key public labs and diagnostic work in private labs. We have been particularly successful in implementation of CNS tumour sequencing, leveraging full genome epigenetics for tumour classification, with expansion across UK, Norway and the DACH region. In the UK we also announced the completion and expansion of a successful three-year pilot programme with Guy's and St Thomas' (GSTT) in January to deliver a respiratory metagenomics service with an integrated respiratory infection and biosecurity application. The pilot programme has been expanded to ten NHS hospital sites, with further opportunity for global adoption. GSTT have been a leading example for the rest of the region with sites in the Nordics and Saudi implementing similar workflows.

Across the Middle East we have also seen strong growth in adoption of our technology for national and strategic projects, including several population scale programmes and newborn screening projects which are driving strong pull-through of core consumables. In India the infectious disease surveillance market has become strategically important, and we are working with key customers on national scale implementation of Tuberculosis projects supported by the India Government.

APAC (Asia Pacific)

APAC revenue in the first half was £18.4 million, up 10.6% on an underlying basis (up 4.6% on a reported basis, including the year-on-year COVID sequencing headwind), in-line with expectations. Growth in the region has been driven by continued adoption by commercial service providers and higher utilisation for existing customers.

China revenue was down 1.8% on a reported basis year-on-year, including the headwind from COVID sequencing. Excluding this headwind, underlying growth in China was 7.5%, driven by increased utilisation, partially offset by reduced PromethION device orders due to changing export control restrictions, as previously highlighted, and a currency headwind of approximately 5%.

In the first half, we entered into a large-scale Asia-Pacific programme, that will conduct whole genome sequencing on several thousand samples for novel identification of intractable diseases, including cardiomyopathy. In Indonesia our partnership with the Satriabudi Dharma Setia Foundation (YSDS) continues to flourish, with now over 20 P2 Solo's deployed in field to support basic research programmes across Indonesia, with potential for further expansion.

In the period we also signed an agreement with Precision Health Research Singapore (PRECISE), which selected Oxford Nanopore's PromethION devices to sequence 10,000 long read human genomes, over a period of approximately 12 months, to improve understanding of genetic architecture and diversity in Singapore's multi-ethnic Asian population.

Post period, end we also announced agreements in the rare disease setting, with the Hong Kong Genome Project to determine genetic drivers in suspected cases unresolved with current testing methodologies and with the Victorian Clinical Genetics Services (VCGS) in Australia to develop genetic screening techniques in disorders such as Huntington's.

AMR (The Americas)

AMR revenue of £31.6 million increased by 1.9% year-on-year on an underlying basis, down 3.7% on a reported basis when including the headwind from COVID sequencing.

Whilst we made good traction with key accounts in the first half, primarily across our PromethION product range, growth was tempered by continued delays on funding for major projects across our customers and a decline in MinION sales, which we are addressing through upcoming new launches.

We expect to see higher revenue growth from the Americas in the second half, driven by growth in the biopharma space, continued uptake by distributors, and improved commercial execution. The investments we have made in the commercial team will help us drive towards significantly larger opportunities and higher value wins.

In the first half we started to see accelerating interest from new-to-Oxford Nanopore customers, driven by a combination of 1) increased awareness of Oxford Nanopore's technology and its advantages over other sequencing technologies and 2) better geographic coverage and sales led customer interaction, reflecting the investments we made in 2023 to scale and strengthen our commercial team, including the appointment of key strategic hires.

In the first half we also saw strong traction with customers running applications for which we have significant technical advantage over alternate technologies and where we have developed end-to-end workflows, for example: plasmid and direct RNA sequencing. We saw increased interest from new biopharma customers across the US, including several top 10 pharmaceutical companies driven by the introduction of new end-to-end workflows.

New customers in the first half included a major genome centre in Canada, which is starting several large cohort genome projects for diseases of aging and cancer. They selected Oxford Nanopore's technology platform due to its ability to analyse methylation, RNA and other variant types enabled by long read sequencing. We also signed a contract with a government distributor, which will enable significantly easier purchasing options for US Government accounts. In addition, we signed a new contract with the Canadian Food Inspection Agency, which will use Oxford Nanopore technology for food safety testing via microbiology.

Post period end, we announced a multi-million, multi-year contract expansion with one of our large US customers, Plasmidsaurus, a company that provides affordable, high-accuracy whole plasmid sequencing with fast turnaround times, solely using Oxford Nanopore technology. With their expanded capacity they are now expanding their menu of offerings to include other applications such as amplicon and bacterial whole genome sequencing. The new collaboration reflects our push into the 1.5bn synthetic biology opportunity and the opportunity for nanopore-based sequencing to displace traditional methods such as Sanger sequencing.

Plasmids are a critical part of the life sciences industry, serving as vectors to introduce genetic material and utilised in 1) gene therapy 2) vaccine development and manufacture (both DNA and mRNA) and 3) production of therapeutic proteins.

Innovation

Our commitment to innovation is central to our strategy for growth; our accessible technology delivers richer data and rapid insights providing both new and improved ways for customers to answer biological questions. In line with the strategic priorities set out earlier this year we have been focused on the launch of new products aimed at expanding our research market including the P2i device, and the launch of new products from our regulated pipeline, including GridION Q-Line and ElysION, our sample to answer automated solution, now in Early Access. In addition, our Applications and R&D teams have been focused on developing and releasing a number of end-to-end workflows to support our user research and simplify their sample to answer experience, including a series of nanopore only workflows such as the Nanopore-only Microbial Isolate Sequencing Solution (NO-MISS) workflow for microbial sequencing and the highly awaited nanopore only telomere-to-telomere (T2T) workflow.

New product launches to drive adoption in new clinical and applied industrial markets

In the first half of 2024 we delivered on the launch of new products from our regulated product pipeline. Including the upgraded Q-Line range of products, which provides a locked-down version of hardware, software and chemistry, enabling users to develop and deploy their assays without needing to follow our accelerated upgrade path used by pure research customers. The Q-Line GridION launched in May and the PromethION Q-Line will now be available during 2025.

ElysION (formerly known as Project TurBOT), which launched in Early Access in Q2, is progressing towards becoming a regulated device for future clinical applications, showcasing the Group's ongoing commitment to expanding and supporting advanced research and diagnostic applications.

ElysION is designed to offer integrated and automated extraction, library preparation, sequencing, basecalling, and data analysis for multiple samples, all within a single device. This device will accelerate the proliferation of workflows through health ecosystems such as the respiratory metagenomics work pioneered by GSTT. It does this by providing a hands-free, simple workflow from raw sample to analysis, therefore reducing the expertise required in a hospital laboratory for example.

Enabling accessible, distributed sequencing - towards anyone, anywhere

We continue to innovate towards a new future of near-sample, real-time, low-cost technology that can provide rapid insights to characterise biological samples in any environment, from clinics to factories to classrooms.

Following the launch of the compact and high-output PromethION 2 Solo (P2S) device in 2023, we launched the PromethION 2 integrated (P2i), with integrated compute and screen, in Q2 2024. We have been pleased to see the strong interest in both of these devices across a diverse set of customers. The P2 installed base (consisting of both P2S and P2i) is now more than 1,350 across a broad range of users and applications.

In addition, the pocket-sized MinION has been revamped for the first time since 2015 and the new, format, (the "Mk1D"), will provide improved performance enabling robust, high accuracy (>99%) performance in field. The Mk1D is with developers[6]), ahead of a wider launch in Q4 2024.

Delivering increasingly rich, high performance multiomic data:

Oxford Nanopore is reshaping the market and meeting customer needs through the provision of multiomic (regarded as any combination of two or more 'omics such as including genomic, transcriptomic, epigenetic, proteomic, and more) data any combination of two or more omics such as including genomic, transcriptomic, epigenetic, proteomic, and more) data on a single platform, and in addition the provision of broad types of genetic variation on the same platform, enabling customers to generate a more accurate picture of the genome than with legacy technologies.

In the first half of 2024 we continued to focus on driving performance improvements in the field, with our upgraded basecalling architecture. The platform now delivers simplex accuracy (when a single strand is read by the nanopore) of over 99% for production users and 99.75% when using our more advanced basecalling models, as highlighted at our London Calling conference in May. These basecalling improvements also extend to the number of epigenetic modifications (such as methylation) that we can detect at market leading accuracy. Our teams continue to explore methylation beyond the 5th base (5mC), including 5hmC, 6mA,4mC. We also announced the release of a new, all-in-one T2T sequencing bundle, enabling T2T sequencing of human genomes without the need for other technologies. The capability to produce T2T assemblies addresses the gaps left by traditional sequencing methods, facilitating more comprehensive studies of complex genomic regions such as centromeres and telomeres. As part of Oxford Nanopore's mission to enable the most comprehensive human genomes, the Group announced a pathway to sequencing whole T2T human genomes on a single flow cell, through improvements to output and by removing homopolymer errors with new pore chemistries

Advancing direct RNA sequencing to support breakthrough science

Our teams applied all the improvements from our DNA chemistry and basecalling and made further advancements in direct RNA (the messenger molecule that carries genetic information from DNA and directs the synthesis of protein) sequencing, following the successful launch of a new RNA kit and flow cell in H2 23. This application is unique to nanopore-based sequencing,

In the first half of 2024 the Group showcased continual increases in direct RNA sequencing accuracy, with single molecule raw-read accuracy of 98.8% median accuracy. Improvements to run conditions protocols have also resulted in an approximate 20% output increase in reads over runtime, delivering around three million more total RNA reads over a 72 hour run. This update will enable significant advancements in the RNA research market alongside novel applications of direct single molecule sensing such as mRNA vaccine research, where non-natural RNA bases used in their development need to be sequenced.

The Oxford Nanopore's platform can now be used for comprehensive real-time quality control (QC) testing for mRNA vaccines, combining multiple critical quality attributes into a single, efficient test. This integrated approach, which is being released on GridION Q-Line - simplifies the QC process, making it faster, simpler and more reliable. Traditional methods for mRNA vaccine QC are often time-consuming and require multiple platforms and techniques.

New understanding of RNA's functional significance - and related emergence in RNA-based therapies including vaccines - has underscored the importance of RNA-related research. Nanopore-based sequencing offers the only direct RNA sequencing technology, where other technologies rely on conversion of RNA to cDNA, which loses important information in the process. This represents an opportunity to provide a new generation tool and develop new applications in RNA sequencing.

Simplifying products and workflows to support broader usage

To support different users taking advantage of nanopore sequencing, innovations are being introduced to simplify and make more accessible the end-to-end sequencing process. These include provision of easy-to-use data analysis tools in EPI2ME, the analytics tool set, for increasingly broad applications, from infectious disease, biopharma quality control testing, human variations and single cell. This enhanced interface equips users at all levels of expertise with the information they need, wherever they are.

Operational excellence

In the first half of 2024 we continued to focus on improving our operational and manufacturing infrastructure and processes to enable long-term growth and drive margin expansion. This includes optimising manufacturing processes through innovation to drive efficiency, building a best-in-class, resilient supply chain and strong global teams, with a focus on culture and people development.

We completed the build-out of development laboratories in Sherard Building, which are now fully operational to support launch of Q-line. In addition, the build out of the 57,000 sq ft Spectrum Building is expected to be completed and operational from Q4 2024 with flexible expansion space to support continued growth.

In-line with our priority to expand our global logistics network to make it an easier and more predictable customer purchasing experience, we further expanded logistics and operations in Japan, Canada and Singapore to improve the customer experience in APAC and North America. We continued to make significant investment in customer experience across all regions, and expanded our teams in North America, EMEAI and APAC, with staff in three hubs and seven countries, covering eight languages. Our regional expansion has been supported by a global Customer Success learning and development programme which has led to a double-digit growth in the number of customer service certified professionals in our customer facing teams.

A new Global Customer Operations team has been established to drive customer centred process changes, initially focused on large, complex accounts and orders. The roadmap to drive the strategic improvement of our customer support systems is well underway, with new digital tools to triage customer questions in real-time, new web platform and store journeys (for plug and play devices such as MinION) delivered in H1 2024. In 2024 we will see the first phase of our next generation order management platform delivered.

Our Channel Partner programme has supported sales growth, enhanced customer experience, and facilitated improved export processes. We have delivered a comprehensive set of tools to enable our partners to be successful, our tooling facilitates both pipeline and customer management directly by the partner.

In-line with our objective to strengthen key supplier relationships to further drive reliability and resilience of supply, we conducted comprehensive reviews leading to improved risk-based scenario planning to drive improvements in resilience of supply.

Sustainability - Product, Planet, People

A commitment to sustainable impact is core to Oxford Nanopore's mission. Last year, we formalised that commitment by introducing our sustainability strategy - product, planet, people - that supports our commitments to progress initiatives across environmental, social, and governance (ESG). We built on that strategy this year by publishing our Net Zero

Transition Plan, outlining the targets we have set to ensure progress is being made to contain global warming to 1.5°C. In the first half of 2024 we published our second sustainability report, detailing updated ESG commitments, which include:

Product

- Strengthening our relationships and collaborations with the education landscape, utilising these examples to showcase student research impact across demographics and geographies student research impact across demographics and geographies

- Continue to establish global support and logistics to fulfil our vision to enable anyone, anywhere to use Oxford Nanopore products

Planet

- Reduce the carbon intensity of our operations by identifying projects to reduce carbon emissions; repeating our target to reduce the tonnes of Scope 1 and 2 CO2 e emitted per £m revenue by 2.5% again in 2024
- As part of net zero commitments a dedicated Supply Chain Engagement programme will be developed and launched during 2024

People

- Embed the Values in Action programme to support an employee-engagement culture, where employees have a voice to contribute ideas that support key decisions
- Increase our Board gender diversity to at least 40% female representation by FY24

Summary and Outlook

First half financial performance was solid, despite a challenging backdrop and represents a strong step towards our full year guidance. We delivered robust underlying revenue growth of 12.4% CC and a 120 bps margin expansion despite currency headwinds.

From an outlook perspective, we are confident in being able to deliver the full year guidance that we set out in March. We expect to deliver underlying revenue of growth of between 20-30% CC and gross margin of approximately 57%.

As we look forward, our highly differentiated platform and substantial market opportunity position us well to deliver long-term, sustainable growth. We are focused on key strategic initiatives to drive value, including disciplined investments in our technology and commercial operations where appropriate to unlock key opportunities in priority markets.

Over the medium-term we see significant opportunities ahead, reflected both in the progress we have made in the current research market and the steps we are taking to address many potential uses for our technology in biopharma, clinical and applied industrial markets. Our rich innovation pipeline and the investments we have made in scaling our commercial infrastructure put us in a strong position to deliver over the medium term and we expect revenue growth to return to more than 30% CC on a compound annual growth rate between FY24 and FY27.

Financial review

All 'underlying revenue' throughout this document is adjusted for COVID sequencing and the EGP revenues. Underlying revenues include fluctuations in currency unless explicitly stated otherwise.

Certain numerical figures included herein have been rounded. Therefore, discrepancies in between totals and the sums may occur due to such rounding.

Performance Summary

The Group delivered revenue for the six months ended 30 June 2024 of £84.1 million (H1 23: £86.0 million), broadly flat year-on-year at constant currency; marginally down (2%) on a reported basis, including foreign exchange headwinds.

Underlying revenue growth, excluding revenue from the Emirati Genome Program (EGP) and COVID sequencing, was 12.4% on a constant currency basis.

Results - at a glance

£million	**H1 24**	H1 23	***Change (%)***
Revenue	**84.1**	86.0	(2.2)%
Gross profit	**49.5**	49.5	0%
Gross margin (%)	**58.8%**	57.6%	120bps
Operating loss	**(77.0)**	(74.8)	(3.0)%
Adjusted EBITDA	**(61.6)**	(39.4)	(22.2)
Loss for the period	**(74.7)**	(70.1)	(4.6)

£million	**30 June 2024**	31 December 2023	***Change (%)***
Cash, cash equivalents and other liquid investments[7]	**397.1**	472.1	(15.9)%

Underlying revenue by product range

Underlying revenues grew fastest across the PromethION product range, representing all devices and flow cell sales from the PromethION range, reaching £31.9 million from £23.0 million in H1 23, representing underlying growth of 39.0% when stripping out the impact of EGP.

Revenues from our MinION product range, representing all sales of MinION Flow Cells and devices that run MinION Flow Cells (GridION and MinION) reduced to £27.8 million from £31.1 million in H1 23, representing a reduction of 10.8% when stripping out the impact of COVID sequencing stripping out the impact of COVID sequencing.

Other revenues, representing kits, service revenues and other devices grew 6.4% underlying to £22.9 million when stripping out the impact of EGP and COVID sequencing.

£million	H1 24	H1 23	*Change (%)*
PromethION product range	**32.0**	**27.4**	**+16.7%**
Less EGP	(0.1)	(4.5)	
Underlying PromethION product range	**31.9**	**23.0**	**+39.0%**
MinION product range	**28.5**	**34.3**	**(17.0)%**
Less COVID Sequencing	(0.7)	(3.2)	
Underlying MinION product range	**27.8**	**31.1**	**(10.8)%**
Other	**23.6**	**24.3**	**(2.8)%**
Less EGP	(0.2)	(0.5)	
Less COVID sequencing	(0.5)	(2.3)	
Underlying Other	**22.9**	**21.5**	**6.4%**
Revenue	**84.1**	**86.0**	**(2.2)%**
Less EGP	(0.3)	(4.9)	
Less COVID Sequencing	(1.2)	(5.5)	
Underlying Revenue	**82.6**	**75.6**	**9.2%**

Geographical trends

The Group aims to make its technology available to a broad range of scientific users, and currently supports users in more than 125 countries. In some territories the Group works with distributors to achieve or enhance its own commercial presence.

Reported revenue is down on H1 23 in AMR and EMEAI impacted by the reduction in EGP and COVID sequencing revenue in H1 24. Underlying revenue growth was delivered across each region, and it was strongest across EMEAI and APAC, with commercial momentum building for the second half, supported by new product launches, a number of new and expanded contracts, and a step up in sales team productivity in the second quarter.

Reconciliation of reported revenue to underlying revenue by geographical region:

£million	**H1 24**	**H1 23**	***Growth (%)***
AMR	31.6	32.8	(3.7)%
Less COVID Sequencing	(0.2)	(2.0)	
Underlying Americas revenue	**31.3**	**30.8**	**1.9%**
APAC	18.4	17.6	4.6%
Less COVID Sequencing	(0.2)	(1.1)	
Underlying APAC revenue	**18.3**	**16.5**	**10.6%**
EMEAI	34.1	35.6	(4.3)%
Less EGP	(0.3)	(4.9)	
Less COVID Sequencing	(0.8)	(2.3)	
Underlying EMEAI revenue	**33.0**	**28.4**	**16.4%**

The Group's **Gross profit** of £49.5 million was in line with H1 23.

%	**H1 24**	**H1 23**	***Change***
Gross margin %	58.8%	57.6%	+120bps

Gross margin improved from 57.6% in H1 23, to 58.8% in H1 24. This margin expansion was predominantly driven by driven by underlying margin improvements across both PromethION Flow Cells and devices, offsetting headwinds from mix (140bps) and currency (120bps).

Impact of headcount

Average headcount (FTEs)	**H1 24**	**H1 23**	***Change (%)***
Research and development	504	445	13.3%
Production	156	150	4.4%
Selling, general & administration	621	455	36.5%
Total	**1,281**	**1,049**	**22.1%**

In H1 24, the Group increased its average headcount by 22.1% from H1 23. This increase was predominantly across research and development and in the commercial and marketing teams.

The Group invested in bringing onboard new research and development staff to support the later stage development activities across its disruptive platform.

In H1 24 the Group's manufacturing headcount has increased by 4.4% from H1 23. This follows the significant expansion of the team in 2021, when staff covering all manufacturing stages and processes expansion were recruited to cater for increased demand from a growing client base.

The largest increase in the Group's average headcount took place in the selling, general and administration functions including legal functions and corporate executives, with an increase of 36.5%. The significant expansion of the commercial teams in key geographic regions supports the Group's business growth objectives globally. In addition, the investment in in-field and customer support teams was necessary to maintain and increase customer loyalty and customer retention.

Research and development expenses

The Group's research and development expenditure is recognised as an expense in the period as it is incurred, except for the development costs that meet the criteria for capitalisation as set out in IAS 38 (intangible assets). Capitalised development costs principally comprise qualifying costs incurred in developing the Group's core technology platform.

£million	**H1 24**	**H1 23**
Research and development expenses	48.0	48.2
Adjusting Items		
Employers' social security taxes on pre-IPO share awards	1.4	0.6
Adjusted R&D Expenses	**49.4**	**48.8**
Amortisation of capitalised development costs	(10.1)	(8.7)
Capitalised development expenses	15.3	8.9
Total R&D Expenses and Capitalised development expenses	**54.7**	**49.0**

The net increase of £0.6 million in Adjusted Research and development expenses reflects the groups continued investment in innovation and was principally due to:

- a 13.3% increase in average headcount leading to a £2.8 million increase in payroll costs and a £5.8 million increase in materials and other costs, partly offset by a £1.7 million increase in the RDEC tax credit.
- There was a further £1.4 million benefit from lower share-based payments and associated costs.
- These increased costs have led to a £6.4 million increase in capitalised development costs to £15.3 million. This included £7.6 million of staff costs and £7.7 million of third-party costs. This is partly offset by £1.4 million higher amortisation costs to £10.1 million for the period.

Selling, general and administration costs

The Group's selling, general and administrative expenses increased by £2.4 million to £78.5 million. On an adjusted basis, selling, general and administrative expenses increased by £19.6 million in H1 24 to £81.5 million (H1 23: £61.9 million).

	H1 24	**H1 23**
Selling, general and administrative expenses	78.5	76.1
Adjusting items:		
Share based payments expense on Founder LTIP	(1.0)	(14.9)
Employers' social security taxes on pre-IPO share awards	4.1	0.7
Adjusted selling, general and administrative expenses	**81.5**	**61.9**

The main changes were:

- The total increase in the average headcount in Selling, general and administrative of 36.5%, this was primarily driven by our planned increase in headcount in the commercial teams (46.7% increase compared to H1 23). Coupled with inflationary pressures of salaries, this resulted in a £9.7 million increase in payroll costs.
- An increase in depreciation of £0.1 million to £6.5 million in H1 24 from £6.4 million in H1 23.

Total share-based payment charge included in Selling, general and administrative expenses decreased by £14.3 million in H1 24 to £4.8 million compared to £19.1 million in H1 23. The reduction was primarily driven by a decrease in the Founder LTIP charge (from £14.9 million in H1 23 to £1.0 million in H1 24).

Adjusted EBITDA

£million	**H1 24**	**H1 23**
Loss for the period	**(74.7)**	(70.1)
Income tax expense	**3.3**	3.5
Finance income	**(7.7)**	(7.2)
Interest on lease	**1.9**	1.1
Depreciation and amortisation	**19.8**	19.9
EBITDA	**(57.3)**	(52.9)
Adjusting items:		
Share based payments expense on Founder LTIP	**1.0**	14.9
Employers' social security taxes on pre-IPO share awards	**(5.5)**	(1.3)
Impairment of investment in associate	**0.1**	(0.1)
Adjusted EBITDA	**(61.6)**	(39.4)

Adjusted EBITDA losses increased from £39.4 million to £61.6 million. This was primarily driven by increasing operational expenses associated with the increase in headcount partly offset by a lower Founder LTIP charge and a credit relating to the employers social security tax charges employers social security tax charges.

Exchange gains and losses

As the Group receives a significant amount of revenue in US Dollars, we seek to reduce the exposure of the Group to fluctuations in currency by entering into a range of derivative forward contracts.

During H1 24 this resulted in a loss of £0.1m. In H1 23 the strengthening of the USD resulted in a gain of £2.1 million. These amounts are presented in other gains and losses.

Balance sheet

Key elements of change in the balance sheet during the period comprised the following:

- the net book value of Property, plant and equipment was £56.9 million at 30 June 2024 an increase of £7.0 million since 31 December 2023. This has been driven primarily by purchases of assets subject to operating leases £5.1 million, which includes the purchase of NVIDIA's A-series on new PromethION devices.
- Intangible assets of £38.0 million at 30 June 2024 has increased by £5.1 million from £32.9 million at 31 December 2023 as a result of additional projects having passed through the capitalisation criteria in the period.
- Inventory of £108.0 million at 30 June 2024 has increased by £6.5 million from £101.5 million at 31 December 2023. This has been driven primarily by an increase in PromethION Flow Cell inventory.
- Net decrease of £15.3 million in Other Financial Assets between current and non-current is due to the redemption of maturing investment bonds since 31 December 2023.

Cash flow

- Cash, cash equivalents and other liquid investments were £397.1 million at 30 June 2024, a decrease of £75.0 million since 31 December 2023 (see note 5).
- Both H1 24 and H1 23 had a net cash outflow of £60.0 million from operations.
- Increase in working capital of £8.5 million includes an increase in inventory £6.4 million and assets subject to operating leases of £14.4 million partly offset by a decrease in payables of £12.5 million. Excluding assets subject to operating leases, working capital would have decreased £5.9 million.
- Post period end the Group entered into a new arrangement with a third party firm to provide customers with financing options to fund capex purchases in certain markets, which could potentially help alleviate the financial burden on Oxford Nanopore from leasing devices directly.
- Adoption of this service by Oxford Nanopore customers could benefit future cashflows through reducing the investment required in placing assets with customers (£14.4 million in H1 2024).
- Alongside this, the Group remains in active discussions with third party firms over the potential Sale and leaseback for Oxford Nanopore owned assets at customers to release invested capital to the Group as and when required.
- Net Cash inflows from investing activities of £4.3 million (H1 23: £40.9 million) includes:
    - The proceeds from other financial assets of £19.3 million (investment bonds)
    - Interest received of £5.1 million

  Partly offset by:
    - The purchase of property, plant & machinery of £4.8 million
    - The capitalisation of development costs of £15.3 million
- Net Cash outflows from financing activities of £1.9 million (H1 23: £1.9 million) includes:
    - Lease and interest payments of £3.3 million partially offset by
    - Proceeds from the issue of shares of £1.6 million

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		6 months to June 2024	*6 months to June 2023*
		£000	*£000*
Revenue	4	**84,082**	*86,002*
Cost of sales		**(34,620)**	*(36,455)*

	Note	2024	2023
Gross profit		**49,462**	*49,547*
Research and development expenses		**(47,999)**	*(48,230)*
Selling, general and administrative expenses		**(78,486)**	*(76,101)*
Loss from operations		**(77,023)**	*(74,784)*
Finance income		**7,666**	*7,239*
Finance expense		**(1,948)**	*(1,069)*
Other gains and losses		**143**	*2,139*
Share of loss of associate		**(49)**	*(228)*
(Impairment) / write-back of investment in associate		**(145)**	*144*
Loss before tax		**(71,356)**	*(66,559)*
Taxation	8	**(3,296)**	*(3,540)*
Loss for the period		**(74,652)**	*(70,099)*
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains/(losses) on other financial assets		**1,111**	*(1,236)*
Exchange losses arising on translation on foreign operations		**(129)**	*(4,079)*
Taxation	8	**(278)**	*-*
Other comprehensive income / (loss) for the period, net of tax		**704**	*(5,315)*
Total comprehensive loss		**(73,948)**	*(75,414)*

		2024	*2023*
		Pence	*Pence*
Loss per share	6	**9**	*8*

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	30 June 2024 £000	*31 December 2023 £000*
Assets			
Non current assets			
Property, plant and equipment	9	**56,890**	*49,890*
Intangible assets	10	**38,008**	*32,910*
Investment in associate	11	**548**	*742*
Right of use assets		**36,155**	*32,526*
Other financial assets	13	**145,581**	*208,325*
Deferred tax assets	8	**3,730**	*5,486*
		280,912	*329,879*
Current assets			
Inventory	12	**108,024**	*101,548*
Trade and other receivables		**61,059**	*61,475*
Current tax assets	8	**1,160**	*1,030*
R&D tax credit recoverable		**12,545**	*12,819*
Other financial assets	13	**96,936**	*49,514*
Derivative financial assets		**-**	*261*
Cash and cash equivalents		**162,017**	*220,536*
		441,741	*447,183*
[illegible]		[illegible]	[illegible]

Total assets		**722,653**	*777,062*

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	30 June 2024 £000	*31 December 2023 £000*
Liabilities			
Non current liabilities			
Lease liabilities		**41,578**	*37,333*
Share-based payment liabilities		**182**	*141*
Provisions	14	**3,082**	*6,538*
		44,842	*44,012*
Current liabilities			
Trade and other payables		**90,569**	*78,447*
Lease liabilities		**5,126**	*4,322*
Provisions	14	**3,536**	*6,430*
		99,231	*89,199*
Total liabilities		**144,073**	*133,211*
Net assets		**578,580**	*643,851*
Issued capital and reserves attributable to owners of the parent			
Share capital	15	**87**	*86*
Share premium reserve	15	**700,179**	*698,553*
Share-based payment reserve		**210,149**	*203,099*
Translation reserve		**(302)**	*(173)*
Accumulated deficit		**(331,533)**	*(257,714)*
Total equity		**578,580**	*643,851*

The notes on pages 19 to 32 form an integral part of the condensed consolidated interim financial information.

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital £000	Share premium £000	Share-based payment reserve £000	Foreign exchange reserve £000	Accumulated deficit £000	Total equity £000
Note	15	15				
At 1 January 2024	**86**	**698,553**	**203,099**	**(173)**	**(257,714)**	**643,851**
Loss for the period	-	-	-	-	(74,652)	(74,652)
Other comprehensive income	-	-	-	(129)	833	704
Comprehensive loss for the 6 months to June 2024	**-**	**-**	**-**	**(129)**	**(73,819)**	**(73,949)**

Issue of share capital	1	1,626	-	-	-	1,627
Employee share-based payments	-	-	7,194	-	-	7,194
Tax in relation to share-based payments	-	-	(144)	-	-	(144)
Total contributions by and distributions to owners	**1**	**1,626**	**7,050**	**-**	**-**	**8,677**
At 30 June 2024	**87**	**700,179**	**210,149**	**(302)**	**(331,533)**	**578,580**
At 1 January 2023	**83**	**627,557**	**168,200**	**3,707**	**(105,991)**	**693,556**
Loss for the period	-	-	-	-	(70,099)	(70,099)
Other comprehensive loss	-	-	-	(4,079)	(1,236)	(5,315)
Comprehensive loss for the 6 months to June 2023	**-**	**-**	-	**(4,079)**	**(71,335)**	**(75,414)**
Issue of share capital	-	1,379	-	-	-	1,379
Employee share-based payments	-	-	21,807	-	-	21,807
Tax in relation to share-based payments	-	-	(118)	-	-	(118)
Total contributions by and distributions to owners	**-**	**1,379**	**21,689**	**-**	**-**	**23,068**
At 30 June 2023	**83**	**628,936**	**189,889**	**(372)**	**(177,326)**	**641,210**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS TO 30 JUNE 2024

	Note	**30 June 2024 £000**	*30 June 2023 Restated * £000*
Net cash outflow from operating activities	17	**(59,971)**	*(60,034)*
Investing activities			
Purchase of property, plant and equipment *		**(4,802)**	*(6,181)*
Capitalisation of development costs		**(15,321)**	*(8,940)*
Investment in associate		**-**	*(3,000)*
Interest received		**5,069**	*7,511*
Purchase of other financial assets		**-**	*(49,794)*
Proceeds from sale of derivatives		**118**	-
Proceeds from sale of other financial assets		**19,263**	*101,274*
Net cash inflow in investing activities		**4,327**	*40,870*
Financing activities			
Proceeds from issue of shares		**1,630**	*1,412*
Costs of share issue		**(200)**	-
Principal elements of lease payments		**(2,344)**	*(2,247)*
Interest paid on leases		**(1,055)**	*(1,045)*

Net cash outflow from financing activities		**(1,969)**	*(1,880)*
Net decrease in cash and cash equivalents before foreign exchange movements		**(57,613)**	*(21,044)*
Effect of foreign exchange rate movements		**(906)**	*(922)*
Cash and cash equivalents at beginning of period		**220,536**	*356,778*
Cash and cash equivalents at the end of period	**17**	**162,017**	*334,812*

* See note 7 for details of the restatement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2024

1 General information

The condensed consolidated interim information for the period does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The summary of results for the year ended 31 December 2023 is an extract from the published Annual Report and Financial Statements which were approved by the Board of Directors on 18 March 2024, which has been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report on the Annual Report and Financial Statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under s498 (2) or (3) of the Companies Act 2006.

2 Significant Accounting Policies

2.1. Basis of preparation

The annual financial statements of Oxford Nanopore Technologies plc ("Oxford Nanopore" / "the Company") are prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'.

The condensed interim financial statements have been prepared in accordance with the accounting policies set out in our Annual Report and Financial Statements for the year ended 31 December 2023.

2.2 Going concern

As at 30 June 2024, the Group held £397.1 million in cash, cash equivalents and other liquid investments on the Statement of Financial Position.

The going concern assessment period is at least 12 months to the 30 September 2025.

In order to satisfy the going concern assumption, the Directors of the Group review its budget periodically, which is revisited and revised as appropriate in response to evolving market conditions.

The Directors have considered the budget and forecast prepared through to 30 September 2025, the going concern assessment period, and the impact of a range of severe, but plausible, scenarios, including supply chain issues driven by demand, logistics interruptions, heightened geopolitical tension; particularly the war in Ukraine and the Middle East. In particular, the impact of key business risks on revenue, profit and cash flow are as follows:

- Reduced revenues due to decline in customer demand, regulatory and research and development ("R&D") delays; and
- Increased costs due to supply chain restrictions, rising utilities costs, rising wages & salary costs, additional R&D requirements and rising costs of component parts.

Under all scenarios, the Group had sufficient funds to maintain trading before taking into account any mitigating actions that the Directors could take. 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 condensed consolidated interim information. On the basis of these reviews, the Directors consider it remains appropriate for the going concern basis to be adopted in preparing these condensed consolidated interim information.

3. Critical accounting judgements and sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

Judgements
i. *Internally Generated Intangible Assets - research and development expenditure ("R&D")*

Critical judgements are required in determining whether development spend meets the criteria for capitalisation of such costs as laid out in IAS 38 "Intangible Assets", in particular whether any future economic benefit will be derived from the costs and flow to the Group. The Directors believe that the criteria for capitalisation as per IAS 38 paragraph 57 for specific projects were met during the period and accordingly all amounts in relation to the development phase of those projects have been capitalised as an intangible asset during the period. All other spend on R&D projects has been recognised within R&D expenses in the income statement during the period.

Management do not have a formal timesheet process for monitoring time spent by employees on projects in their development stage. Instead, Management consults with the relevant project leaders on a regular basis to understand and estimate the time spent on projects in their development stage. When a percentage allocation has been agreed, in line with the estimation process described below at Estimates iii), this is then applied to other, non-employee related development costs to ensure that costs are consistently and appropriately capitalised. The net book value of internally generated capitalised assets at 30 June 2024 is £36.0 million (31 December 2023: £30.8 million).

Estimates
i. *Non-standard customer contracts*

As noted in the revenue recognition accounting policy, revenue contracts for the sale of bundled goods and services require the allocation of the total contract price to individual performance obligations based on their stand alone selling prices. The Group occasionally enters into larger bespoke contracts which might include a clause linked to the performance of the products and options on the total units of certain consumables to be purchased under the contract. This requires Management to estimate the number of items likely to be delivered under these contracts.

ii. Share-based payments

Details of the share-based payment schemes operated by the Group are disclosed in note 16. In 2021, awards were granted to the Executive Directors of the Company under the Oxford Nanopore Technologies Limited Long Term Incentive Plan 2021 (Founder LTIP). Half of the awards are subject to a non-market revenue performance condition which drives number of awards expected to vest depending on when certain revenue targets are met. At each reporting date, management make an estimate as to the extent to which the revenue condition is expected to be achieved by the end of each future reporting period. This is driven by revenue forecasts. Whilst management may make an appropriate estimate of the annual revenue target on grant date, this estimate might change in future periods. If the annual revenue forecast over the year decreased/increased by 20%, the Group recognised total expenses of £7.2 million relating to equity-settled share-based payment transactions would decrease/increase by £0.5 million.
In addition, the Founder LTIP awards in issue give rise to an associated employer's social security liability. Management update the estimate for this liability at each reporting period with reference to both the expected number of awards vesting and their expected value, using the share price at the period end date. For Founder LTIP awards linked to a share price condition, the assumptions used in determining the IFRS 2 charge are determined at the point of granting the awards and are not subsequently adjusted over the vesting period. However, management have estimated the proportion likely to vest for the purposes of assessing the employer's social security contributions to accrue at each period end using a Monte Carlo simulation model which requires a number of assumptions and a large number of randomly generated projections of the Company's future share price. At 30 June 2024, the expected vesting of the share price linked awards was estimated at 48.1% (54.3% June 2023), which is reflective of the reduction in share price, which has contributed to the employer's social security provision credit of £6.1 million in the period.

iii. Internally Generated Intangible Assets research and development expenditure ("R&D")

Critical estimates are made in determining the capitalisation of costs in relation to the development phase of R&D projects. Management capitalises development costs in relation to R&D projects based on an estimate of the percentage of time spent on the project by employees while the project is in its development phase. Development costs capitalised during the 6 months ended 30 June 2024 was £15.3 million (6 months ended 30 June 2023: £8.9 million). If the percentage of time spent on the projects were to change by 5% then capitalisation of development costs would have varied between £16.1 million and £14.5 million (6 months ended 30 June 2023: £8.5 million and £9.4 million).

iv. Inventory

The Group holds inventory across a number of locations for the purposes of fulfilling sales orders and contractual obligations. Additionally, certain components of inventory are held for use within research and development. Net inventory at 30 June 2024 was £108.0 million (31 December 2023: £101.5 million). In line with the requirements of IAS 2 Inventories, inventory is stated at the lower of cost and net realisable value.
Management is required to make a number of estimates around the net realisable value of inventory, which represents the estimated selling price less all estimated costs of completion. In cases where the net realisable value is below cost, management records a provision such that inventory is held at the lower of cost and net realisable value.
To estimate the inventory provision, Management uses inputs based on the location and status of inventory held by the Group. This includes the intended use of the inventory, including whether it is expected to be sold or used for research and development purposes.
Management makes assumptions around the net realisable value of each category of inventory. These estimates are then applied to the inventory balance, based on its cost, location and intended use, to record a provision in cases where the net realisable value is below cost.

If the provisioning estimate had decreased by 6%, then the net realisable value of inventory would have increased by £3.1 million and the revised stock value would have been £111.1 million (31 December 2023: £1.5 million and £103.0 million respectively). If the provisioning against inventory had increased by a further 3%, then the net realisable value of inventory would have decreased by £3.5 million and the revised stock value would have been £104.5 million (31 December 2023: £1.5 million and £100.0 million respectively).

4. Segment information

	30 June 2024 £000	*30 June 2023 £000*
Category		
Sale of goods	**71,587**	72,269
Rendering of services	**8,088**	8,523
Lease income	**4,407**	5,210
Total revenue from contracts with customers	**84,082**	86,002

The information reported to the Group's senior management team, which is considered the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance is defined by market rather than product type.

The CODM consider that the only Group reportable segment under IFRS 8 Operating Segments.. Oxford Nanopore generates revenue from providing products and services for research use, including research and development expenditure and corporate expenditure.

5. Alternative performance measures

The Group's performance is assessed using a number of financial measures which are not defined under IFRS and therefore comprise alternative (non-GAAP) performance measures. These are as follows:

Metric	Definition	Rationale
Underlying revenue growth	Revenue growth excluding Emirati Genome Program (EGP) and COVID sequencing revenue. Includes currency fluctuations unless stated at constant currency.	Helps evaluate growth trends, establish budgets and assess operational performance.
Underlying revenue growth on a constant currency basis	Revenue growth excluding EGP and COVID sequencing revenue, on a constant currency basis.	Helps evaluate growth trends, establish budgets and assess operational performance.
Adjusted research and development expenses	Research and development expenses after adjusting for employer's social security taxes on pre-IPO share awards.	Adjusted research and development expenses is a measure that shows the underlying R&D expenditure.
Adjusted selling, general and administrative expenses	Selling, general and administrative expenses after adjusting for share-based payments expense (Founder LTIP), employer's social security taxes on Founder LTIP and pre-IPO share awards expensed.	Adjusted selling, general and administrative expenses is a measure that shows the underlying selling, general and administrative expenses.
EBITDA	Loss for the period before income tax expense, finance income, loan interest, interest on lease, depreciation and amortisation.	EBITDA is used as a profit measure because it shows the shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance.
Adjusted EBITDA	EBITDA adjusted for: i) share-based payment expense on Founder LTIP awards; ii) employer's social security taxes on Founder LTIP and pre-IPO share awards; and iii) impairment of investment in associate.	Adjusted EBITDA is used as a key profit measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance, excluding exceptional items.
Cash and cash equivalents and other liquid investments	Total cash and cash equivalents, which comprise cash in hand, deposits held at call and other short-term highly liquid investments with a maturity of three months or less at the date of acquisition. Other liquid investments comprise investment	Cash and cash equivalents and other liquid investments is a measure that shows the underlying cash reserves.

	bonds in which a fixed sum is invested in an asset-backed fund.	
Gross profit %	Gross profit divided by revenue.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.

The following table presents the adjusted underlying revenue growth:

	30 June 2024 £000	*30 June 2023 £000*
Revenue	**84,082**	*86,002*
Adjusting items:		
EGP revenue	**(304)**	*(4,911)*
COVID sequencing revenue	**(1,163)**	*(5,454)*
Underlying revenue	**82,615**	*75,637*
Growth	**9.2%**	
Impact of foreign exchange	**2,416**	
Underlying revenue on a constant currency basis	**85,031**	
Growth	**12.4%**	

The following table presents the adjusted research and development expenses:

	30 June 2024 £000	*30 June 2023 £000*
Research and development expenses	**47,999**	*48,230*
Adjusting items:		
Employer social security taxes on pre-IPO share awards	**1,448**	*558*
Adjusted research and development expenses	**49,447**	*48,788*
Amortisation of capitalised development costs	**(10,106)**	*(8,675)*
Capitalised development costs	**15,321**	*8,940*
Adjusted R&D expenses and capitalised development costs	**54,662**	*49,053*

The following table presents the adjusted selling, general and administrative expenses:

	30 June 2024 £000	*30 June 2023 £000*
Selling, general and administrative expenses	**78,486**	*76,101*
Adjusting items:		
Share-based payment expense on Founder Long Term Incentive Plan (LTIP)	**(1,037)**	*(14,908)*
Employer social security taxes on Founder LTIP and pre-IPO share awards	**4,059**	*719*
Adjusted selling, general and administrative expenses	**81,508**	*61,912*

The following table presents the Group's EBITDA and Adjusted EBITDA, together with a reconciliation to loss for the period:

	30 June 2024 £000	*30 June 2023 £000*
Loss for the period	**(74,652)**	*(70,099)*
Tax expense	**3,296**	*3,540*
Finance income	**(7,666)**	*(7,239)*
Interest on lease	**1,948**	*1,069*
Depreciation and amortisation	**19,782**	*19,869*
EBITDA	**(57,292)**	*(52,860)*
Share-based payments (Founder LTIP)	**1,037**	*14,908*
Employer social security credit on Founder LTIP and pre-IPO share-based awards	**(5,507)**	*(1,277)*
Impairment of investment in associate	**145**	*(144)*
Adjusted EBITDA	**(61,617)**	*(39,373)*

The following table presents cash, cash equivalents and other liquid investments:

	30 June 2024 £000	*31 December 2023 £000*

Cash and cash equivalents	**162,017**	*220,536*
Investment bonds	**241,199**	*256,534*
Unrealised fair value movements on investment bonds	**(6,071)**	*(4,960)*
Cash, cash equivalents and other liquid investments	**397,145**	*472,110*

6. Loss per share

	30 June 2024	*30 June 2023*
	Pence	*Pence*
(a) Basic and diluted loss per share		
Total basic and diluted loss per share attributable to the ordinary equity holders of the Group from continuing operations	**9**	*8*

	2024	*2023*
	£000	*£000*
(b) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to the ordinary equity holders of the Group used in calculating basic and diluted loss per share from continuing operations	**(74,652)**	*(70,099)*

	2024	*2023*
	Number	*Number*
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings per share	**861,556,494**	*826,750,269*

Options
Options granted to employees under the Oxford Nanopore Technologies Share Option Scheme and the Oxford Nanopore Technologies Limited Share Option Plan 2018 are considered to be potential ordinary shares. These options have not been included in the determination of the basic and diluted loss per share as shown above, because they are anti-dilutive for the period ended 30 June 2024 and 30 June 2023. These options could potentially dilute basic earnings per share in the future. Details relating to the share options are set out in note 15.

There have been no events that have caused any retrospective adjustments to the weighted average number of shares used as the denominator between the date of the Statement of Financial Position and the date of issuance of the Condensed Consolidated Financial Statements.

7. Restatement of assets subject to operating leases in operating cash flows

In 2023, the Group identified that the cash outflows associated with additions to assets subject to operating leases of £7.8 million had been incorrectly classified in the cashflow statement within the 30 June 2023 interim statement as cash used within investing activities. Following a review of relevant accounting requirements, the Group has restated these 30 June 2023 cash outflows to be presented as cash used in operations to correct the presentation in the 2023 financial statements. The presentation of the cash flow to 30 June 2024 is consistent with the restated presentation. See below for details regarding this restatement of comparatives. There is no effect on the net cash position or total cash outflow of the Group.

	30 June 2023	Adjustment	30 June 2023 Restated
	£000	£000	£000
Cash used in operations			
Increase in inventory	(17,685)	(7,835)	(25,520)
Total cash used in operations	(53,344)	(7,835)	(61,179)
Net cash outflow from investing activities			
Purchase of property, plant and equipment	(14,016)	7,835	(6,181)
Total cash inflow from investing activities	33,035	7,835	40,870
Total cash outflow	**(21,044)**	**-**	**(21,044)**

8. Tax on loss on ordinary activities

8.1 Income tax recognised in profit or loss

	30 June 2024	*30 June 2023*
	£000	*£000*

Current tax		
Notional tax on R&D expenditure credit (RDEC)	**1,527**	*1,004*
Tax payable on foreign subsidiary	**379**	*1,058*
Total current tax	**1,906**	**2,062**
Deferred tax		
Prior year adjustment in respect of deferred tax	**-**	*983*
Origination and reversal of temporary differences	**1,390**	*495*
Total deferred tax	**1,390**	*1,478*
Total tax in statement of comprehensive income	**3,296**	*3,540*
Income tax recognised in OCI		
Deferred tax on investment bonds	278	-
Total tax in other comprehensive income	**278**	**-**

Current tax balances have been calculated at the rates enacted for the period. The effective rate of corporation tax is -4.62% (30 June 2023: -5.32%) of the loss before tax for the Group.

8.2 Current tax asset / (liability)

Recognised current tax asset balances are made up as follows:

	30 June 2024 £000	*31 December 2023 £000*
Corporation tax asset	**1,160**	*1,030*
Corporation tax payable	**-**	*-*

8.3 Recognised deferred tax assets and liabilities

Recognised deferred tax balances are made up as follows:

	30 June 2024 £000	*31 December 2023 £000*
Deferred tax assets		
Provisions	**1,279**	*1,498*
Losses	**9,851**	*8,127*
Share awards	**5,057**	*6,052*
Share awards (equity)	**38**	*180*
Total recognised deferred tax assets	**16,225**	*15,857*

	30 June 2024 £000	*31 December 2023 £000*
Deferred tax liabilities		
Accelerated capital allowances	**(2,644)**	*(2,276)*
Investment bond unrealised gain	**(1,518)**	*(1,240)*
Intangibles	**(8,333)**	*(6,855)*
Total recognised deferred tax liabilities	**(12,495)**	*(10,371)*
Net recognised deferred tax asset	**3,730**	*5,486*

Deferred tax balances have been recognised at the rate expected to apply when the deferred tax attribute is forecast to be utilised based on substantively enacted rates at the balance sheet date. The rate of UK corporation tax increased to 25% from 1 April 2023. Taxation for other jurisdictions is calculated at the rates prevailing in the respective territories. £3.4m (31 December 2023: £5.2m) of the recognised net Deferred Tax Asset relates to Oxford Nanopore Technologies Inc., the US subsidiary, which is profitable.

In relation to share-based payments, to the extent that the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative IFRS2 expense the excess of the associated current or deferred tax, has been recognised in equity and not in the statement of comprehensive income. For current tax this has no impact on the charge to the consolidated statement of comprehensive income (31 December 2023: increase of £0.2m). For deferred tax this reduces the debit to the Statement of Comprehensive Income by £0.1m.(31 December 2023: £0.3m).

A deferred tax asset of £6.4m (31 December 2023: £7.7m) has been recognised in relation to future share option exercises and other timing differences in Oxford Nanopore Technologies Inc and other overseas subsidiaries, because it is probable that the asset will be utilised in the foreseeable future. A Deferred Tax Asset has been recognised in relation to Oxford Nanopore Technologies Plc of £9.8m (31 December 2023: £8.1m), being the amount equal to the deferred tax liability in the same entity.

9. Property, plant and equipment

	Leasehold improvements £000	Plant and machinery £000	Assets under construction £000	Assets subject to operating leases £000	Equipment £000	Total £000
Cost or valuation						
At 31 December 2023	11,733	28,169	1,498	54,758	19,830	115,988
Additions	24	104	4,644	14,365	780	19,916
Disposals	-	-	-	(11,140)	-	(11,140)
Transfers between classes	13	2,517	(2,530)	-	-	-
Foreign exchange movements	(2)	(4)	-	106	11	111
At 30 June 2024	**11,768**	**30,786**	**3,612**	**58,089**	**20,621**	**124,875**
Accumulated depreciation						
At 31 December 2023	6,209	17,706	-	27,133	15,050	66,098
Charge for the period	763	1,474	-	3,038	1,420	6,695
Disposals	-	-	-	(4,892)	-	(4,892)
Transfers between classes	-	-	-	-	-	-
Foreign exchange movements	-	-	-	76	8	84
At 30 June 2024	**6,972**	**19,180**	**-**	**25,355**	**16,478**	**67,985**
Net book value						
At 31 December 2023	5,524	10,463	1,498	27,625	4,780	49,890
At 30 June 2024	**4,796**	**11,606**	**3,612**	**32,734**	**4,143**	**56,890**

The Group leases some of its devices to customers. Lease payments in relation to these devices are received either in advance or within the year. Therefore, no maturity analysis of lease payments has been included.

10. Intangible assets

During the period, the Group capitalised £15.3 million (6 months ended 30 June 2023: £8.9 million) of development costs.

11. Investment in associate

The following entity has been included in the condensed consolidated financial statements using the equity method:

Name of associate	Principal activities	Country of incorporation	Proportion of ownership interest held as at (%) 30 June 2024	31 December 2023
1) Veiovia Limited	Technology Development	UK	**26.1**	26.1

The carrying value is calculated as follows:

	30 June 2024 £000	*31 December 2023 £000*
Investment cost	**4,548**	*4,548*
Share of loss	**(579)**	*(530)*
Impairment	**(3,421)**	*(3,276)*
Carrying value of the interest in the associate	**548**	*742*

The above associate is accounted for using the equity method in these condensed consolidated financial statements as set out in the Group's accounting policies.

i) Pursuant to a shareholder agreement, the Company has the right to cast 24.9% of the votes of Veiovia Limited (30 June 2023: 24.9%).
ii) The Group holds more than 20% of the equity shares of Veiovia Limited and exercises significant influence by virtue of its contractual right to appoint one director to the board of directors of that entity.
iii) For the purposes of applying the equity method of accounting, the management accounts of Veiovia Limited for the period ended 30 June 2024 have been used. The Company's share of the net asset value of the investment is significantly below the investment amount. Management has recorded an impairment loss of the investment to the recoverable amount.
iv) Veiovia Limited's registered office is The University of York, Biology B/A/039, Wentworth Way, York, UK, YO10 5DD.

12. Inventory

	30 June	*31 December*

	2024 £000	*2023* *£000*
Raw materials	**47,140**	*50,888*
Work in progress	**45,216**	*39,154*
Finished goods	**15,668**	*11,506*
	108,024	*101,548*

The carrying amount of inventory was not materially different from its replacement cost.

13. Other financial assets

	30 June 2024 **£000**	*31 December 2023* *£000*
Investment bonds	**241,199**	*256,534*
Other financial assets	**1,318**	*1,305*
	242,517	*257,839*
Current	**96,936**	*49,514*
Non-current	**145,581**	*208,325*
	242,517	*257,839*

Investment bonds are classified as financial assets at fair value through other comprehensive income (FVOCI).

14. Provisions

	Dilapidation provisions **£000**	**Employer taxes** **£000**	**Other** **£000**	**Total provisions** **£000**
Balance at 31 December 2023	2,384	9,913	671	**12,968**
Movements in Provision for the period	27	(6,112)	(49)	**(6,134)**
Payments	-	(210)	-	**(210)**
Foreign exchange movements	1	(1)	(6)	**(6)**
Balance at 30 June 2024	2,412	3,590	616	**6,618**
Current	-	2,920	616	**3,536**
Non-current	2,412	670	-	**3,082**
At 30 June 2024	2,412	3,590	616	**6,618**
Current	-	5,759	671	**6,430**
Non-current	2,384	4,154	-	**6,538**
At 31 December 2023	2,384	9,913	671	**12,968**

The dilapidation provisions relate to the leased properties, representing an obligation to restore the premises to their original condition at the time the Group vacates the related properties. The provision is non-current and expected to be utilised between two and 20 years.

Employer social security taxes relate to the expected employer taxes on share-based payments. This is expected to be utilised in between one and ten years. The provision is based on the best estimate of the liability, which is reviewed and updated at each reporting period. The provision is accrued over the vesting period to build up to the required liability at the point it is ultimately due.

15. Share capital and Share premium

Share capital comprised the following:

At 30 June 2024	**Nominal value**	**Number of shares issued**	**Aggregate nominal value**
Share class			
Ordinary Shares (fully paid)	**£0.0001**	**873,921,325**	**87,392**
Issued Class A Limited Anti takeover share of £1	**£1**	**1**	**1**
Issued Class B Limited Anti takeover share of £1	**£1**	**1**	**1**

Issued Class C Limited Anti takeover share of £1	**£1**	**1**	**1**
			87,395

	Nominal value	Number of shares issued	Aggregate nominal value
At 31 December 2023			
Share class			
Ordinary Shares (fully paid)	£0.0001	859,224,047	85,922
Issued Class A Limited Anti takeover share of £1	£1	1	1
Issued Class B Limited Anti takeover share of £1	£1	1	1
Issued Class C Limited Anti takeover share of £1	£1	1	1
			85,925

In the course of 2024,14,697,278 ordinary shares (6 months to 30 June 2023: 3,218,198) were issued as a result of employee share schemes. This resulted in an increase in the share premium reserve of £1.6m (6 months to 30 June 2023: £1.4m).

The Class A, B and C Antitakeover shares were issued on admission of the Company to the London Stock Exchange on 5 October 2021. These rights attributable to these shares are due to cease on 5 October 2024 at which time the shares will be capable of being repurchased or cancelled by the Company.

16. Share based payments

	30 June 2024 £000	*30 June 2023 £000*
Expense arising from share based payment transactions:		
Included in research & development expenses	**2,019**	*2,734*
Included in selling, general & administrative expenses	**4,784**	*19,073*
	6,803	*21,807*
Equity settled share based payment transactions	**7,194**	*21,807*
Cash settled share based payment transactions	**(391)**	-
	6,803	*21,807*

17. Notes to the cash flow statements

	30 June 2024 £000	*30 June 2023 £000*
Cash and cash equivalents	**162,017**	*334,812*

Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

	30 June 2024 £000	*30 June 2023 Restated * £000*
Loss before tax	**(71,356)**	*(66,559)*
Adjustments for:		
Depreciation on property, plant and equipment	**6,695**	*8,720*
Depreciation on right-of-use assets	**2,892**	*2,449*
Amortisation on intangible assets	**10,195**	*8,700*
Research and development expense tax credit	**(6,110)**	*(4,428)*
Loss on disposal of property, plant and equipment	**6,248**	*1,248*
Foreign exchange movements	**261**	*(2,390)*

Interest on leases	**1,948**	*1,069*
Interest income	**(7,666)**	*(7,239)*
Movement on investment bonds	**24**	*-*
Non cash movements on derivatives	**143**	*(97)*
Impairment / (write-back) of investment in associate	**145**	*(144)*
Share of losses in associate	**49**	*228*
Employee share benefit costs including employer's social security taxes	**693**	*20,715*
Operating cash flows before movements in working capital	**(55,839)**	*(37,728)*
Decrease in receivables	**553**	*3,015*
Increase in inventory and assets subject to operating leases *	**(21,501)**	*(25,520)*
Increase / (decrease) in payables	**12,477**	*(946)*
Cash used in operations	**(64,310)**	*(61,179)*
Income taxes - R&D tax credit received	**4,857**	*4,088*
Foreign tax paid	**(518)**	*(2,943)*
Net cash outflow from operating activities	**(59,971)**	*(60,034)*

* See note 7 for details of the restatement.

18. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

At 30 June 2024, the Company had invested a total of £4.5 million in its associate, Veiovia Limited, which is related to the Company by the shared directorship of J P Willcocks. During the period, an impairment loss of £0.1 million has been recognised through the statement of comprehensive income.

During the reporting period, the Company paid Academic Research costs of £0.1 million (30 June 2023: £0.3 million) to the University of Oxford which is related to the Company through W Becker, who is a member of the executive governing body at University of Oxford and a Director of the Company up until the AGM, when she resigned.

19. Events after the reporting period

On 1 August 2024, the Group announced an increase in the capital of the Company by placement of new ordinary shares of £0.0001 ("New Ordinary Shares"), followed by subscription from Novo Holdings A/S ("Novo Holdings"), alongside other investors. This placing and subscription of New Ordinary Shares raised total gross proceeds of £80 million (net proceeds of £78.2 million after deducting advisory fees).

A total of 41,666,667 New Ordinary Shares were subscribed by Novo Holdings A/S at a Placing Price of 120 pence per Placing Share ("Placing Price"), raising gross proceeds of £50 million. In addition and in connection with the above, a total of 25,000,000 New Ordinary Shares were placed by Citigroup Global Markets Limited ("Citi"), J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) ("J.P. Morgan Cazenove") and Joh. Berenberg, Gossler & Co. KG ("Berenberg") at the 120 pence, raising gross proceeds of approximately £30 million.

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Dr Gordon Sanghera Director	Nicholas Keher Director

INDEPENDENT REVIEW REPORT TO OXFORD NANOPORE TECHNOLOGIES PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated income statement, statement of financial position, the statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 19.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2.1, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
2 September 2024

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[1] The PromethION product range includes all PromethION devices (P2S, P2i, P24 and P48) and PromethION flow cells

[2] The MinION product range includes all MinION and GridION devices and MinION flow cells

[3] Cash, cash equivalents and other liquid investments includes cash and cash equivalents, treasury deposits and investment bonds.

[4] Early Access: Products are available to order in the main or private store. Products are subject to availability and regular changes.

[5] Cash, cash equivalents and other liquid investments includes cash and cash equivalents, treasury deposits and investment bonds.

[6] Developer access: Trial release of new innovations to a small group of developers to confirm functionality and explore early use cases. Available by request only.

[7] Cash, cash equivalents and other liquid investments includes cash and cash equivalents and investment bonds.

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