
Enabling the analysis
of anything, by anyone,
anywhere.

Annual Report
and Accounts 2023



Our vision

To enable the analysis of anything, by anyone, anywhere

Oxford Nanopore makes a novel generation of DNA/RNA sequencing technology that provides rich data, is fast, accessible and easy to use. Our goal is to disrupt the way that biological analyses are currently performed, and open up new applications that have a profound, positive impact on society.

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Rounding: Certain numerical figures included in the Annual Report have been rounded. Therefore, discrepancies in tables between totals and the sums of amounts listed may occur due to such rounding. Percentages in tables have also been rounded and accordingly may not add up to 100%.

Financial highlights

Total revenue

£169.7m

(FY22: £198.6m, which includes £51.8m of non-recurring COVID testing revenue)

LSRT revenue

£169.7m

(FY22: £146.8m)

LSRT gross margin

53.3%

(FY22: 56.3%)

Gross profit

£90.5m

(FY22: £123.8m)

Adjusted EBITDA

£(104.9)m

(FY22: £(78.6)m)

Loss for the year

£(154.5)m

(FY22: £(91.0)m)

Cash, cash equivalents and other liquid investments¹

£472.1m

(31 December 22: £558.0m)

1. Cash, cash equivalents and other liquid investments includes cash and cash equivalents, treasury deposits and investment bonds.

[Read more on page 40](#)

Business highlights

- Delivered a net increase of more than 750 active customer accounts in the year, taking total active accounts in 2023 to more than 7,600
- Execution of 2023 innovation goals including higher accuracy chemistry, PromethION 2 (P2) Solo launch, direct RNA upgrades, basecalling acceleration and expansion of our informatics products, further differentiating our platform and broadening demand for our technology
- Approximately 2,800 peer-reviewed research papers published by Oxford Nanopore customers in 2023, showcasing breakthrough research across cancer, human genetics and infectious disease and demonstrating continued opportunity for growth in the genomics research market
- New strategic collaborations added to develop and access new growth markets in clinical and industrial applications, including collaborations with the Mayo Clinic to advance research in cancer and bioMérieux to develop products that serve the infectious disease diagnostics market
- Strategic investment from bioMérieux, strengthens existing collaboration, which is accelerating expansion of Oxford Nanopore's technology into infectious disease diagnostics
- Expansion of commercial teams, including strategic leadership hires to increase traction in key markets across the Americas, EMEA and APAC. Commercial infrastructure is capable of supporting the Group's development over the coming years to drive long-term sustainable growth

[Read more on page 14](#)

Who we are

Oxford Nanopore Technologies' goal is to enable the analysis of anything, by anyone, anywhere. The Company has developed a new generation of nanopore-based sensing technology that is currently used for real-time, accurate, accessible, and scalable analysis of DNA and RNA.

Our purpose

By enabling biological insights, we strive to improve life on earth and beyond

Our mission

We empower people to explore and answer biological questions with our transformative technology platform

Our technology



Life science research tools (LSRT) market

Sequence data is used throughout scientific research, whether in university, government, or industrial research groups, to help biologists answer a range of questions. The majority of users of Oxford Nanopore's sequencing technology are currently research scientists, working to understand fundamental science or to develop methods to utilise genomic data in broader environments such as clinical and industrial.

[Read more on page 6](#)



Clinical and applied industrial markets

Outside scientific research, DNA/RNA information can be used to support 'real life' decision making, whether that is in healthcare, industrial or other environments. Our goal is to open up new applications that have a profound, positive impact on society, by providing a new generation of accessible technology. This market represents a significant future additional customer base and revenue in the medium to long-term.

[Read more on page 6](#)

Applications of our technology

Life science research: understanding the biology of any organism



As a foundation for emerging real-world impact



Global commercial footprint

- Customers
- Distributors
- Offices or labs

Global offices

12

Distributors

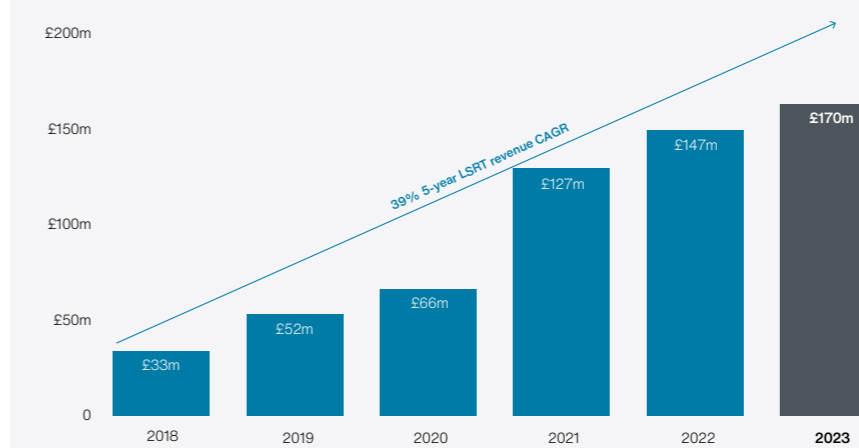
22

Commercial team

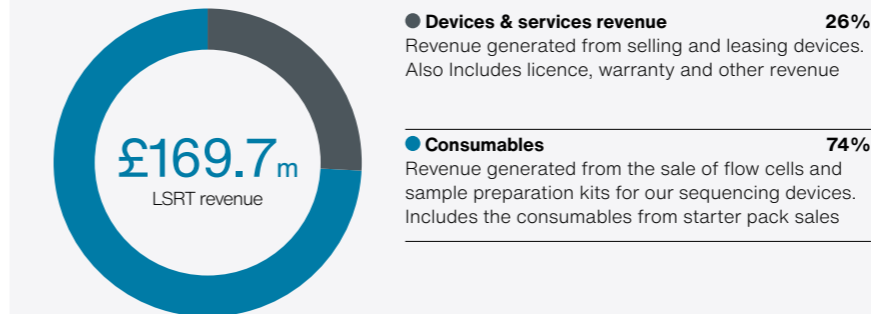
416



LSRT revenue performance



LSRT revenue breakdown



Key facts

Founded

2005

Employees

>1,200

Active customers¹

>7,600

Countries served

>125

Publications²

>11,000

Active patents

>2,500

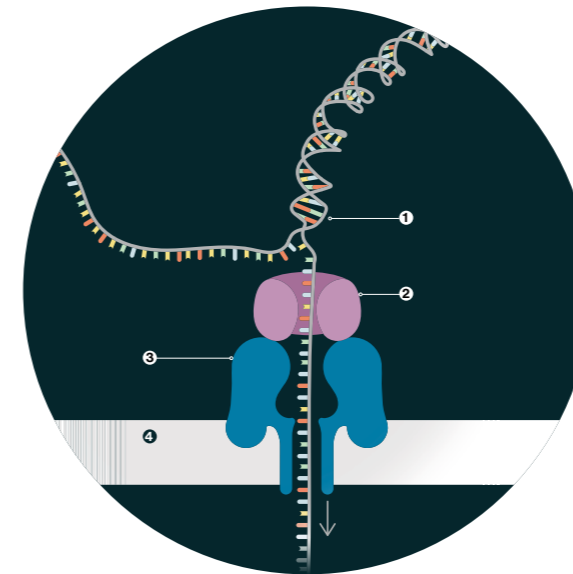
1. Active customer accounts in 2023.
2. Reported on a cumulative basis - see page 39.



Nanopore sequencing

Oxford Nanopore has innovated and brought to market a nanopore-based sensing platform. The first application is DNA/RNA sequencing. The novel features of the technology means that it provides richer data, faster, and more accessibly and affordably than legacy technologies. We have developed a new generation of sensing technology that uses nanopores – nano-scale holes – embedded in high-tech electronics, capable of real-time, scalable analysis of different types of molecules. Our first application is DNA/RNA sequencing but the platform can be adapted, to analyse other types of molecules in the future, for example, proteins or small molecules.

A unique combination of benefits meets unmet customer needs in genomics, setting a higher standard and higher expectations in genomics.



[Watch our video](#)
explaining the process

How it works

All Oxford Nanopore sequencing devices use flow cells which contain an array of tiny holes – nanopores – embedded in an electro-resistant membrane. Each nanopore corresponds to its own electrode connected to a channel and sensor chip, which measures the electric current that flows through the nanopore.

1. The nanopore processes the length of the DNA or RNA fragment presented to it. The user can control fragment length through the library preparation protocol utilised, enabling experiments to characterise anything from ultra-long fragments of DNA to short fragments originating from cell-free DNA in blood.
2. An enzyme motor controls the speed at which the DNA or RNA strand passes through the nanopore. Once the DNA or RNA has passed through, the motor protein detaches and the nanopore is ready to accept the next fragment.
3. Nanopore reader – when a molecule passes through the nanopore, the current is disrupted. Fluctuations in the current are decoded using basecalling algorithms to determine the DNA or RNA sequence in real time.
4. An electrically resistant membrane means all current must pass through the nanopore.

Features of nanopore sequencing

- Sequence any length fragment from short to ultra-long
- Direct/native DNA/RNA sequencing
- Real-time, fast data generation
- Scalable formats from small handheld to ultra-high output devices
- Cost effective. No capital requirements
- Plug-and-play easy-to-use solutions

Benefits

- Richer insights**
Highly accurate genomic data captures more types of generic variation
- Faster results**
From near sample, real-time workflows that don't require batching
- Accessible and affordable**
With scalability that enables more use cases

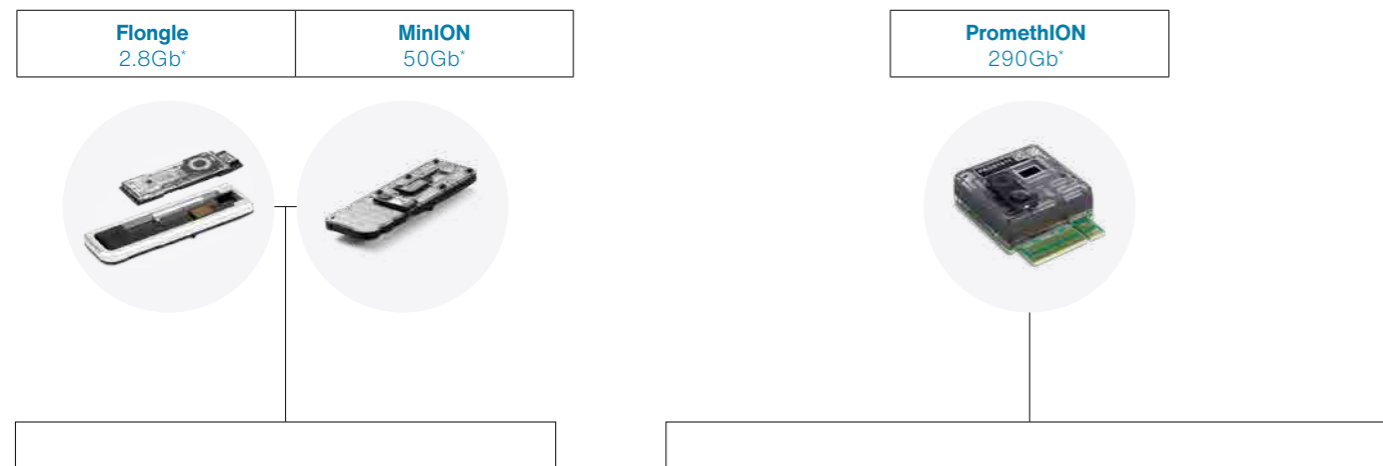
Our products and customers

One core technology at any scale

Our nanopore-based sequencing chemistry is integrated into consumable flow cells which include arrays ranging from tens to thousands of electronic sensing channels. Users may deploy a range of different devices with these flow cells, which are designed to support any level of sequencing experiment, from go-anywhere, on-demand small analyses to ultra-high output projects, such as human population-scale sequencing. All devices can run the same nanopore-based sequencing chemistries, enabling users to scale their applications according to their needs.

Our products

Flow cells



Devices

MinION 50Gb*	MinION Mk 1D 50Gb* Launching in 2024	GridION 250Gb*	PromethION 2 Solo 580Gb*	PromethION 2 580Gb*	PromethION 24 7Tb*	PromethION 48 14Tb*
Truly portable, real-time devices for DNA and RNA sequencing		Compact benchtop device	Flexible, high-output nanopore sequencing for every lab		Flexible, large-scale, direct DNA and RNA sequencing	

* Output per device refers to the theoretical maximum output.

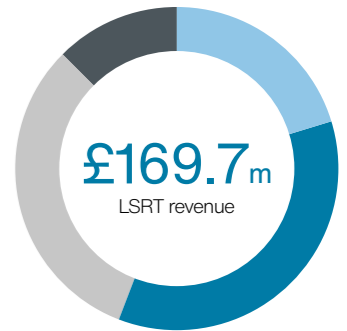
Overview

We categorise customers into three groups to ensure efficient but effective commercial attention is given to different types of customer throughout the sales pipeline, to close new business and provide ongoing support for customer success. The three customer groups are fluid and movement between customer groups is possible.

In addition to the S1, S2 and S3 customer groups we have indirect sales that come through our distributors. At 31 December 2023 we had a total of 22 distributors.

LSRT revenue by customer group

S1	£29.4m
S2	£62.3m
S3	£55.3m
Indirect	£22.6m



Our customers



S3 Multi-installation customers
>\$250,000¹

S3 typical customer profile: These customers are typically PromethION users, with larger, complex or often national projects. They are predominantly larger organisations, including universities, commercial sequencing service providers, and major production labs with medium to high-level usage. A key part of this market is large-scale human genomics, where thousands of samples are sequenced for novel insights at scale.

S3 customer numbers

85
S3 average revenue per account (excluding EGP)
~\$641,900

1. Annual revenue per account.

S2 Expanding everyday sequencing
\$25,000 to \$250,000¹

S2 typical customer profile: Typically research teams or smaller departments in university, government or industrial research settings. These accounts may not have access to large capital budgets but wish to control their sequencing experiments, having previously sent samples out to service providers.

S2 customer numbers

1,210
S2 average revenue per account
~\$64,000

S1 Genomic explorers
<\$25,000¹

S1 typical customer profile: These users purchase personal, accessible products such as MinION and more recently P2. They tend to purchase our technology, using our digital resources and e-commerce platform and are key to providing new insights into biology.

S1 customer numbers

6,298
S1 average revenue per account
~\$5,800



1. Significant, growing market opportunity

The global DNA sequencing equipment and consumables market is worth \$6.2 billion and is expected to continue growing in the low double digits, driven by increased research funding and adoption of the technology into clinical and industrial markets. In addition, the broader life sciences market, of which sequencing is one part, has opportunities for disruption.

We believe that in the long term, as well as furthering scientific research, future clinical and applied market opportunities will be enabled by our single platform offering rapid insights, scalable formats and comprehensive biological information. These potential total addressable markets are expected to grow significantly, to tens of billions of US Dollars. Beyond DNA/RNA analysis, longer term opportunities include nanopore-based analysis of other types of molecules including proteins and small molecules.

It is our belief that our highly differentiated technology can not only penetrate these markets, but reshape and expand them as well as create entirely new markets.

>\$150_{bn}
long-term market potential

[Read more on page 20](#)

2. Purpose-driven, high-impact business

Our purpose is to improve life on earth and beyond by enabling biological insights. Accessibility is central to our business, from product and pricing design to logistics and how we serve our customers. We have broken down historically high barriers to entry with our low-cost starter pack model, plug-and-play scalable devices and digital ecosystem, to broaden access to genomics.

Scientists use our products in more than 125 countries to address some of the most pressing biological issues of the day, including sustainable agriculture, biodiversity and studying the effects of climate change on oceans and glaciers. Our technology has the potential to provide a broad positive impact in diverse areas including human healthcare, in areas such as cancer, neurology, genetic disease and transplantation.

>11,000
scientific publications

[Read more on page 39](#)

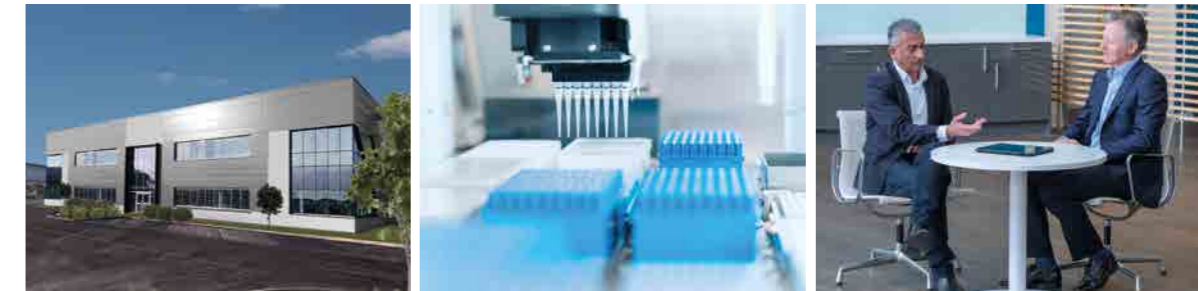
3. Disruptive technology platform

Our electronics-based molecular sensing platform offers several advantages over existing technologies: richer, multi-omic data, rapid insights and accessibility and affordability. These benefits derive from the platform's novel range of features including short to ultra-long reads, direct, native DNA/RNA sequencing, real-time, fast data generation, scalable formats, cost effective, with no capital requirements and plug-and-play easy to use solutions.

We retain our competitive advantage through constant innovation to drive product improvement and the development of new technologies. Innovation is protected by our intellectual property portfolio, which comprises more than 2,500 active patents across more than 350 patent families, reflecting clear technology leadership in our field.

>2,500
active patents

[Read more on page 22](#)



4. Infrastructure built to scale

We have built a diversified global supply chain and significantly invested in manufacturing specific innovation and infrastructure, allowing us to scale rapidly across geographies to meet volume growth.

In 2019, we opened a high-tech manufacturing facility in the UK designed to scale production capacity. This has enabled a tenfold increase in capacity since 2016. The manufacturing process has been designed to allow incremental, rapid scale-up, with low capital and personnel cost to match our growth trajectory.

We continue to focus on building a best-in-class, resilient supply chain, optimising manufacturing processes through innovation to enable long-term growth and drive margin expansion.

>60,000_{sq ft}
manufacturing space

[Read more on page 28](#)

5. Track record of strong, resilient growth

We have a track record of consistently delivering robust underlying revenue growth, underpinned by our unique commercial model and diverse customer base, with >7,600 active accounts in 2023. We continue to see strong revenue growth across all LSRT customers. In the period from FY20 to FY23 S1, S2, S3 and indirect revenue grew at a CAGR of 16%, 38%, 46% and 61% respectively.

The business is strongly capitalised, with £472.1 million of cash, cash equivalents and other liquid investments at 31 December 2023.

The balance sheet supports continued, strategic and disciplined investment in innovation to fuel growth, with adequate resources to implement our business plan to and through adjusted EBITDA breakeven in 2027 and deliver on the significant growth opportunity in front of us.

We continue to see strong momentum across the business long-term, with growing demand for our technology platform and its unique combination of features.

37%
3-year LSRT revenue CAGR

[Read more on page 40](#)

6. Experienced, global team

The executive team, led by Dr Gordon Sanghera, CEO, has extensive experience in the development, manufacturing and commercialisation of disruptive technologies including DNA sequencing. We have invested in the core functions needed to scale production and distribution of our technology from innovation to sales, contracts to production.

Since IPO we have more than doubled our commercial teams, including strategic leadership hires to increase traction in key markets across the Americas, EMEA and APAC. Commercial infrastructure is now capable of supporting the Group's development over the coming years to drive long-term sustainable growth.

Our global team of >1,200 employees have diverse and complementary backgrounds, including electronics, chemistry, biology, and data science. Focusing on a clearly defined set of core values, the workforce is aligned on the delivery of high-impact technology to the greatest range of users and to the rapid, sustainable growth of the business.

100+
combined years' experience of Executive Directors

[Read more on page 94](#)

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Strategic report

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Chair's statement



2023 has been a year of exciting science and strong innovation alongside continued revenue growth.”



Overview

I am pleased to introduce our 2023 Annual Report. This year marks my second as Chair of Oxford Nanopore and it has been an exciting period in the company's lifecycle to serve in this capacity. Since our Initial Public Offering (IPO) two years ago, we have demonstrated determination, resilience and adaptation to supply chain constraints and other complex market conditions, achieving 39% underlying growth* in the last year. The Group delivered total revenue of £169.7 million compared to £198.6 million in 2022, which included £51.8 million from COVID Testing (2023: £nil). We have also enhanced our platform, improving performance, expanding our end-to-end workflows and continuing to democratise access to high output applications with the PromethION 2 (P2) Solo product rollout, leasing or selling more than 700 P2 Solo's in FY23. These have supported and expanded our customer base, now exceeding 7,600 active accounts as of 31 December 2023 and helped facilitate groundbreaking science worldwide that has reshaped the market. Whilst we are pleased with our trajectory, we recognise that we must continue to accelerate growth and drive towards profitability in the medium term.

In October, we hosted our first Capital Markets Day. This was an important milestone during which the leadership team announced plans to build upon our foundational commitment to deliver exceptional value in the Life Science Research Tools sector by expanding our long-term focus to address unmet needs within clinical and applied markets. In the last year, we announced several significant partnerships to support this focus, and we are well on our way to creating new markets for sequencing within these sectors. Our partnership with bioMérieux SA, a world leader in the field of in vitro diagnostics (IVD), will support the successful development and deployment of products in our portfolio that serve IVD infectious disease markets. Meanwhile, a joint development collaboration with the Mayo Clinic in the US will integrate nanopore sequencing in the Mayo Clinic's labs to help develop new clinical tests for human diseases such as cancer. I am encouraged by the positive early response we have seen from the clinical and applied markets, and I believe the opportunity is ours to capture significant value.

2023 marked our second full year as a public company, and I would like to congratulate Gordon and the rest of the leadership team's success in leading the Group through its second full year following the IPO in challenging capital market conditions and at a time when innovation, operations and commercial strategies must be balanced skillfully. In the past year, I have spoken with several of our largest institutional shareholders, who remain supportive of our mission and are excited about our future possibilities. I look forward to the continued engagement in 2024 and beyond.

Financial performance

The Group delivered LSRT revenue of £169.7million, growth of 15.6% on year-on-year and up 15.3% on a constant currency basis. Underlying LSRT revenue, excluding revenue from COVID-19 sequencing and revenue from the Emirati Genome Program (EGP), was up 39% on a constant currency basis.

This robust revenue performance against a complex economic environment reflects the continued increase in global demand for Oxford Nanopore's technology across many different areas of scientific research.

LSRT gross margin was 53.3% for FY23, representing a decline of 300 basis points in the period, reflecting i) the adverse performance of the EGP, ii) the write off of legacy devices, and also iii) the write off of excess COVID sequencing kits.

Excluding these impacts, we were pleased to see continued expansion of underlying gross margin, which was 58.8% in FY23, up 250 basis points in the period, driven by automation, improvements in manufacturing techniques and the recycling of electronic components in our hardware and consumables.

Corporate governance

The Board believes that robust corporate governance is critical to the long-term, sustainable performance and growth of our business. In 2023, we maintained full compliance with the UK Corporate Governance Code.

We are committed to diversity, in its widest sense, both at Board level and throughout the company. Last year, we made progress towards fulfilling our target to reach 40% female representation on the Board by welcoming Kate Priestman, Dr Sarah Fortune and Dr Heather Preston as Non-Executive Directors to the Board, who bring diversity of experience, nationality, technical expertise and strategic experience. Their appointments to the Board bring our gender diversity to more than 33% as at 31 December 2023. In 2024, we expect to continue evolving the board and making progress towards our target.

We were also delighted to welcome Nick Keher as Chief Financial Officer and Director in January 2024. Nick succeeds Tim Cowper, who moved into a new role as Chief Operating Officer after having performed both the role of Chief Financial Officer and fulfilling most of the responsibilities typically assigned to a Chief Operating Officer for the past five years.

The Board and I would also like to express our thanks to Sarah Gordon Wild and Clive Brown for their outstanding support and contribution during their nine-year and five-year tenure, respectively. Clive remains in his role as Chief Technology, Innovation and Product Officer and also continues to serve on the Company's Operating Committee.

As previously disclosed, Wendy Becker, Tim Cowper and Dr Spike Willcocks will not stand for re-election at the 2024 AGM. Spike and Tim will remain in their operational leadership roles at Oxford Nanopore: Spike as Chief Strategy Officer, and Tim as Chief Operating Officer. Each will also continue to serve on the Company's Operating Committee.

Measuring our sustainable impact

A commitment to sustainable impact is core to Oxford Nanopore's mission. Last year, we formalised that commitment by introducing a new sustainability strategy – product, planet, people – that encapsulates the consistency of our wider business strategy and supports our commitments to progress initiatives across environmental, social, and governance (ESG). We also published our first-ever Sustainability Report to showcase the impact of our technology and the customers who use it, while also committing to build on that progress in the year ahead.

Human health, climate change and food security are defining issues of our time that Oxford Nanopore can positively impact. We are adapting to, and mitigating against, climate change risks and impacts, through commitments to improved efficiencies throughout Oxford Nanopore's operations, including in our products, facilities and value chain. Our products are already designed to minimise packaging and waste, to dramatically reduce dependencies on cold-chain shipping and to include recycling of key components into our business processes.

This year we are building on that commitment by publishing our Net Zero Transition plan, including the targets we have set to ensure progress is being made to rapidly contain global warming to 1.5°C. You can find more details about our net zero plan on page 63, in addition to our findings against the Task Force on Climate-related Financial Disclosures (TCFD) framework. This includes an overview of our carbon risks and opportunities. We look forward to publishing our second detailed Sustainability Report in the first half of the year.

Duncan Tatton-Brown

Chair

18 March 2024

* Underlying revenue excludes revenue from COVID sequencing and revenue from the Group's largest customer (the EGP).

Chief Executive Officer's statement

It has been a defining year for Oxford Nanopore – our second as a listed company and eighteenth in operation.



In 2023 our technology was used by more customers than ever before, supporting groundbreaking research in multiple areas including cancer, human genetics and infectious disease. Our platform provides these customers with a unique set of features, producing richer data more quickly and at unparalleled accessibility. Our strong innovation pipeline will continue to drive our platform today and uncover the platform of the future.”

Last year marked our second as a listed company, and 10 years since we launched the MinION. Since our IPO two years ago, we have delivered strong, resilient growth and expanded our customer base to more than 7,600 active accounts by 31 December 2023. Last year marked a further milestone for Oxford Nanopore as we detailed our medium-to-long-term strategy at our first Capital Markets Day, designed to address unmet needs in clinical and applied markets, building on our commitment to deliver value in the Life Science Research Tools (LSRT) sector for the short-to-long term.

Today, the majority of our customers are engaged in research, which is foundational for the emerging translational and future clinical and applied uses of our technology. The pace of innovation on our platform – and developments in system performance, including accuracy and data output – continue to support our impact across a variety of research sectors such as human genetics, cancer research, infectious disease, applied industrial, plant and animal biology, food and more. The thriving community of scientists who are using our technology understand that “what you’re missing matters” in sequencing, as they leveraged the richer insights and capabilities unique to nanopore sequencing. We are proud to enable them to perform breakthrough science such as native DNA and RNA sequencing, including methylation detection in every experiment without the need for additional steps, all of which is now possible at speeds faster than any other sequencing device. These scientists published 2,800 peer-reviewed papers in 2023 alone, showcasing the versatility and value of our technology across a spectrum of fields. This brings the total number of nanopore-based publications to more than 11,000, a testament to the robust and engaged nanopore community and the transformative potential of this technology.

Clinical and applied industrial customers are now building on these scientific discoveries and are developing emerging applications that have the potential to drive broad value across health and industrial markets. Our early partnerships have highlighted the benefits of our platform to serve a variety of applied contexts, including richer insights, and real-time results in an accessible and affordable form factor. Our strategy in pursuing these applied markets is, in the short term, to support our translational customers at the intersection of research and clinical care or biologics



manufacturing. In the longer term, it is to enable our customers to develop novel applications, analogous to the ‘apps’ model for mobile phones, in which we share in future revenues as our partners reach commercialisation. Last year we started to realise meaningful momentum for this approach, signing on new strategic commercial partners and collaborators including bioMérieux and the Mayo Clinic, alongside our growing and vibrant customer base. The range and scope of applications being currently developed is truly remarkable, from cancer testing during surgical operations, to mRNA vaccine manufacturing.

Despite global supply chain constraints, and other challenging market conditions, we’ve continued to innovate, deliver new technologies through expanded operations and broaden our reach. Our user base, spread across more than 125 countries, demonstrates the global appeal and applicability of our technology, from traditional laboratory environments to the most remote locations on Earth. The adoption of our platform in diverse research areas—from human genetics to environmental monitoring—underscores the vital role Oxford Nanopore can play in driving forward scientific discovery and application. As we look ahead, we are inspired by the achievements of our community and dedicated to realising our bold vision to serve healthcare and industrial markets of the future.

Life Science Research Tools (LSRT) revenue

£169.7m

2023 financial performance

The Group delivered total revenue of £169.7 million (2022: £198.6 million, including £51.8 million of COVID testing revenue), a decline of 14.6% in the period, reflecting the conclusion of the Group's legacy COVID testing contract with the Department of Health and Social Care (DHSC) in 2022.

Revenue from our core LSRT business grew 15.6% in the year, 15.3% on a constant currency basis. Underlying LSRT revenue growth, excluding headwinds from the Emirati Genome Program (EGP) and COVID sequencing, totalling £19.2 million, grew 39.3% and 39.1% on a constant currency basis.

During the year our global customer base expanded from 6,839 to 7,615 active customer accounts; an increase of 11%. We saw particularly strong revenue growth in our S2 (+20%) and S3 (+19%) customer groups. S2 revenue grew by 42% and S3 by 69%, on an underlying basis.

The continued increase in the user base and utilisation of our technology is reflected in the growth of both consumables and device, licence, warranty and service revenue during the period, which grew by 11% and 30% respectively, despite an £18.0 million headwind from COVID sequencing during the period.

In EMEA we experienced robust growth, with revenue up 16% year-on-year and up 50% on an underlying basis excluding revenue from COVID sequencing and EGP. Our engagement with significant projects including the NIHR Bioresource and Genomics England's ambitious programmes underscores our strong market presence and technological leadership.

APAC revenue in 2023 was £34.1 million, a 2% decline on 2022 (£34.8 million), reflecting a £4.4 million headwind from the slowdown of COVID sequencing in 2023. APAC performance was also impacted in 2023 by the slow down in growth in China and in the Middle East following issuance of the recent US semiconductor trade rule further regulating sales of advanced AI semiconductors. Product development plans within 2024 include updates that are expected to mitigate this headwind in the second half of 2024.

In the Americas we achieved a 27% increase in revenue, with underlying growth of 48% reflecting our increased commercial infrastructure expanding influence in the region.



Building the right team for success

Our people are vital to the success of our business. The cohesion and longevity of our executive team epitomise our shared commitment. It's been a lifelong journey for all of us. The multi-disciplinary expertise of our team is one of the hallmarks of our success and in 2023, we continued to build on the diversity and breadth of the leadership talent needed to expand our commercial presence and meet our ambitious global growth goals.

In the past year, we grew our leadership team both in size and talent, strategically enhancing our capabilities to navigate our global growth trajectory. We attracted seasoned commercial leaders within the LSRT sector to support our commercial expansion in the US and globally. In the Americas, we hired Julie Collens, a formidable commercial leader in genomics, to head commercial operations. In addition, we also brought on Kathleen Barnes, an established expert in precision medicine, to join our clinical team as SVP of Population Health and Precision Medicine, a new vertical for us that will be critical to our success as we pursue this new market globally, with initial focus on the Americas. We also convened a comprehensive search for a new CFO, resulting in the appointment of Nick Keher in January 2024, replacing Tim Cowper who moved into a new role as Chief Operating Officer after performing both the role of CFO and fulfilling most of the responsibilities typically assigned to a COO for the past five years.

Finally, we brought on three prestigious new Non-Executive Directors, Kate Priestman, Dr Sarah Fortune, and Dr Heather Preston, with expertise in human genetics, infectious disease and company building, all of whom will support our ambitious growth in complementary ways. Post year-end, we also announced the retirement of Dr James ("Spike") Willcocks, Clive Brown, and Tim Cowper from the Board as part of normal Board evolution and in line with best practice governance. As part of our commitment to board diversity, this evolution will support our progress towards fulfilling our goal of reaching 40% female Board representation. Following the AGM in June 2024, the Board will include two executive Directors and seven Non-Executive Directors, three of whom are women. Beyond our leadership team, we supported our rapid growth in 2023 through significant investments in our global organisation. Total headcount reached 1,238 (FTE) at the end of the year, up 22.7% from the prior year end.

Improved onboarding and talent development through initiatives such as leadership training, mentoring programmes, six-sigma programmes in production and operations, and challenger sales training for our commercial teams have helped to ensure that we are building a solid foundation for the future.



Delivering high accuracy, addressing new market needs

Our relentless pursuit of innovation led to significant advancements in our kit 14 chemistry and basecalling in 2023, setting new standards to become among the most accurate sequencing platforms on the market. Last year we announced further platform improvements to provide another step in DNA/RNA sequencing performance to drive scientific research, as well as springboard into clinical and applied markets seeking richer data, fast turnaround and accessible and affordable sequencing technology.

With the rollout out of Q20+ chemistry achieving completion, our innovation teams are preparing for their next breakthrough performance in DNA/RNA nanopore sequencing. At our NCM conference the team demonstrated raw read DNA sequencing accuracy – reaching a record of Q28 (99.8%) in simplex single molecule accuracy – powered by machine learning-guided enzyme engineering and improved models. The longest Q30 (99.9%) read in the dataset was 1.1 Megabases. The team also detailed a novel method to overcome errors in homopolymer regions that, when combined with other platform updates, pushed human consensus accuracy up to approximately Q50 and indel f1 accuracy to 99%. Throughout the year, customers joined us at various community events to showcase how comprehensive mapping of the human genome, telomere-to-telomere (T2T), is now possible using only nanopore sequencing, having previously been assembled with multiple sequencing technologies.

In response to increasing demand for RNA sequencing, we announced additional platform improvements in direct RNA to support the emergence of RNA-based therapies, introducing a new flow cell and kit for direct RNA sequencing that increased accuracy and output. Since the launch of this flow cell at London Calling, it is already enabling significant advancements in the RNA research market alongside novel applications of direct single molecule sensing such as mRNA vaccine research.

With our platform consistently performing at a high level, our focus has now shifted towards refining end-to-end workflows, a testament to our commitment to addressing the evolving needs of growing customer base alongside newer applied and clinical market customers.

We announced several partnerships with tertiary analysis providers for comprehensive interpretation of nanopore sequencing to support the push-button analysis of nanopore sequencing data and enable end-to-end workflows. We believe this will significantly help drive adoption, in particular by those customers new to running their own sequencing systems.

We also announced Project TurBOT, our benchtop solution 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 enable users to perform a hands-free, simplified workflow from raw sample to analysis through an intuitive interface, eliminating manual interventions and enhancing efficiency, reducing errors, and significantly accelerating the workflow. This will not only increase throughput but also ensure reproducible and reliable results, as well as expand the appeal to particular customer types in need of rapid, easy, sample-to-answer systems.

Finally, we established dedicated teams for regulated product development to deliver our 'Q line' platform that will accelerate nanopore sequencing adoption in regulated applied markets such as clinical labs and biopharma QC/QA labs. These products will be released throughout 2024.



In 2023 we delivered breakthroughs in our platform performance, achieving record accuracy, expanded end-to-end workflows and increased access to high output applications with the P2 product rollout, with more than 700 P2 Solos sold or leased through starter packs in the year."

Breakthrough community science highlights the evolution from bench to bedside

In 2023, we saw further growth in foundational research in human genetics, cancer research and infectious disease, alongside 'translational' method development to take research discoveries from the bench into distributed applied testing markets.

Our thesis continues to be that the benefits of the nanopore platform – real-time, fast, information-rich, affordable and accessible sequencing – will address unmet needs in healthcare as well as industrial sectors such as agriculture, food and environmental applications.

Human genetics: In September, the NIH Centre for Alzheimer's and Related Dementias (CARD) showcased a pioneering nanopore-based sequencing approach in *Nature*, with comprehensive, high accuracy in SNP, structural variant, and methylation calls. Notably, this method proved to be both cost-effective and scalable for extensive projects, making a significant stride in large-scale, native DNA sequencing.

The protocol is being used to sequence thousands of human genomes as part of the NIH CARD initiative, which aims to unravel the mysteries underlying Alzheimer's disease and related dementias. Its emphasis on base modification analysis reveals high concordance in methylation calls, offering reliable, haplotype-resolved methylation data during the standard sequencing run itself, without the need for a separate process.

Cancer: Characterisation of cell-free DNA (cfDNA) is an emerging approach for identifying many diseases. In May, a team from Stanford University published research focusing on methylation profiling of cell-free DNA and its potential for monitoring cancer during treatment. They chose nanopore sequencing because of its ability to detect methylation directly. The approach involved single-molecule sequencing to profile the methylomes of cell-free DNA samples collected from patients with cancer. For one sample, the technique generated as many as 200 million reads, which the scientists note was "an order of magnitude improvement over existing nanopore sequencing methods." Such an analysis could also be useful in drug discovery efforts focused on methylation biomarkers, as well as in drug development where noninvasive sample collection can be important to maximise data gathered in a clinical trial.

Researchers also applied nanopore-based sequencing toward Personalised Oncogenomics to show the potential for nanopore-based sequencing to resolve complexities in the cancer genome, supporting more effective strategies for personalised treatment and care. At our London Calling conference in May, Dr Janessa Laskin at the University of British Columbia in Vancouver spoke about how her team is using nanopore sequencing to integrate whole-genome and transcriptome analysis into the clinical care of people with advanced cancers in British Columbia. Her team recently published a preprint highlighting the results of a study showing how nanopore sequencing is addressing limitations noted with traditional short-read methods.

Infectious disease: Nanopore-based sequencing, which can be used to measure long or short fragments of DNA or RNA as needed, can also produce data very quickly. In a pilot project at the Guy's and St. Thomas' Hospital NHS Foundation Trust in London, a clinical laboratory team evaluated nanopore sequencing to support a rapid respiratory metagenomics workflow. They tested nearly 130 samples from more than 85 individuals with lower respiratory infections, setting detection thresholds equivalent to culture-based testing to avoid reporting microbes that were unlikely to be clinically relevant. For most samples, results were reported to the clinical care team on the same day the sample was collected. Interestingly, nearly half of the results led to shifts in antimicrobial selection (in some cases escalating and in others de-escalating the initial treatment choice). Several unexpected organisms and cases of co-infections were reported; these would not have been found with conventional tests. The results highlighted the value of metagenomic testing in ICU settings – a process uniquely suited for the features of the nanopore platform.

mRNA manufacturing QC: Beyond clinical applications, research published this year from the University of Queensland demonstrated the utility of nanopore sequencing in biomanufacturing contexts, harnessing the latest platform improvements to analyse mRNA vaccines and therapies. The researchers showed how nanopore sequencing can accurately assess the quality of mRNA vaccines and therapies by directly analysing each individual mRNA vaccine molecule as it passes through a protein nanopore, providing a real-time measurement of the mRNA sequence identity and integrity. Researchers noted that approach could also provide a useful research tool to better understand how mRNA vaccines work by studying how they behave within cells. Crucially, the impact of this technology could result in the real-time analysis of mRNA vaccines during production, providing testing within hours of mRNA manufacture so quality control issues could be quickly detected. Such rapid analysis is critical during the rapid manufacture of mRNA vaccines needed during a pandemic – or to support the future development of personalised therapies.

Embracing clinical and applied markets

This year marked a strategic expansion towards clinical and applied markets (>\$150 billion in 2032), building on our strong foundation in Life Sciences Research Tools (a market valued at \$6.2 billion). Our ongoing product development efforts, particularly with Q-Line, alongside the expansion of our regulatory team, further underscore our commitment to meeting the evolving needs of clinical and applied customers.

On the morning of our first-ever Capital Market Day in October we announced two significant developments that demonstrated our readiness to capture the vast opportunities in these emerging sectors. bioMérieux SA, a world leader in the field of in vitro diagnostics (IVD), announced a strategic investment in Oxford Nanopore to support development for infectious disease testing products in our portfolio that serve IVD markets in conjunction with bioMérieux's commitment to advancing global public health. Through this partnership and investment, the two companies intend to leverage our groundbreaking IVD solution and bioMérieux's IVD expertise in R&D, regulatory, medical, and market access.

Meanwhile, a joint development collaboration with the Mayo Clinic in the US involves integrating nanopore sequencing in the Mayo's labs to help develop new clinical tests for human diseases, starting with breast cancer. Also in cancer, we signed an agreement with Swiss company 4bases to permit them to employ nanopore sequencing devices with 4bases kits per their self-certification to support rapid, high-accuracy analyses in human and cancer genetics in Italy and Switzerland, with a first target of same-day BRCA1 and BRCA2 analysis.

In the applied markets, we announced a partnership with BASE to use the latest and improved nanopore-based sequencing technology to optimise performance and reduce the time needed to measure mRNA vaccine quality attributes. Researchers at the University of Queensland have developed a faster way to put mRNA vaccines through quality control testing using nanopore technology. The BASE team at UQ's Australian Institute for Bioengineering and Nanotechnology is recognised as the biggest supplier of research-use mRNA in Australia. In September, they showcased a new protocol in *Nature* to expedite the quality control processes, enabling rapid detection of issues during manufacturing, which is particularly useful in pandemic scenarios. We also signed a collaboration with Pathoquest to co-develop the first sequencing-based QC test solutions targeting the biopharma genetic characterisation and safety market.

Outlook

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. We also remain mindful of end-market conditions, with sales cycles lengthening at the same time as we have expanded our commercial and operational infrastructure to support future growth. These factors have led us to revise our forecast for achieving adjusted EBITDA breakeven to the end of 2027 as we continue to focus on delivering against the huge commercial opportunity ahead of us.

Over the long-term we see significant opportunities ahead, reflected both in the progress we have made in the current research market and in the preparations that we are making to address many potential uses for our technology in applied markets, from infectious disease to agricultural optimisation. We have established our platforms globally and our long-term strategy is to enable our customers to develop novel applications, analogous to the 'apps' model for mobile phones. Enabling our customers to develop on the platform will propel us toward a world of real-time, distributed access to DNA/RNA information. As we begin to understand and measure the biological world around us and use that information to make decisions with positive impacts from health to the environment, we are on the cusp of creating the 'Internet of Living Things'.

Dr Gordon Sanghera
Chief Executive Officer
18 March 2024



We continue to build on our strengths in the genomics research market, supporting a 39% increase in underlying revenues, and I am pleased with the progress we are making in emerging clinical and applied industrial markets, with significant new strategic collaborations signed and poised to deliver.”

Glossary

AGM – Annual General Meeting

APAC – Asia Pacific region

CARD – Centre for Alzheimer's and Related Dementias

cfDNA – cell-free DNA

CFO – Chief Financial Officer

COO – Chief Operating Officer

DNA – Deoxyribonucleic acid

EGP – Emirati Genome project

FTE – Full-time equivalent

EMEAI – Europe, the Middle East, Africa, and India.

ICU – intensive care unit

IPO – initial public offering

IVD – In vitro diagnostics

LSRT – Life Science Research Tools

mRNA – Messenger Ribonucleic acid

NCM – Nanopore community meeting

QA – Quality assurance

QC – Quality control

R&D – Research & Development

RNA – Ribonucleic acid

SNP – Single-nucleotide polymorphism

SVP – Senior Vice President

T2T – Telomere-to-telomere

1 Market driver

A need to solve society's most urgent challenges

The impact

Ageing populations and environments that foster communicable diseases are creating a need to identify and characterise diseases earlier and more effectively, whether in cancer, human genetics, or infectious diseases including potential future pandemics. Climate change and habitat loss are creating crises in oceans, biodiversity, and food security. National and international strategies are forming to address these challenges, including fostering innovative solutions.

Life sciences can offer a profound contribution to solutions by using scientific insights to understand the problems and to develop solutions to them. This may include real-time surveillance of pathogens, food supply chains, environments, or in healthcare – screening programmes, integrated clinical applications or diagnostic tests. Scientific research is the foundation for development of these applications.

Our response

Oxford Nanopore provides a unique platform for research, and its formats and strategy support a continuum to clinical and applied markets.

3 Market driver

Parallel industries of AI and Silicon are driving data analysis and innovation capabilities

The impact

The dramatic developments in data analysis capabilities enable the analysis of data sets at unprecedented scale. This is enabling genomics researchers to make new discoveries across human, cancer and pathogen genomics, transcriptomics and epigenetics, as well as in plant and animal science; and to translate those discoveries into applications that may have previously been limited by sample set sizes.

Our response

Oxford Nanopore harnesses the latest industry developments in machine-learning, AI and accelerated compute to drive our innovation pipeline and deliver unparalleled compute capacity to our users.

Oxford Nanopore incorporates NVIDIA GPUs for onboard analysis of high output sequencers and pairs with new Apple silicon M chips to deliver highly distributed sequencing on MinION.

The innovation teams at Oxford Nanopore deploy the latest in machine learning guided protein engineering to accelerate R&D pipelines that deliver improved accuracy and output.

2 Market driver

Broader communities are affected. They can and will be involved in solutions

The impact

A decade ago, only a small number of well-funded research institutions were able to conduct the majority of genomics research, setting scientific agendas that could not support all communities. However, these societal challenges affect all people in all countries, and as technology becomes increasingly accessible, there is an imperative to enable broader communities to innovate. This includes enabling scientific research to be done by broader and varied researchers, not just in centralised laboratories, and in emerging economies.

Our response

Oxford Nanopore has developed an electronics-based platform that is both accessible and affordable, and available in formats that can be used in distributed networks, rather than being limited to only the best-funded locations. This has already reshaped the market and is driving the development of high-impact applications for broad communities.

4 Market driver

Customer expectations in life sciences are rising

The impact

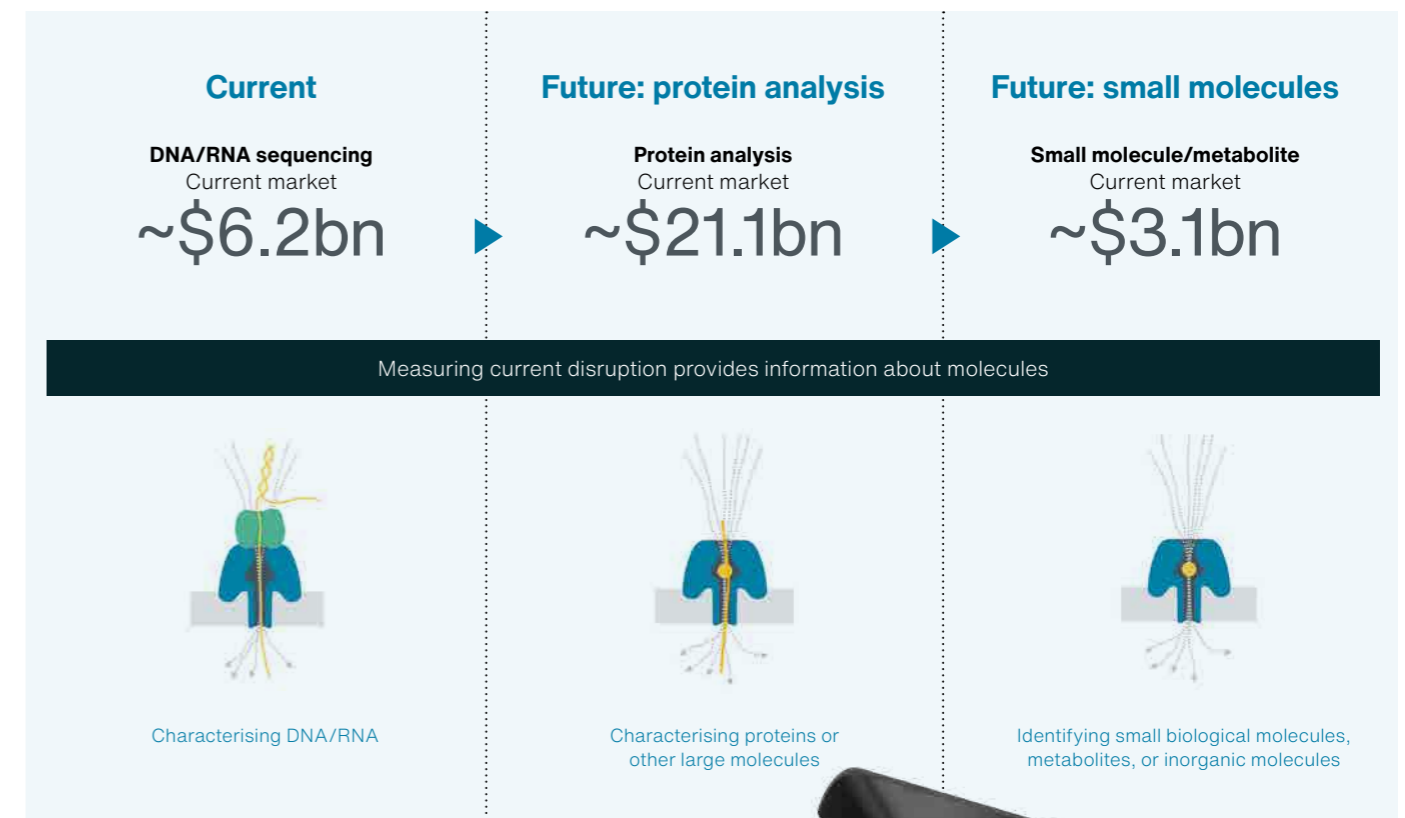
As molecular analysis technology innovation continues, customers' expectations are rising. Increasingly, scientists and programmes expect and prefer to be able to generate richer and more comprehensive data across the spectrum of omics, whether genomic, transcriptomic, or epigenetic data. Faster availability of data and generation of insights are also possible and desirable.

Our response

Oxford Nanopore is driving this trend and meeting these customer expectations with its unique combination of richer and faster data on its platform.

Current and future markets for nanopore-based sensing

Oxford Nanopore has developed an electronics-based sensing technology, based on nanopores, that is designed for the analysis of multiple types of molecule. The first application is DNA/RNA sequencing but the technology can be adapted in future for the analysis of other types of molecule including proteins, small molecules, and polymers.



Sources: DeciBio Next Generation Sequencing Market Report 2022, Proteomics Market Report by Allied Markets Research and Metabolics Global Market Report 2024.

Our market position: a true disruptor


Oxford Nanopore is changing the way that DNA and RNA information is used in scientific research, as a foundation for emerging clinical and applied industrial uses.

Oxford Nanopore offers technology that provides richer data, faster, and more accessibly and affordably. It is therefore positioned to penetrate, reshape and expand the market.

DNA/RNA sequencing: Substantial and growing market opportunity

Research

- Biomedical research
- Non-human research




\$3.1bn¹
Majority of customers today

Clinical & applied

- Clinical research
- Clinical labs, industrial


Foundation for



\$3.1bn¹
Rapidly emerging: huge potential for growth

Diagnostic & applied industrial

- More regulated









← Life Science Research Tools LSRT → ← Clinical Diagnostics and Applied →

Potential market opportunities

Oxford Nanopore is uniquely positioned to unlock long-term future potential clinical and applied market opportunities

>\$150bn by 2032

<p>▶ Clinical opportunities Eg. Human genetics, cancer, infectious diseases</p>	<p>Oncology</p>  <p>>\$100bn TAM</p>	<p>Human genetics</p>  <p>>\$18bn TAM</p>	<p>Infectious disease</p>  <p>>\$8bn TAM</p>
	<p>Vet and agriculture</p>  <p>>\$15bn TAM</p>	<p>Biopharma QC</p>  <p>>\$4bn TAM</p>	<p>Food and environment</p>  <p>>\$11bn TAM</p>

1. Source:DeciBio 2022 global DNA sequencing equipment and consumables market report.

Market opportunities

Opportunity	Oxford Nanopore value proposition/examples	Market opportunity
Current markets		
<p>Basic research in life sciences – for example the structure and function of DNA and RNA. A greater fundamental understanding of the sciences of genomics, transcriptomics and epigenetics, providing a foundation for further biological discovery.</p>	<p>Richer and more comprehensive data, including epigenetic information, are available, as a result of the ability to sequence longer fragments of native DNA/RNA. This can be scaled to any research user from small to large through a variety of platforms from small to large.</p>	<p>\$6.2 billion spent on sequencing in 2022</p>
<p>Specific research to understand in more detail the biology of specific organisms or systems; e.g., human, cancer, animal, plants, pathogens/microbiomes.</p> <p>This work is typically performed by scientific researchers in universities, government, charitable or industrial institutions.</p>	<p>Accessible and affordable technology means that richer insights can be deployed across broad areas of scientific research, from large-scale human genomics to in-field environmental analysis. This creates broad opportunities to identify future clinical and applied uses of the technology.</p>	
<p>Translational research aims to understand and pilot how omics information could positively impact outcomes in health, industry and the environment, for example by piloting and evaluating the integration of genomic insights into clinical workflows or industrial processes.</p> <p>This work may be performed in settings such as research hospitals or industrial development labs.</p>	<p>In addition to the benefits of the technology, Oxford Nanopore is providing 'locked down' versions that enable users to perform translational research and prepare for more routine future clinical and applied uses, with onwards pathways to regulated markets.</p>	



Opportunity	Oxford Nanopore value proposition/examples	Market opportunity
Emerging markets: Oxford Nanopore is in the foothills of entering clinical and applied markets		
Clinical		
<p>Cancer: Cancer is identified too late; rapid, information-rich, near-patient insights promise improvement in care whether tumour sequencing or liquid biopsy for cancer detection and characterization, whether early or during treatment.</p> <p>Early detection is a key feature of many national cancer strategies.</p>	<p>Richer insights: highly accurate genomic data capture more types of genetic variation. In particular, methylation data provided in real time and at no extra cost on the nanopore platform, are of interest in cancer detection and characterisation. Faster insights hold potential for earlier intervention, and accessibility and affordability support a future of near-patient technology for speed and to reduce health disparities.</p>	<p>>\$100 billion TAM in 2032</p>
<p>Human genetics: Patients with genetic disease typically experience a long diagnostic odyssey. Richer insights than traditional short reads, delivered rapidly and near the patient, promise improved care for more people.</p>	<p>Richer insights, delivered faster and accessibly and affordably, have the potential to improve multiple human genetics applications, for example tissue typing for transplantation or the characterisation of human genetic disease, experienced by millions of people worldwide.</p>	<p>>\$18 billion TAM in 2032</p>
<p>Infectious disease: Antimicrobial resistance is rising and emerging infections threaten public health.</p> <p>Rapid, distributed insights offer new standards of care and pandemic preparedness at national and international levels.</p>	<p>Richer insights, delivered faster and accessibly and affordably, have the potential to provide rapid pathogen surveillance in broad systems such as healthcare and agriculture, as well as rapid diagnostic and characterisation of pathogens such as Tuberculosis, where drug resistance is an urgent challenge.</p>	<p>>\$8 billion TAM in 2032</p>
Applied markets		
<p>The McKinsey BioReport 2020 notes that there is an expected \$1 trillion direct economic impact from biological technologies on Agricultural, Food, and consumer products and services 2030-2040.</p>		
<p>Vet and Agriculture: Across multiple industries, omic data has utility to generate valued insights. These include: Livestock and companion animal Veterinary, Breeding, and Crop pathogen protection.</p>	<p>Similar to human health, information-rich data, provided quickly and accessibly have the potential to support productivity and safety in Veterinary environments. Example test: PRRS virus detection in distributed veterinary diagnostic labs.</p>	<p>>\$15 billion TAM in 2032</p>
<p>Biopharma QC: Life sciences industries that are researching and developing solutions, such as therapeutics or vaccines, are driven by the ability to understand biology in R&D and production of their products. These may include: Cell Line Authentication & Characterisation, Vector and construct characterisation and QC and Biomanufacturing Safety Testing.</p>	<p>Richer insights, delivered faster and accessibly and affordably, have the potential to improve efficiency of outcomes of life sciences development processes by identifying problems early, or enabling dynamic iteration. Example: Oxford Nanopore is collaborating with Lonza to develop a Current Good Manufacturing Practice (cGMP) validated test to enable advanced and innovative analysis for multiple critical quality attributes of mRNA products.</p>	<p>>\$4 billion TAM in 2032</p>
<p>Food and environment testing: Food and environmental supply chains and systems benefit from rapid, biological insights in order to drive efficiency and safety. These include: Food Safety Testing, Food Authenticity Testing, Food Spoilage, Wastewater testing, eDNA biodiversity assessment.</p>	<p>Richer insights, delivered faster and accessibly and affordably, have the potential to improve productivity and safety in food industries; as an example, Oxford Nanopore is partnering with WeNou in the development of food authenticity testing, as well as quickest time to result Salmonella serotyping testing.</p>	<p>>\$11 million TAM in 2032</p>



Dr Emma Stanton
SVP Clinical

Q+A

Optimising the opportunity in clinical markets

An interview with Dr Emma Stanton, SVP Clinical



The opportunity we have ahead of us is bigger than displacing existing sequencing applications. We have the ability to completely shift paradigms of care, using nanopore sequencing.”

Q | What is the opportunity for nanopore sequencing in clinical applications? What motivates you personally?

What motivates me personally, every single day, is the extraordinary opportunity we have for Oxford Nanopore’s technology to impact multiple clinical applications globally across the diverse fields of oncology, infectious disease and genetic disorders.

Today, many customers globally are using our existing life science research tools for clinical and translational research through pioneering applications such as for pharmacogenomics and rare and undiagnosed genetic disorders.

For example, within one year, 58% of the population will be prescribed a drug that has an actionable gene-drug interaction, creating new opportunities for sequencing to support standard clinical practice in the future. Oxford Nanopore also has a compelling opportunity on the existing panel market globally.

As a doctor, my goal here at Oxford Nanopore is not just to demonstrate what nanopore sequencing can technically do in the world of research, but to work with our internal teams and growing number of external collaborators and partners, to ensure that we are on a path to use this technology platform to meaningfully improve the lives of patients and their families.

The opportunity we have ahead of us is bigger than displacing existing sequencing applications. We have the ability to completely shift paradigms of health and care, using nanopore-based sequencing.

Q | How do you see the relationship between Oxford Nanopore’s main current customer base – life science researchers – and clinical opportunities?

Today, all of our nanopore platforms are available for research purposes. A growing proportion of nanopore sequencing publications and customers are clinician scientists and from leading academic health science centres, straddling the worlds of both science and healthcare.

Our life science research customer base today is demonstrating and paving the way for wider clinical adoption. This growing global customer base is identifying where we can play and where nanopore sequencing will win. We are most interested in identifying the specific clinical pathways where the long-read, rapid turnaround time and other differentiated features of nanopore sequencing can have the most impact in improving patient outcomes.

For example, every three seconds – someone in the world dies from sepsis. This is a serious condition that happens when the body’s immune system has an extreme response to an infection. We are collaborating with Day Zero Diagnostics, USA, to explore if nanopore sequencing can revolutionize how we identify and treat people with sepsis. This is the kind of game changing clinical application that the rapid speed and rich data generated by nanopore sequencing will unlock.

Q | What is the competitor landscape in sequencing clinical opportunities?

For sequencing in clinical care, Oxford Nanopore has unique features that position us to not only take market share but also create new market opportunities. Our benefits – speed, richer data, accessibility and affordability – will open new market opportunities that cannot currently be served by conventional technology.

For example, the work we are doing with Guys and St Thomas’ Hospital NHS Foundation Trust in London, UK, is demonstrating how we can identify – in a matter of hours – what the underlying pathogens are that cause pneumonia for patients in intensive care settings. This information enables the clinical team to prescribe appropriate antibiotics, rather than the same “blanket” multi-spectrum antibiotic approach used today. This personalised approach improves outcomes and has the potential to save money, through shortening length of stay in intensive care settings. It also supports efforts to combat antimicrobial resistance. This particular example is now being replicated across NHS sites and internationally.

I recall too often as a junior doctor waiting days for the results of blood culture to be returned. By which time, the patient had either got better – or not – almost irrespective of what you had prescribed. If indeed, a result came back at all. Blood culture, as an approach, was established in the mid-19th century so is overdue for an upgrade.



Q | What’s your partnership strategy for penetrating key clinical markets – and your focus areas?

Oxford Nanopore’s core competencies lie in the innovation of the platform technology itself. To be successful in clinical markets, we will go further faster if we partner with organisations that bring specialist expertise for the clinical markets that we are seeking to enter, whether oncology, infectious disease, rare disease or others.

One example is for the field of HLA-sequencing. The HLA locus is one of the most complex regions in the human genome. Recent improvements in nanopore sequencing technology have enabled superior results to our competitors. In this field, we have partnered with Omixon and GenDx. These global transplantation diagnostics companies have developed products that use nanopore sequencing to match donor organs to recipients. This method enables high-resolution HLA typing in under six hours, resulting in better, faster donor organ matching leading to improved outcomes for patients.

As we look ahead, the largest clinical opportunity for nanopore sequencing is in the field of oncology. One example of this is with a European-based partner, 4bases, to evaluate the impact of having results from a rapid, decentralised BRCA1 and BRCA2 panel.

Infectious disease represents another area of significant opportunity. Our first nanopore-based diagnostic application will be for tuberculosis (TB) drug resistance, which continues to emerge and spread despite TB being both preventable and curable. The World Health Organisation estimated that there were about half a million new cases of drug-resistant TB in 2018, with less than 40% of the estimated burden being notified¹. Globally in 2022, TB caused an estimated 1.30 million deaths². Our nanopore-based solution will address an unmet global health need.

Healthcare is a highly regulated industry, and we are addressing this by developing platforms with a more locked-down chemistry. We are working with bioMérieux for the global distribution and commercialisation of ONT’s TB drug resistance test (Ampore: TB), which will be released as a research-use only (RUO) protocol later this year and offers a fast, decentralised and affordable alternative to conventional testing methods.

While the test paves the way for other future clinical and diagnostic applications, this partnership represents a distinct customer base from the current life science research tools market we are currently serving. It’s another example of why we are optimistic about our partnership approach – by extending access to our platform globally, we will enable more people and patients to benefit from genomic information that will improve their care and outcomes.

1. World Health Organisation, “WHO consolidated guidelines on tuberculosis, 2022 update”, pg xiii: <https://www.who.int/publications/i/item/9789240063129>.
2. World Health Organisation, “Global Tuberculosis Report 2023”: <https://www.who.int/teams/global-tuberculosis-programme/tb-reports/global-tuberculosis-report-2023>.

Key strengths

Our people and culture

Attracting, developing and retaining high-calibre employees is important. We strive to build a purpose-driven culture based on our values and shared vision.

[Read more on page 58](#)

Research & development

Innovation is at the heart of everything we do and it delivers highly differentiated products and drives continuous improvement to deliver value to our users.

Intellectual property

Innovation is protected by our IP portfolio, which comprises more than 2,500 active patents across more than 350 patent families.

The Nanopore Community

We drive open innovation together with the user community, who develop novel applications for our technology every day.

Suppliers

We have a diverse, global supply chain. Our suppliers contribute to innovative processes by developing their own products and services.

Manufacturing

State-of-the-art in-house manufacturing increases resilience, speed to market, and minimises leakage of know-how.

Sales & marketing

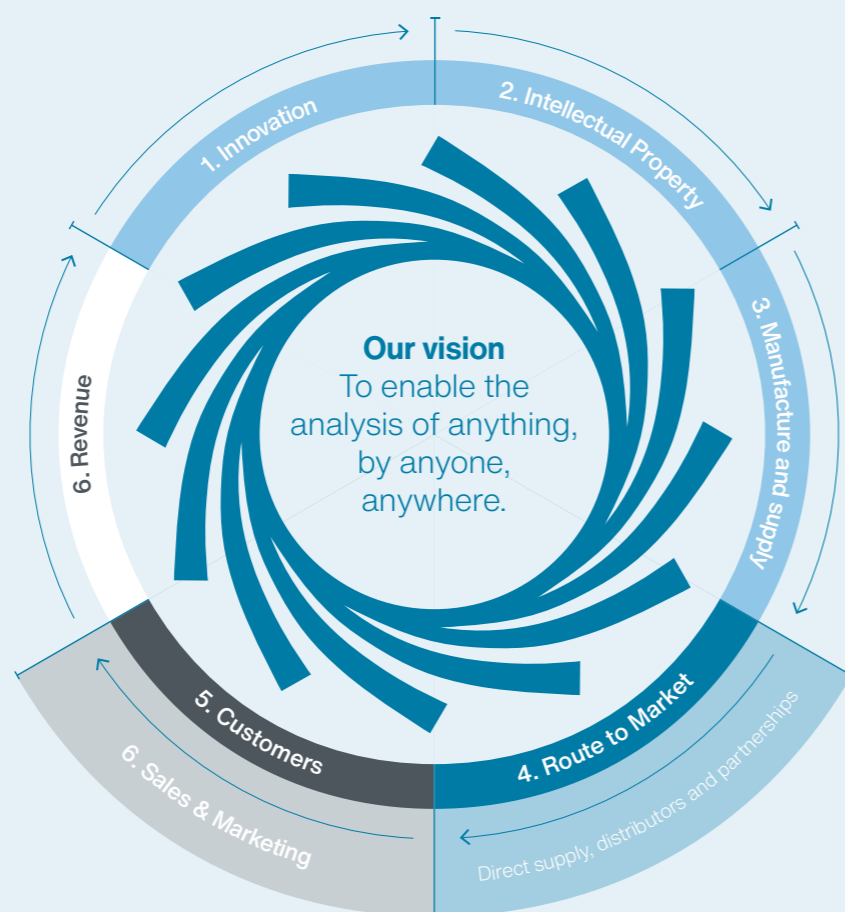
We support our customers in more than 125 countries. Our commercial teams are highly specialised, with an in-depth knowledge across the full range of products and applications.

Balance sheet

We have a strong balance sheet enabling us to continue to invest strategically in R&D, people, and infrastructure to drive future growth.

How we create value

Our core activities



1. Innovation

Our R&D team pushes the boundaries of sensing technology to create products with both novel properties and high performance, designed to penetrate, reshape and expand markets. This includes fundamental research, pipeline programmes to develop new technologies and programmes to improve the performance of the existing platform.

[Read more on page 32](#)

2. Intellectual property

We continue to invest in building and protecting our IP portfolio, which consists of patents, trademarks, registered designs, trade secrets and copyright. Our IP team find and protect the important innovations which can add value to the Company, now and in the future. To complement internally developed IP, we have fostered long-standing links with a number of leading academic institutions worldwide.

[Read more on page 33](#)

3. Manufacture and supply

We manufacture three main categories of physical products: the sequencing devices, the sequencing components (flow cells) and the sample preparation consumables (kits), from our high-tech manufacturing facilities in Oxfordshire, UK. Manufacturing involves a combination of sourcing components from third-party suppliers as well as in-house manufacturing and assembly. We maintain close control over, and internally manufacture or assemble, the key components of our products to ensure the required levels of quality, service and delivery are met.

[Read more on page 35](#)

4. Route to market

We drive adoption and broaden access to genomics through our capital-free go-to-market model and global distribution channels. Customers are currently offered 'starter packs' or 'project packs' of consumables, which come with the provision of the device at no extra cost, removing the need to purchase equipment in order to start using the technology. We ship products globally from our four international distribution hubs and work with various distributors to support our commercial activities in certain regions including China, Japan, Turkey, India, South Korea and parts of Africa. We have multiple potential routes to market to optimise future commercial impact, including direct channels, distributors, collaborations and partnerships for clinical and applied industrial markets.

[Read more on page 36](#)

5. Customers

We manage growth across our three strategic customer groups (S1, S2 and S3) to ensure that efficient and effective commercial attention is given to different types of customers throughout the sales pipeline, as well as closing new business and providing ongoing support for customer success. Through feedback and collaboration our customers also play an important role in our product development process.

[Read more on page 42](#)

6. Sales & Marketing

We support our customers in more than 125 countries. Our commercial teams are highly specialised with an in-depth knowledge across the full range of products. Since January 2023, the sales team consists of three regional team verticals, led by Commercial Directors in the Americas, EMEA and APAC. To capture opportunities outside LSRT, we also have an expert Diagnostics, Applied & Industrial Markets group exploring new market opportunities in AgBio, Veterinary and Bio-Manufacturing.

[Read more on page 44](#)

Value created and shared

For shareholders

We believe executing against our strategy and growing the business will drive long-term value creation for shareholders.

3-year LSRT revenue CAGR
37%

Employees

We make significant investments in recruiting and developing our people, and ensuring their wellbeing, to maintain the culture and rapid pace of innovation that continues to underpin our success.

Total training hours
36,050

For society and environment

Our products are used around the world to advance the global understanding of biology and causes of disease. We are also committed to limiting the impact of our operations on the environment.

Recycled packaging
75%

Investment in the business

Continued strategic and disciplined investment in R&D, people and infrastructure to drive long-term sustainable growth and penetrate key markets. R&D will continue to be the highest priority and key driver of growth.

Investment in R&D
£106m

For customers

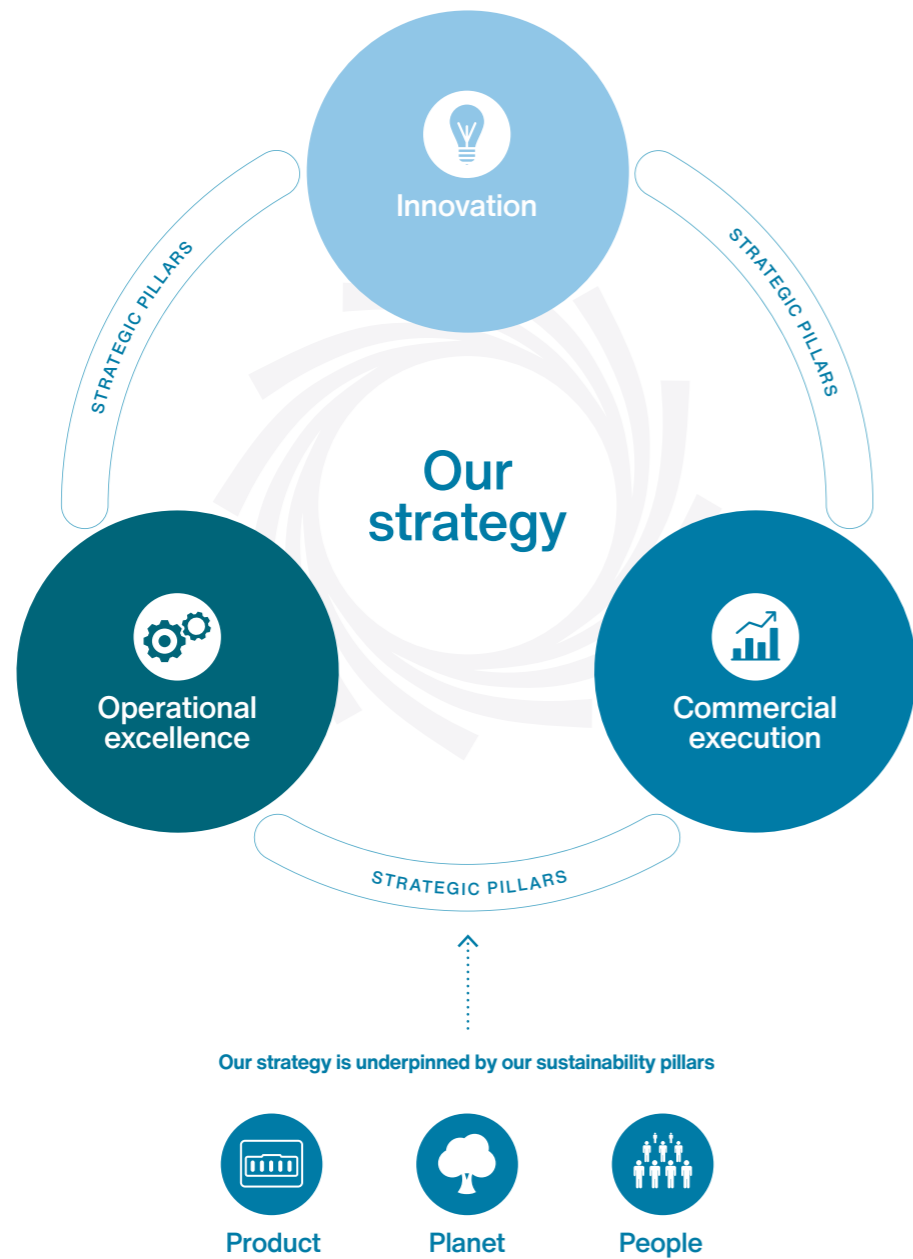
Our customers benefit from our highly differentiated technology platform and technical support allowing them to gain deeper biological insights.

Growth in customer base
11%

[Read more on page 14](#)

Our strategy

We are focused on delivering sustainable, long-term growth by making sequencing more valuable and more accessible to genomics researchers worldwide. Our long-term growth strategy is based on three pillars: disruptive innovation, commercial execution, and operational excellence. These strategic priorities are designed to create sustainable long-term growth, by expanding our market share, growing existing markets and by creating entirely new markets.





Innovation

Our commitment to continuous innovation is central to our strategy for growth. Our R&D team pushes the boundaries of sensing technology to create highly differentiated products and drive performance to deliver novel insights, designed to expand and reshape markets. Innovation includes fundamental research, pipeline programmes to develop new technologies and programmes to improve the performance of the existing platform. It additionally extends to novel manufacturing processes and partners with our highly differentiated commercial model.

Performance in 2023

- **Q20+ accuracy:** We completed the roll out of our R10 nanopore and Kit 14 chemistry enabling users to achieve raw read (simplex) accuracies over 99% and delivering highly accurate variant and methylation detection from a single nanopore experiment. Users have been routinely achieving outputs above 100 Gb per PromethION Flow Cell when running our end-to-end workflows.
- **Machine learning (ML) algorithm software acceleration:** We invested heavily in optimising our algorithms to enable users to basecall data over 99% accuracy fully onboard nanopore hardware, without the need for additional compute thus increasing their sequencing capacity. This update has been coupled with the roll out of A-series compute on the larger PromethION devices.
- **Secondary data analysis simplification:** Investing in our EPI2ME platform to deliver simple analysis workflows for small genomes, human variation, single cell and more, giving users easy sample to answer workflows and accelerating their research. In addition to delivering secondary analysis, development is underway of tertiary analysis integrations to enable users to seamlessly process their data with their partner of choice.
- **PromethION 2 Solo launch:** Democratising the access to human genomes, transcriptomes and other high output nanopore applications. With more than 700 sold in 2023, this new device represents a brand-new growth opportunity for Oxford Nanopore.
- **Direct RNA upgrade:** With the launch of RNA004 chemistry for higher accuracy and output Direct RNA sequencing, users are increasing their utilisation of this application that is unique to nanopore-based sequencing.
- **A bright future:** With latest ML approaches to protein engineering and basecalling, our research teams demonstrated continued improvement in our raw read accuracy at our NCM Houston event paving the way to 99.9% accuracies from simplex nanopore reads.



Biggest improvement in accuracy I have seen in a while. Most ONT-only bacterial genomes are now >Q60.”

Ryan Wick
Oxford Nanopore customer

Investment in R&D in 2023

£106m

P2 Solos sold or leased in 2023

>700

Links to KPIs

- LSRT revenue
- LSRT gross margin
- Adjusted EBITDA
- Publications

Priorities for 2024

We have a robust innovation pipeline, which focuses on the development of new technologies to broaden access to genomics and deliver new capabilities to the market. In the short term we are focused on the launch of our P2i device, MinION Mk1D and our sample to answer automated solution, project TurBOT. As we drive our technology into applied markets, we will be increasing our Q-line range of products. In addition, our Applications and R&D teams will be developing and releasing a number of end-to-end workflows to support our users research and simplify their sample to answer experience.

Finally, we're immensely excited by the progress made internally during the last year on our platform performance (demonstrated at our NCM conference) and will be sharing these updates with our users over 2024. In the medium term, we have R&D programmes to deploy our platform in novel fields such as proteomics and to support easier end-to-end usage of nanopore sequencing, such as TraxION and Ubik™, a sample extraction and preparation device. In the longer term, we are developing a 'voltage chip' designed to deliver denser sensor arrays that have the potential to drive significant increases in data output, as well as a reduction in time and cost for sequencing to the user.

Key launches in 2024



Q-line

Oxford Nanopore Technologies amazing user community demonstrate novel applications of our products on a daily basis. There are incredible high impact opportunities in translational clinical research such as cancer, rare disease, pathogen surveillance and detection and many more. Our Q-line range of products will deliver a stable, frozen 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. Q-line will be updated once a year but enable support for those iterations for up to three years to reduce the need for re-validation. The Q-line GridION will be upgraded early in H2 of 2024 and the PromethION Q-line available later in the year.



MinION Mk1D

2024 marks ten years of MinION and to celebrate, a new MinION, the MinION Mk1D will be launched. The MinION is the smallest sequencer on the market. It is used by a broad range of global customers and through software and chemistry upgrades it has seen outputs improve 40-fold and accuracies move to 99%. The Mk1D is designed with improved temperature control, further strengthening this products ability to sequence in a broad range of environments, and with its iPad accessory, the MinION Mk1D can be run from any compute, but also, from an apple M silicon iPad, revolutionising the MinION's portability.



End to end workflows

Oxford Nanopore users deploy our technologies in hundreds of different ways. There are however, a number of set applications that are commonly run and releasing fully supported end-to-end workflows will accelerate users who are looking for defined answers. The core workflows already include plasmid and amplicon sequencing, human variation and single cell. Further workflows will be added to this menu throughout 2024 as we look to support our growing user base.



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. Our accessible starter packs and project packs break down existing barriers to entry and broaden the user base. We support our users with a strong digital and e-commerce presence and drive growth by expanding our geographical footprint and bolstering our direct sales, field application specialists and support teams. Our direct teams are complemented with a number of strategic distributor relationships to ensure our product is accessible anywhere. In addition, we work with strategic commercial partners and collaborators to access new clinical and applied industrial markets.

Performance in 2023

- Grew and diversified our customer base through new customer acquisition and expansion; active accounts increased from 6,839 to 7,615.
- Increased consumables revenue by 11%, reflecting increased utilisation across the user base.
- Delivered strong underlying revenue growth across all customer groups, excluding the EGP and COVID sequencing. Underlying revenue in S1, S2, S3 and indirect customer groups grew at 20%, 42%, 69% and 19% respectively (on a non-underlying basis LSRT revenue grew by 11%, 20%, 19% and 3% respectively).
- Delivered strong underlying revenue growth across all regions led by EMEAI, up 50%, and the Americas, up 48% in the period. APAC revenue grew by 13% on an underlying basis despite challenging market conditions in the period. On a non-underlying basis LSRT grew by 16% in EMEAI and 27% in the Americas and declined by 2% in APAC.
- Increased demand for technology, reflecting in growing number of publications; more than 2,800 peer reviewed papers were published by users of Oxford Nanopore technology in 2023.
- Regionalised our commercial functions to align with our customers in Americas, EMEAI and APAC delivering sales and support tailored to each regions need.
- Returned to full in-person capacity at our flagship customer events, London Calling and the Nanopore Community Meeting, as we continue to build relationships with our original MinION Access Programme (MAP) users, our more recent customers and future customers. We also maintained our hybrid approach as we reach thousands of users online during our landmark events.
- Launched our 'what you're missing matters' campaign to amplify the common message we hear back from users who are deploying our technology to tackle challenging science.
- Added new strategic collaborations to drive expansion from use in LSRT for scientific discovery, through the translational journey towards clinical and industrial applications, including collaborations with the Mayo Clinic to advance research in cancer and bioMérieux to develop products that serve the infectious disease diagnostics market.

Priorities for 2024

- Continued focus on growing and diversifying our global customer base in the LSRT market, and laying the foundations for future growth in applied and clinical markets through our partnership programme.
- Team investment: scaling our on-boarding and commercial training curriculum.
- Sales execution: priority on forecast accuracy and opportunity management.
- Performance driven: installing a strong performance driven culture; introduced new KPIs, leader boards and commercial bonus plan based on internal revenue targets.

Underlying S3 revenue growth

69%

Net increase in active customer accounts

>750

Links to KPIs

- LSRT revenue
- LSRT gross margin
- Adjusted EBITDA
- Publications
- Percentage of women in senior leadership roles



Operational excellence

We are investing in and 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.

Performance in 2023

- Expansion of global commercial teams, including strategic leadership hires to increase traction in key markets across the Americas, EMEAI, and APAC. Commercial infrastructure is capable of supporting the Group's development over the coming years to drive long-term sustainable growth.
- Expansion of the leadership team, post period end, to support the business in its next phase of growth: Nick Keher appointed as CFO and Director of Oxford Nanopore, 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.
- Delivered 80 basis points increase in underlying LSRT gross margin, driven by automation, improvements in manufacturing techniques and the recycling of electronic components. Underlying improvements were offset by one-off and short term impacts from: i) the EGP contract ii) the write off of COVID sequencing kits and legacy devices and iii) upgrading the compute on large PromethION devices, resulting in an overall LSRT gross margin decline of 300 basis points in the period.
- Focussed resources on robustness, risk mitigation and ensuring scaleability of operations over the medium term. Further introduced redundancy into core processes to protect continuity of supply.
- Investment in our Technology Transfer team responsible for on-boarding novel innovations from our R&D group and transferring these to our manufacturing operations. With improved structure and processes this function accelerates novel innovations to our customers and improves and supports existing product manufacturing to drive quality and performance.
- Continued improvements to our automated cleaning process has resulted in an initial three-fold increase in component cleaning capacity. This scale up will support expanding operational efficiencies whilst significantly reducing reliance and consumption of solvents as reported in 2022.
- Automation for Flongle flow cell assembly was released into manufacturing
- Automation for MinION and PromethION Flow Cell assembly was introduced for validation into Tech Transfer.
- Scale up activities in biologics has enabled delivery of larger batch sizes which reduce head count requirements for making and release testing.
- Secured lease on Spectrum Building, a new 56,000 square foot facility in Abingdon which will offer warehousing, logistics, flow cell component recycling and technical labs for device box build. This facility is expected to become operational in Q3 2024.

Priorities for 2024

- Focus on further expansion of automation and process improvements across key areas of operations and completion of build-out of Spectrum Building and development laboratories in Sherard Building (to support launch of Q-line).
- Further expansion of global logistics network to make it an easier and more predictable customer purchasing experience.
- Improve customer experience, including expanded support self-help resources and training of customer support teams.
- Improving training and auditing of channel partners to drive sales, improved customer experience, and mitigate compliance risks.
- Strengthening of key supplier relationships to further drive reliability and resilience of supply.

Increase in underlying LSRT gross margin

80bps

Manufacturing space

>60,000 sq ft

Links to KPIs

- LSRT revenue
- LSRT gross margin
- Adjusted EBITDA
- Percentage of women in senior leadership roles

Commercial execution

S3 customer case study: Plasmidsaurus

Plasmids

Plasmids are typically small, circular DNA molecules that exist naturally in bacteria and have also been artificially engineered to become critical tools in genetics and biotechnology labs. Plasmid constructs are the backbone of molecular biology, serving as fundamental input material for various uses, from basic research to industrial applications, gene therapy, vaccine development, genetic engineering and more.

Because plasmid constructs are fundamentally important for downstream experiments and applications, scientists often employ various quality control methods to ensure the accuracy and integrity of their plasmid constructs. One longstanding sequencing method pioneered by Sanger in the 1970s has been a widely used method to confirm the accuracy of the DNA sequence. By comparing the generated sequence with the expected sequence, scientists can verify the correct assembly of the plasmid and identify any potential errors or mutations. However, this legacy method has several limitations, such as a limited read length of up to a few hundred bases, requirement of specific primers that bind to the template DNA during the sequencing reaction, and high relative costs when processing or outsourcing high numbers of samples.

Nanopore-based sequencing has sparked a paradigm shift, as our system allows for real-time, long-read sequencing of DNA molecules, including whole plasmids without the need for primers. Whole plasmid sequence verification allows for a thorough assessment of the entire plasmid construct, providing a comprehensive overview of its sequence, structure, and potential modifications.



As a result, the market is rapidly transitioning from Sanger to nanopore-based sequencing for plasmid verification and similar applications.

Plasmidsaurus

Plasmidsaurus is a US-based company that provides international customers access to affordable, high-accuracy whole plasmid sequencing with fast turnaround times solely using Oxford Nanopore technology. They were one of the first service providers to capitalise on the attributes of our platform to build a rapid whole plasmid verification business, generally providing results to customers the very next day. They started as a small customer using MinION flow cells, first on MinION and then GridION devices. Within less than two years they have scaled up rapidly and are now one of our top 10 customers globally, after transitioning to PromethION 24 devices in 2023.

The expansion of this contract reflects the investment we have made in the commercial team and the ability to provide ongoing support and regular meetings with customer service, field application scientists and technical application scientists.

The commercial team were able to leverage their deep understanding of the technology and its capabilities to help Plasmidsaurus achieve their business objectives by marrying the best and most efficient use of the technology in their application and setting to find a solution that works.

By upscaling from GridION to the larger PromethION devices Plasmidsaurus has been able to scale their business and execute on their objectives including customer turnaround time, growth and increased capacity.

With their expanded capacity and success in building up a customer base for whole plasmid sequencing they are now expanding their menu of offerings to include other applications such as amplicon and bacterial whole genome sequencing.

This shift is driving market adoption and revenue growth as nanopore-based sequencing becomes the preferred method for rapid DNA sequencing applications that are displacing traditional methods.

Innovation

P2: high-output sequencing for every lab

In line with our vision to make DNA sequencing accessible to anyone, anywhere, we completed the early access launch of our PromethION 2 Solo (P2 Solo) device. More than 700 P2 Solos were leased, through starter packs, or sold in 2023.



The P2 Solo utilises PromethION Flow Cells that generate hundreds of gigabases, to enable PromethION-scale benefits in small to medium-sized labs. The P2 Solo is designed to make high-output sequencing more accessible to users with lower sample processing requirements (up to approximately 200 flow cells per year). It allows customers to conduct rapid, competitively priced sequencing of whole human genomes, transcriptomes, single cells, plants, animal or highly multiplexed targeted samples or pathogens. We believe that this will drive the creation of new user types for high-output sequencing.

In addition to the P2 Solo we have also released the PromethION 2 integrated (P2i), a self-contained benchtop device that can run up to two PromethION Flow Cells at a time. P2i was released to a small group of developers (developer access release) to confirm functionality in the second half of 2023 and progressed to early access in Q1 2024. It contains fully integrated compute and a screen for generating, analysing and visualising nanopore data.

Operational excellence

Logistics



The challenge

To deliver the best customer experience, Oxford Nanopore products must be delivered quickly and robustly. Our Asia Pacific territory covers 21 countries and is one of the most challenging due to its size, language needs, and compliance requirements from a Customs and importation perspective. During 2022, the Group identified a need to invest

in two key areas to improve access to our platform and provide a capability for growth of our customer base within the region. Asia & Australasia territories, and to provide faster access to our platform. This has had two effects; simplifying the importation into the region as Customs regulations differ in most countries, and speeding up the receipt of orders as they are shipped from Singapore and Melbourne rather than from UK. We are now able to ensure most Customers and Channel Partners

in two key areas to improve access to our platform and provide a capability for growth of our customer base within the region.

The solution

During 2023, the Group invested in increasing our logistics footprint to simplify the shipping in these traditionally harder to reach territories. The Group opened new logistics capacity in Singapore and Melbourne to support our growing customer base, within the

in this region receive their orders with 48 hours of despatch. We also now have the flexibility to cater for varied local demand more quickly and respond to geographic requirements by holding the most commonly ordered products.

As our customer base has expanded within the Asia Pacific region, we have needed to combine the new investments in Logistics capacity with that of appointing new Channel Partners who have the relationships and expertise to navigate their country's Customs and compliance regulations. This, coupled with local import licences, significantly reduces the time for Customs clearance and therefore enables The Group's products to be received in optimum condition more quickly and more reliably.

The results

The combination of these two investments expands the Group's geographic reach across the Asia Pacific region and enables customers to access local expertise to ensure their projects are set up to meet the project aims.

Key performance indicators

Financial KPIs

LSRT revenue	LSRT Gross Margin	Adjusted EBITDA ¹																		
<p>169.7</p> <table border="1"> <tr><td>23</td><td>169.7</td></tr> <tr><td>22</td><td>146.8</td></tr> <tr><td>21</td><td>127.0</td></tr> </table>	23	169.7	22	146.8	21	127.0	<p>53.3%</p> <table border="1"> <tr><td>23</td><td>53.3%</td></tr> <tr><td>22</td><td>56.3%</td></tr> <tr><td>21</td><td>53.8%</td></tr> </table>	23	53.3%	22	56.3%	21	53.8%	<p>(104.9)</p> <table border="1"> <tr><td>23</td><td>(104.9)</td></tr> <tr><td>22</td><td>(78.6)</td></tr> <tr><td>21</td><td>(57.7)</td></tr> </table>	23	(104.9)	22	(78.6)	21	(57.7)
23	169.7																			
22	146.8																			
21	127.0																			
23	53.3%																			
22	56.3%																			
21	53.8%																			
23	(104.9)																			
22	(78.6)																			
21	(57.7)																			
<p>Definition</p> <p>LSRT revenue is derived from the sale of our sequencing products to global customers who are using our technology for scientific research and public health. For now, it also includes a small amount of revenue from customers using our sequencing products for clinical and applied uses.</p>	<p>Definition</p> <p>Gross margin percentage is LSRT gross profit expressed as a percentage of LSRT revenue.</p>	<p>Definition</p> <p>Adjusted EBITDA is Loss for the year before finance income, loan interest, interest on lease, income tax, depreciation and amortisation and exceptional items. See reconciliation on page 191.</p>																		
<p>Why is it important?</p> <p>Revenue growth is crucial for sustainable long-term growth and is driven through increasing and diversifying our customer base and, in turn, the number of starter packs and consumables sold.</p>	<p>Why is it important?</p> <p>LSRT gross margin is a key metric for monitoring the Group's earnings quality and potential.</p>	<p>Why is it important?</p> <p>Adjusted EBITDA is used to assess the trading performance of the Group's business.</p>																		
<p>Performance</p> <p>LSRT revenue increased by 15.6% on a reported basis and 15.3% on a constant currency basis², driven by the continued increase in the user base and utilisation of our technology, partially offset by a £18 million headwind from COVID sequencing. In the period from FY18 to FY23 LSRT revenue grew at a CAGR of 39%.</p>	<p>Performance</p> <p>LSRT gross margin decreased by 300 basis points to 53.3%, predominantly reflecting i) adverse performance of the EGP, ii) the write-off of excess COVID sequencing kits and legacy devices, and iii) upgrading the compute on large PromethION devices.</p>	<p>Performance</p> <p>Adjusted EBITDA decreased by £26.3m; higher LSRT gross profit offset by increased operating expenses, reflecting investment in commercial and marketing teams and our manufacturing and logistics infrastructure, to support long term sustainable growth.</p>																		
<p>Link to strategy</p>	<p>Link to strategy</p>	<p>Link to strategy</p>																		
<p>Associated risks</p> <p>1 2 3 4 5 6 7 8 10</p>	<p>Associated risks</p> <p>1 2 3 4 5 6 7 8 10</p>	<p>Associated risks</p> <p>1 2 3 4 5 6 7 8 10</p>																		

1. Alternative Performance Measures as defined on page 207.
2. Constant currency – the application of the same exchange rate to the FY23 and FY22 non-GBP results, based on FY22 rates.

Principal risks and uncertainties

- | | |
|--|--|
| <p>1 Ability to make products: supply chain and manufacturing</p> <p>2 Ability to successfully introduce products to remain a technology leader and to offer a stable platform on which customers can rely</p> <p>3 Trade, war, post-pandemic life sciences downturn and component and sequencing inflation</p> <p>4 Concentrated revenues</p> | <p>5 Cyber security</p> <p>6 Intellectual property protection and competition</p> <p>7 Founder-led company and succession planning</p> <p>8 Ability to achieve medium-term revenue growth targets and ability to expand into diagnostics and applied industrial sectors</p> <p>9 Data privacy and data classification</p> <p>10 Environment, health and safety</p> |
|--|--|

Link to strategy

- Innovation
- Commercial execution
- Operational excellence

Non-financial KPIs

Women in senior leadership roles	Publications*												
<p>46.6%</p> <table border="1"> <tr><td>23</td><td>46.6</td></tr> <tr><td>22</td><td>39.7</td></tr> <tr><td>21</td><td>41.3</td></tr> </table>	23	46.6	22	39.7	21	41.3	<p>>11,000</p> <table border="1"> <tr><td>23</td><td>11,000</td></tr> <tr><td>22</td><td>8,000</td></tr> <tr><td>21</td><td>5,200</td></tr> </table>	23	11,000	22	8,000	21	5,200
23	46.6												
22	39.7												
21	41.3												
23	11,000												
22	8,000												
21	5,200												
<p>Definition</p> <p>The proportion of women in leadership roles globally. Includes women on the Board, Operating Committee and direct reports to members of the Operating Committee (excluding admin support).</p>	<p>Definition</p> <p>The cumulative number of scientific publications that include nanopore sequencing as an experimental method, as publicly available in online resources.</p>												
<p>Why it is important?</p> <p>Nurturing a diverse and inclusive culture drives our growth as a business. We continue to focus on driving greater gender balance throughout the Company and, in particular, at the most senior levels.</p> <p>We are targeting 40% representation of women at the Board level.</p>	<p>Why it is important?</p> <p>Publications are an indicator of the breadth and diversity of the use of nanopore sequencing in the scientific community, reflecting expanding utility and acceptance in genomics research.</p>												
<p>Performance</p> <p>As at 31 December 2023, the proportion of women in senior leadership roles increased to 46.6% (2022: 39.7%).</p>	<p>Performance</p> <p>The increase in publications reflects the growing momentum for the Group's sequencing technology in the scientific research community. This also reflects the impact of the Group's strategy of broadening access to genomics through more accessible technology as publications appear from diverse scientific communities.</p>												
<p>Link to strategy</p>	<p>Link to strategy</p>												
<p>Associated risks</p> <p>5 6 7 8 10</p>	<p>Associated risks</p> <p>1 5 7 9</p>												

* Cumulative peer review publications. The Company uses best efforts to avoid any duplicates and provide an accurate number of publications and excludes review articles, book chapters, editorials, protocols, and conference proceedings.
Note: due to a change on the date that publications are recorded, certain publications initially recognised in 2022 have now been recognised in 2023 instead. This has resulted in the number for 2022 being updated from >8,200 to >8,000.

Key Highlights

We delivered strong, resilient growth in our core LSRT business through execution of our strategy

LSRT revenue grew by

15.6%

(Constant currency: 15.3%)

LSRT gross margin decreased by

300bps

Underlying LSRT revenue grew by

39.3%

Active customers grew by

11%

Cash, cash equivalents and other liquid investments

£472.1m

Reduction in cash, cash equivalents and other liquid investments in the year by

£85.9m

Confidence in the future

- Broad, diverse user base of >7,600 active accounts provides stability
- Disruptive technology platform and robust innovation pipeline continues to drive growth
- Resilient supply chain and multiple levers to drive gross margin expansion

FY27 medium-term targets

- Grow LSRT revenue by >30% CAGR at constant currency between FY24 and FY27
- Increase LSRT gross margin to >62%
- Achieve adjusted EBITDA breakeven

2023 performance

The Group delivered total revenue of £169.7 million (2022: £198.6 million), a decline of 14.6% as there was no COVID Testing revenue in 2023 (2022: £51.8 million).

Revenue from our core LSRT business grew 15.6% in the year, 15.3% on a constant currency basis.

Underlying LSRT revenue growth, excluding the Emirati Genome Program (EGP) and COVID sequencing, grew approximately 39.3% and approximately 39.1% on a constant currency basis.

During the year our global customer base expanded from 6,839 to 7,615 active accounts; an increase of 11%. We saw particularly strong revenue growth in our S2 (+20%) and S3 (+19%) customer groups. S2 revenue grew by 42% and S3 by 69%, on an underlying basis.

Performance across the broader customer base in 2023 was driven by consumable sales of £124.9 million, which grew by 11% (2022: £112.5m), which accounted for approximately 74% of revenue.

In December 2023, the original EGP agreement was revised to provide greater flexibility to achieve the programme objectives and reflected both parties desire to refocus on clinical uses of the platform, that can utilise the platform's unique benefits of richer and faster data. The new agreement removes the outstanding purchase commitment from the original agreement and extends the expiration date to 31 December 2026. EGP revenue in 2024 and beyond is not anticipated to be a material portion of revenue and as such, the Group will cease reporting EGP revenue separately following these results. Revenue related to the EGP in 2023 (under the original and revised agreement) was approximately £12 million (2022: £13.2 million).

The Group's gross profit and gross margin reduced in 2023 – gross profit by 26.9% to £90.5 million (2022: £123.8 million) and gross margin by 900 bps to 53.3% (2022: 62.3%) – primarily due to gross margin generated from the DHSC contract in 2022, the adverse performance of the EGP contract and several specific inventory write downs in 2023.

LSRT gross profit increased to £90.5 million (2022: £82.7 million) in the year, up 9.4% on 2022.

Group operating loss increased to £168.6 million (2022: £98.5 million), reflecting the reduction in revenue and gross profit and increase in operating expenditure.

During 2023, we continued to invest in research and development to drive both continuous improvement in the performance and usability of our technology, and to deliver new products and technologies that address a broader range of applications and users' needs. We also continued to expand our global sales and marketing team during 2023. Commercial and marketing headcount grew to 416 employees at 31 December 2023, up by 43% during the year.

Despite continuing investment in innovation and sales and marketing, we finished the year with cash, cash equivalents and other liquid investments of £472.1 million (2022: £558.0 million) reflecting a total reduction of £85.9 million. In October 2023, bioMérieux agreed to subscribe for 29,025,326 shares at a subscription price of 238.08p per share which equated to a total investment of nearly £70 million.

Results at a glance

Year ended 31 December:	2023 £m	2022 £m	Change reported
Total revenue	169.7	198.6	(14.6)%
– LSRT revenue	169.7	146.8	15.6%
– COVID testing revenue	–	51.8	(100.0)%
Underlying LSRT ¹	149.7	107.5	39.3%
Gross profit	90.5	123.8	(26.9)%
Gross margin (%)	53.3%	62.3%	(900)bps
LSRT gross profit	90.5	82.7	9.4%
LSRT gross margin (%)	53.3%	56.3%	(300)bps
Operating loss	(168.6)	(98.5)	(71.2)%
Adjusted EBITDA ¹	(104.9)	(78.6)	(26.3)
Loss for the year	(154.5)	(91.0)	(63.5)
Cash, cash equivalents and other liquid investments ¹	472.1	558.0	(15.4)%
Net assets at year end	643.9	693.6	(7.2)%

1. Alternative Performance Measures (see note 35, page 191).

Alternative performance measures

The Group has identified Alternative Performance Measures (APMs) that it believes provide additional useful information on the performance of the Group. These APMs are not defined within International Financial Reporting Standards (IFRS) and are not considered to be a substitute for, or superior to, IFRS measures. These APMs may not be necessarily comparable to similarly titled measures used by other companies. All adjusted measures are reconciled to the most directly comparable measure prepared in accordance with IFRS in note 35 to the consolidated financial statements.

Directors and management use these APMs alongside IFRS measures when budgeting and planning, and when reviewing business performance.

Revenue

Whilst our reportable segments are LSRT and COVID Testing, we continue to look at revenue by size of customer (e.g. S1, S2, etc.) and geography. In addition we also analyse revenues by franchise i.e. PromethION and MinION franchises, which represent revenues generated by each range of our product groups.

Underlying revenue by franchise

Underlying revenues grew fastest across the PromethION franchise, representing all devices and flow cell sales from the PromethION range, reaching £48.8 million from £26.6 million in 2022, representing underlying growth of 83% when stripping out the impact of EGP.

Revenues of our MinION franchise, representing all sales of MinION flow cells and devices that run MinION flow cells (including GridION and MinION) grew 14% to £58.8 million (2022: £51.5 million) when stripping out the impact of COVID sequencing.

Other revenues, representing kits, services revenues and other devices grew 44% underlying to £42.2 million from £29.4 million when stripping out the impact of EGP and COVID sequencing.

	2023 (£m)	2022 (£m)	% change actual
PromethION franchise	59.2	38.6	53.2%
Less EGP	(10.4)	(12.1)	
Underlying PromethION franchise	48.8	26.6	83.4%
MinION franchise	63.4	68.2	(7.0)%
Less COVID sequencing	(4.6)	(16.7)	
Underlying MinION franchise	58.8	51.5	14.1%
Other	47.1	40.0	17.8%
Less EGP	(1.5)	(1.1)	
Less COVID sequencing	(3.3)	(9.4)	
Underlying other	42.2	29.4	43.5%
Total LSRT revenue	169.7	146.8	15.6%
Less EGP	(12.0)	(13.2)	
Less COVID sequencing	(8.0)	(26.1)	
Total underlying revenue	149.7	107.5	39.3%

Revenue by customer group

At a customer group level (with groups based on size of revenue by customer), revenue growth was driven by S2 and S3 customers, excluding EGP, as well as strong growth through our most significant distributor, Avantor (included in Indirect).

Our commercial partnership with Avantor (signed in 2021) helps expand our reach and improve accessibility for entry level products such as MinION. We continue to focus on driving indirect revenue growth through both rapid expansion and diversification of the customer base, as well as increasing revenue per customer account. Avantor is performing equally in the EMEA and Americas regions, with over 90% of revenue attributable to consumables.

	2023 (£m)	2022' (£m)	% change
S1	29.4	26.4	11.2%
Less COVID sequencing	(0.8)	(2.5)	
Underlying S1 revenue	28.6	23.9	19.6%
S2	62.3	51.7	20.5%
Less COVID sequencing	(3.1)	(10.0)	
Underlying S2 revenue	59.2	41.7	42.0%
S3	55.3	46.7	18.6%
Less EGP	(12.0)	(13.2)	
Less COVID sequencing	(2.4)	(9.2)	
Underlying S3 revenue	41.0	24.3	68.8%
Indirect	22.6	22.0	2.8%
Less COVID sequencing	(1.7)	(4.4)	
Underlying indirect revenue	21.0	17.6	18.9%
Underlying LSRT revenue	149.7	107.5	39.3%
EGP	12.0	13.2	(9.2)%
COVID sequencing	8.0	26.1	(69.2)%
Total LSRT revenue	169.7	146.8	15.6%
COVID Testing revenue	-	51.8	(100.0)%
Total revenue	169.7	198.6	(14.6)%

1. 2022 numbers by customer group have been reclassified to reflect Avantor revenue within the Indirect customer group.

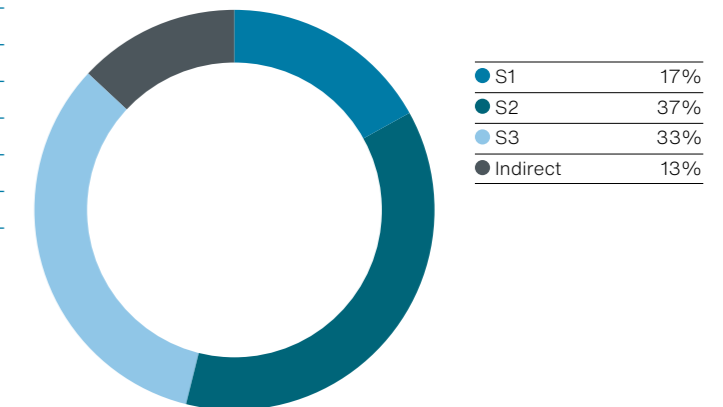
NB S1 customers generate revenue of up to \$25,000 per year per customer account. S2 customers generate revenue between \$25,000 and \$250,000 per year per customer account. S3 customers generate revenue of more than \$250,000 per year per customer account.

Total S3 revenue increased by 18.6% to £55.3 million. Underlying S3 revenue grew by 68.8% in 2023, reflecting an increase in the number of active customers in this group (excluding EGP) from 72 to 84 during the year with average revenue per customer of approximately \$641,900 (2022: \$581,000). This group consists mostly of customers performing human disease and cancer research.

S2 revenue grew by 20.5% during the year to £62.3 million. Active customers in this group grew by 25% to 1,210 in 2023, with an average annual revenue of approximately \$64,000 (2022: \$66,800) per customer. S2 customers are key to our expansion over the medium term, as we provide localised high-quality sequencing capabilities at competitive prices. These customers are able to manage their own projects rather than continuing to be dependent on centralised sequencing services, where they have to wait for their samples to be processed.

S1 revenue grew by 11.2% during the year to £29.4 million, reflecting continued demand for our entry-level and portable sequencing devices. Active customers in this group grew by 9% to 6,298 in 2023, with an average annual revenue of approximately \$5,800 (2022: \$5,700) per customer. Growth across the S1 customer base came from two areas, expansion of end users within organisations and new accounts in new organisations, with Mk1B being the most popular device. To date we have had less direct contact with this customer group with most conversations taking place at conferences, in forums and in our Nanopore Community.

Split of 2023 LSRT revenue by customer group

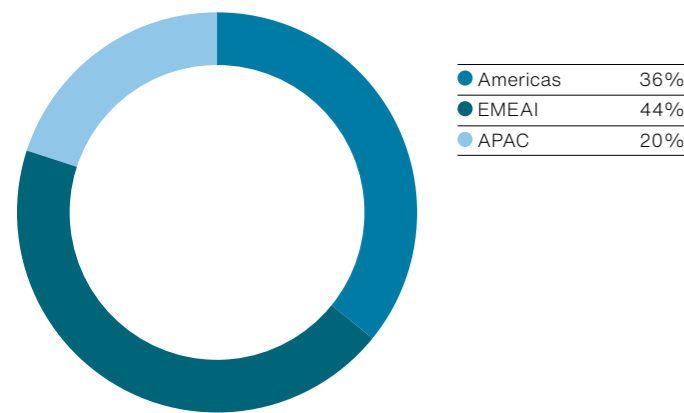


[Read more on page 7](#)

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.

LSRT revenue by region (%)



	2023 (£m)	2022 (£m)	% change
Americas	61.5	48.3	27.4%
Less COVID sequencing	(3.1)	(8.9)	
Underlying Americas revenue	58.4	39.4	48.2%
APAC	34.1	34.8	(2.1)%
Less COVID sequencing	(1.2)	(5.6)	
Underlying APAC revenue	32.9	29.2	12.7%
EMEAI	74.0	63.7	16.2%
Less EGP	(12.0)	(13.2)	
Less COVID sequencing	(3.6)	(11.6)	
Underlying EMEAI Revenue	58.4	38.9	50.2%
Total LSRT revenue	169.7	146.8	15.6%
COVID Testing	-	51.8	(100.0)%
Total LSRT revenue	169.7	198.6	(14.6)%

At a regional level, revenues were predominantly driven by growth in our two largest regions, EMEAI (Europe, Middle East, Africa and India) and the Americas.

Revenue in APAC declined by 2.1%, reflecting a reduction in revenue from China, which reduced by 12%. However on an underlying basis (excluding COVID sequencing) China grew by 5%. The Group opened new logistics hubs in Singapore and Melbourne during the period – our distribution hubs for Asia Pacific – creating further revenue opportunities in this region.

Revenue in EMEAI increased by 16.2%, 50.2% on an underlying basis, reflecting the growing success of our commercial team in this region.

In some territories the Group works with Channel Partners whom have the commercial and technical expertise to enhance our geographic reach, engaging customers in their country and local language. The Group currently works with:

- Avantor in the European Union and United States
- A network of Channel Partners across 53 countries in Asia, Africa, India, Latin America, Middle East and The Gulf, and non-EU European territories
- We are expanding this to include a further 40+ countries including the remainder of Africa and Latin America, today we rely on specialist logistics brokers who can work directly with the Group's customers in these territories to ship our platform

Gross margins

Year ended 31 December	2023	2022	Change
Gross margin (%)	53.3%	62.3%	(900) bps
LSRT gross margin (%)	53.3%	56.3%	(300) bps

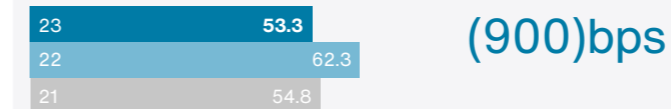
Overall gross margin declined by 900 bps in 2023. This was due to a number of factors:

- The 2022 gross margin benefitted from the DHSC contract accounting for 600 bps.
- Impacts on the 2023 gross margin include adverse performance of the EGP and the impact of write down of excess inventory in COVID sequencing kits, devices that became end-of-life during the year and upgrading the compute on large PromethION devices. Excluding these one-off items, the 2023 gross margin would have been 58.8% (2022: 58.0%)

We remain committed to continual margin improvement across all products and will continue to invest in manufacturing innovation, to deliver this goal.

Gross margins

Gross margin (%)



LSRT gross margin (%)



Impact of headcount

Average headcount (FTEs)	2023	2022	Change (%)
Research and Development	464	380	+22%
Manufacturing	156	149	+5%
Selling, General & Administration	513	393	+31%
Total	1,133	922	+23%

In 2023, the average number of employees across all functions increased by 23%. The Group invested in bringing onboard new Research and Development staff to execute on our platform and product roadmap. Our Research and Development teams work on fundamental research for novel sensing applications, sequencing chemistry, nanopores, enzymes, algorithms, software electronics and arrays to deliver future platforms and improvement on current products. A significant investment of 2023 was in the establishment of our regulatory development teams and expansion of our platform development groups as we support a growing product portfolio of sample to answer.

The Group's manufacturing team expanded by 5%, primarily in our biologics production facilities, which expanded during the year providing more robustness and resilience to our manufacturing capabilities.

Overall selling, general and administration headcount grew by 31%, primarily within the commercial team, which grew globally by 49% in the year supporting the Group's growth objectives.

Research and development expenses

The Group's research and development expenditure is recognised as an expense in the year as it is incurred, except for 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.

As amortisation related to internally generated assets has increased over time, management now consider that it is a more appropriate presentation to present amortisation and the R&D tax credit within research and development expenses, rather than as previously presented within selling, general and administration expenses. The comparative numbers have been re-presented to be consistent with the current year presentation.

	2023 (£m)	2022* (£m)
Research and development expenses	103.8	69.2
Adjusting items:		
Employer's social security taxes on pre-IPO share awards	0.6	9.9
Adjusted R&D expenses	104.4	79.1
Amortisation of capitalised development costs	(18.4)	(11.4)
Capitalised development costs	19.5	19.2
Total R&D expenses and capitalised development costs	105.5	86.9

* see note 11 on page 168 for details of the re-presentation.

Adjusted research and development expenses increased by £25.3 million to £104.4 million in 2023 (2022: £79.1 million). This increase was principally due to a 22% increase in headcount (2022: 31% increase) leading to a £7.0 million increase in payroll costs (2022: £7.1 million).

Amortisation of capitalised development costs increased by £7.0 million to £18.4 million. There is now £77.2 million of costs that have been capitalised as at 31 December 2023 (31 December 2022: £57.7 million), so driving the increase in amortisation.

Capitalised development costs increased by £0.3 million to £19.5 million in 2023 (2022: £19.2 million). This included £11.3 million of staff costs (2022: £10.4 million) and £8.2 million of third-party costs (2022: £8.8 million), across a number of projects that occurred during the year.

Overall investment in research and development was £105.5 million (2022: £86.8 million); an increase of £18.7million (2022: £9.4 million) over the prior year.

Selling, general and administration expenses

The Group's selling, general and administrative expenses in 2023 increased by £2.1 million to £155.2million (2022: decreased by £3.7 million to £153.1 million).

On an adjusted basis selling, general and administrative expenses in 2023 increased by £22.9 million to £134.6 million (2022: increased by £13.8 million to £111.7 million).

	2023 (£m)	2022 (£m)
Selling, general and administration expenses	155.2	153.1
Adjusting items:		
Share-based payment expense on Founder Long Term Incentive Plan (LTIP)	(20.9)	(53.2)
Employer's social security taxes on Founder LTIP and pre-IPO share awards	0.3	11.7
Adjusted selling, general and administration expenses	134.6	111.7

The main changes were:

- A 49% increase in average headcount of staff within the Group's sales, marketing and distribution functions (2022: 48% increase), leading to a £14.4 million increase in payroll costs (2022: £11.7 million increase). This is in line with our plan to expand our global sales team.
- A 4% increase in average headcount of corporate staff within the Group's Human Resources (HR), finance, central administration, legal, applied functions and certain corporate executives to support business growth (2022: 30% increase), contributing to a £1.7 million increase in payroll costs (2022: £7.9 million).
- An increase in depreciation of £1.6 million (2022: increase of £4.8 million), partially offset by a decrease in sharebase payments (non-Founder LTIP) of £1.5 million (2022: decrease of £6.9 million).

Balance sheet

Our balance sheet remains strong, with £472.1 million of Cash, cash equivalents and other liquid investments at 31 December 2023. Key movements during the year are outlined below:

	2023 (£m)	2022 (£m)
Property, plant and equipment	49.9	37.3
Intangible assets	32.9	30.0
Right-of-use assets	32.5	25.9
Net deferred tax asset	5.5	7.7
Working capital	84.6	70.4
Other assets and liabilities	21.0	11.6
Provisions	(13.0)	(13.3)
Cash and cash equivalents and other liquid investments	472.1	558.0
Lease Liabilities	(41.7)	(34.1)
Net assets	643.9	693.6

Property, plant and equipment

Property, plant and equipment additions of £34.9 million were made in the year (2022: £23.1 million). This included:

- £25.6 million on devices with customers (2022: £12.6 million), of which £14.9 million was on compute upgrades, and
- £5.7 million was spent on manufacturing facilities and laboratories across our sites in the UK (2022: £8.1 million)

Intangible assets

Intangible asset additions of £21.4 million (2022: £19.2 million) were made in the year relating to capitalised development costs and patent and license purchases.

Right-of-use assets

During the year right-of-use asset additions were £12.0 million (2022: £15.5 million), resulting in a net book value at 31 December 2023 of £32.5 million (2022: £25.9 million). As at 31 December 2023, the outstanding balance sheet liability in respect of the right-of-use assets was £41.7 million (2022: £34.1 million).

Working capital

The working capital balance of £84.6 million (2022: £70.4 million) predominantly reflects inventory of £101.5 million (2022: £87.7 million), trade and other receivables of £61.5 million (2022: £62.9 million) and trade and other payables of £78.4 million (2022: £80.1 million).

The increase in working capital was due primarily to increased inventory due to our long-term agreements with key suppliers focused on electric components. In particular, inventory related to flow cells and devices have increased by £7.8 million and by £5.2 million respectively in the year.

Provisions

Provisions of £13.0 million at 31 December 2023 (2022: £13.3 million), primarily relates to a provision for employer social security taxes on share awards of £9.9 million (2022: £10.8 million). The provision is estimated at each reporting period with reference to both the expected number of awards vesting and their expected value, using the share price at the reporting date. The release of the provision during the year is reflective of the reduction in share price from £2.47 at 31 December 2022 to £2.08 at 31 December 2023.

Cash, cash equivalents and other liquid investments

Cash, cash equivalents and other liquid investments were £472.1 million at 31 December 2023, a decrease of £85.9 million in the period. See note 35 to the consolidated financial statements.

Cash flow

In 2023, there was a net cash outflow of £137.3 million from operations (2022: £63.8 million *), the difference is primarily driven by the 2022 cash flow including the benefit of the DHSC income.

Cash outflows from investing activities were £61.8 million (2022: £51.4 million*). This includes:

- The purchase of financial assets of £150.0 million (2022: £130.0 million), offset by the proceeds of other financial assets of £104.6 million (2022: £60.5 million)
- The purchase of property, plant and machinery of £5.9 million (2022: £8.6 million)
- The purchase of an IP licence of £1.9 million (2022: £nil)
- The investment in associate of £3.0 million (2022: £nil)
- The capitalisation of development costs of £19.5 million (2022: £19.2 million), offset partially by
- Interest received of £13.9 million (2022: £3.4 million)

Cash inflows from financing activities were £64.7 million (2022: outflow of £13.7 million), which includes:

- Proceeds from issue of shares of £71.6 million (2022: £3.8 million) less costs of share issue of £0.4 million (2022: £2.4 million). This was primarily generated by the investment of nearly £70 million made by bioMérieux, and
- Lease and interest payments of £6.5 million (2022: £5.6 million).

* restated – see notes 11 and 28 on pages 168 and 184.

Outlook

We remain focused on our vision to bring the widest benefits to society through the analysis of anything, by anyone, anywhere. The continuous strengthening of our team, the establishment of strategic partnerships across the globe, together with significant investment in platform development, bespoke electronics, IP and infrastructure, combined with the strength of our balance sheet, puts us in a strong position to achieve this goal and continue to deliver strong growth.

Glossary

Adjusted EBITDA: EBITDA adjusted for: i) share-based payment expense on Founder LTIP awards; ii) employer's social security taxes on pre-IPO share awards; iii) impairment of investment in associate; iv) gain on sale of property; and v) settlement of the COVID Testing contract. See reconciliation in note 35, page 191

bps: basis points

CAGR: Compound annual growth rate

Cash, cash equivalents and other liquid investments: Cash and cash equivalents, treasury deposits and investment bonds

Constant Currency: the application of the same exchange rate to the 2023 and 2022 non-GBP results, based on 2022 rates

EBITDA: Loss for the year before income tax expense, finance income, loan interest, interest on leases, depreciation and amortisation

IFRS: International Financial Reporting Standards

LTIP: Long Term Incentive Plan

Underlying LSRT revenue growth: LSRT revenue growth excluding EGP and COVID sequencing revenue.

Underlying LSRT revenue growth on a constant currency basis: LSRT revenue growth excluding EGP and COVID sequencing revenue on a constant currency basis

Working capital: inventory plus trade and other receivables less trade and other payables

Our sustainable impact

At Oxford Nanopore, we are committed to innovating and growing in a sustainable way that honours our core values even as we maintain our cutting-edge technology advantage.

Advancing biological sciences, human and environmental health and improving food and agricultural outcomes are consistent with and enabled by our product and our business model. And yet, we recognise that a commitment to sustainability and positive impact must extend through every facet of our business, from our product to our footprint and our team. This year, we have continued with our sustainability strategy focused on the three areas of product, people, and planet, in which we set clear targets to hold ourselves accountable to the highest sustainable standards that will help guide us as we enter this next phase of growth. Based on the results of our newly carried out materiality assessment, 'people' has been ranked as a highly impactful material topic for Oxford Nanopore and therefore this section has been moved earlier in the report to emphasise its importance.



Product



Planet



People

CEO's statement

We founded Oxford Nanopore with a goal of developing and deploying a new generation of electronics-based molecular sensing technology. In the 10 years since we launched our first product, the MinION, we have worked hard to improve our DNA/RNA sequencing platform so that it is best in class, providing highly accurate, fast, information-rich genetic information in an accessible and affordable design. Our vision is to enable the analysis of anything by anyone, anywhere and this has framed our mission to empower people to explore and answer biological questions with our transformative technology platform.

Increasing access to valuable genetic information is foundational to our business model, and the scientific work by the research community is starting to actively address real-world problems in health (e.g. human genetics, cancer, infectious disease), agriculture, environment, education and more. Our goal is to have a profoundly positive and sustainable impact on society and the planet by enabling our customers to access the advanced scientific data to support their work, whether in fundamental scientific research or in future clinical and applied markets. We do this by breaking down barriers to acquiring and using our sophisticated sequencing tools. After our initial decade of fundamental R&D that resulted in novel technology features for broad communities – such as portability and the ability to

sequence longer fragments of DNA/RNA – we have also invested deeply in continuous improvement of our technology. We strive to ensure that their accessibility is matched by the quality and comprehensive nature of the data generated on Oxford Nanopore sequencers, in addition to the small environmental footprint created by the devices themselves.

We are proud of the incredible innovation and productivity of our technology's user community, who have published more than 11,000 peer-reviewed papers in scientific journals using nanopore sequencing. We are in a phase of rapid international growth, as our technology is used by more scientists to answer more biological questions. We are committed to growing responsibly.

Alongside our business strategy grounded in positive global impact, we have fully committed to building environmental, social and governance (ESG) considerations into our products and our business operations. We strive to grow in a responsible way, by protecting the planet through energy efficiency, product design, and ensuring that our commitment to sustainable practices extends beyond our internal operations to encompass our entire value chain. Last year we published our first Sustainability Report, which included the introduction of a new sustainability strategy – product, people, planet – to embed sustainability practices into our wider business strategy. We enhanced our emissions reporting, completed a full scope 3 emissions assessment, and reported against TCFD for the first time. Alongside this, we continued to take actions to reduce our emissions intensity whilst growing the business, successfully reducing tonnes of CO₂e emitted per £m revenue by 12.7% in 2023, beating our target of 2.5% reduction. This year we have built on that strong foundation. In 2023 we concluded an in-depth materiality analysis to review and understand our priorities when addressing our environmental and social impacts and opportunities. We worked with an external consultant to identify the environmental and social issues that are more pertinent to Oxford Nanopore and our external stakeholders, including customers, investors and partners, and to ensure that the sustainability investments we make are aligned with those priorities. This year, we also published our first-ever Net Zero Transition Plan, joining the UK's commitment of reaching net zero by 2050 in accordance with the Paris Agreement, through identifying and analysing several projects to help us reach that target.

Beyond our environmental footprint, we recognise that the success of our products is only possible through the strength of our team. We are incredibly proud of our people and the dynamic, interdisciplinary culture we have created and continue to foster through a variety of talent development programmes, which have continued to grow over the last year. We are committed to building sustainability considerations into the foundations of our long-term growth. This year we will be publishing our second sustainability report, which provides an update on our progress throughout FY23. Thank you for following us along our journey.



We strive to grow in a responsible way, by protecting the planet through energy efficiency, product design, and ensuring that our commitment to sustainable practices extends beyond our internal operations to encompass our entire value chain.”

Dr Gordon Sanghera
Chief Executive Officer



Sustainable impact highlights



Product

Expanded our global collaboration with UPS healthcare, which now serves the Americas, APAC and Australia.



We continued to design and support a transformative technology platform that empowers people to answer biological questions.

We saw a 55% year on year increase in the tonnes of used products returned to 8.6 tonnes (7.4 tonnes of devices; 1.2 tonnes of consumables) in 2023.

21% increase

A 21% year on year increase in the recycling of disposable flow cells returned to us. We were able to reuse one quarter of these for external customers, R&D activities, and in Configuration Test Cells (CTCs).



We published an updated Supply Chain Policy, which covers a range of environmental and social considerations to foster transparency and accountability throughout our supply chain.



56% of the 29 tonnes of packaging material we purchased for our primary products was renewable (made from a natural resource that can be replenished).

We hosted London Calling, an ISO 201201-accredited event, which enabled a diverse array of scientists across a breadth of research areas to network and share their research using nanopore sequencing.

Achieved a 25% reduction in plastics used in flow cell consumables through re-engineering the flow of materials.

25% reduction



People

36,050 total training hours

Staff training hours completed increased by 308% year on year, totalling 36,050 total training hours completed, of which 1,134 hours were completed through LinkedIn Learning.

After its launch in 2022, the Values in Action initiative progressed successfully in 2023 with three initiatives delivered, including Inclusion Week.



A year-long executive business strategy programme for 39 senior leadership culminated in the identification and delivery of organisational effectiveness priorities.

333% increase

The roll out of a new internship programme in December 2023 resulted in 1,300 applicants by year's end, reflecting a 333% increase from 300 applicants for the previous programme.

A new web-based platform was implemented, EcoOnline, which has made our EHS information more transparent and accessible.



Successfully trained 33 staff to become mental health first aiders in 2023.



Planet

We submitted science-based targets and have disclosed a transition plan showing Oxford Nanopore's commitment to the UK's own net zero ambitions. We also reported against TCFD with full compliance.



Successfully reduced energy consumption through upgrading the boiler at Gosling. We also performed lighting retrofits at Florey and ECH to improve energy efficiency.



12.7% CO₂e reduction

We successfully reduced tonnes of CO₂e per £m revenue by 12.7% in 2023, beating our target of 2.5% reduction.

This year we hired a new programme manager, Kara Dicks, who brings 15 years' experience in conservation and molecular lab techniques to support the expansion and success of the ORG.one programme, designed to support sequencing of critically endangered species.

Externally published a standalone environmental policy in 2023 that covers biodiversity, climate change, energy, waste and water with a commitment to minimise the environmental impact of our products.



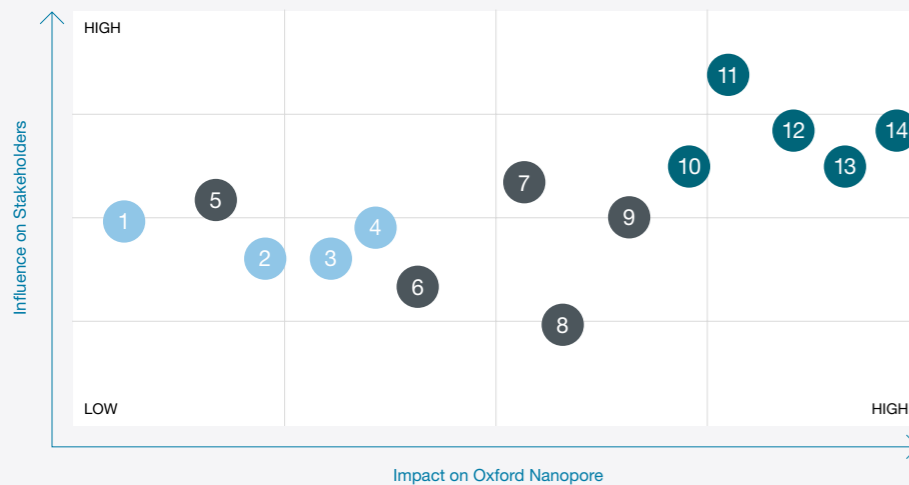
Our sustainable strategy

Our mission is to empower people to explore and answer biological questions with our transformative technology platform. Creating positive, lasting impact is at the core of what we do. Alongside our company strategy, last year we launched our sustainability strategy as part of our commitment to apply a sustainability-embedded mindset to our entire value chain, from our products, to our team and to our global footprint.



Materiality assessment

During FY23, we completed a materiality assessment to determine the company's key sustainability issues. The results of the assessment has provided guidance on what areas should be prioritised for measurement and disclosure in reporting. See results in the matrix below:



- | | | |
|--|--|---|
| Product
10 Biomedical ethics
11 Product responsibility (Environment & Social)
12 Product quality & safety
13 Access & impact
14 R&D innovation | People
5 Cybersecurity/IP & data protection
6 Talent & career management
7 Ethical conduct & compliance
8 Diversity & inclusion
9 Health, safety & wellbeing | Planet
1 Climate change including emissions and energy management
2 Resource efficiency, Packaging and circularity
3 Waste management
4 Responsible sourcing |
|--|--|---|

Product

STRATEGY PILLAR 1: Accessibility & impact
 Design our business and innovate our products to increase accessibility within the broader scientific communities who are driving solutions to global challenges in health, food and the environment.



STRATEGY PILLAR 2: Sustainable innovation
 Continuous innovation of our technology through creative and flexible approaches to maintaining our competitive advantage without sacrificing our core values.



People

STRATEGY PILLAR 3: Inclusivity & wellbeing
 Promote a culture that is inclusive, embraces diversity and prioritises the development of our people and their wellbeing.



Planet

STRATEGY PILLAR 4: Responsible scaling
 Maintain high growth in a responsible way by protecting the planet through energy efficiency and ensuring that our commitment to sustainable practices extends beyond our internal operations and distribution to encompass our entire value chain.





Product

Sustainable innovation has been key to developing a product line that fulfils our mission to increase global access to genomic information, while minimising our environmental impact.

Sustainable products

STRATEGY PILLAR 1:

Accessibility & impact

Our commitments

Guiding principle

Design our business and innovate our products to increase accessibility within the broader scientific communities who are driving solutions to challenges in health, food and the environment.

Commitments

- Continue to establish global support and logistics to fulfil our mission to enable anyone, anywhere to use Oxford Nanopore products, building on progress made to date.
- Continue to iterate on product design to develop smaller, easier-to-use, and lower cost formats to enable more people in broader communities to use this technology.
- Strengthen our relationships and collaborations with the education landscape, utilizing these examples to showcase student research impact across demographics and geographies.

Related sustainable development goals (SDGs)






With a goal to increase access to genomics and optimise for positive, global impact, we have designed our business model and innovated our products to broaden accessibility for global scientific communities who are driving solutions to challenges in health, food and the environment. Our vision is to put these tools directly into the hands of existing scientific communities so that researchers no longer need to rely on external partners to perform their experiments.

Accessibility

The cost, size and complexity of legacy sequencing technologies have historically made genomic insight inaccessible to much of the world, and have resulted in imbalances in the most developed countries. We have brought solutions to the market that increase access to high-quality sequencing. Our products are easy to use and portable, making nanopore sequencing technology accessible to anyone, anywhere. Accessibility at Oxford Nanopore also involves disrupting access to technology within hierarchical institutional structures in wealthier economies. Traditional academic research funding and even commercial sequencing mechanisms have been centred around a small number of expert institutions, with researchers traditionally sending their samples through these central laboratories. This often causes significant time delays, removing the ability for real-time insights and rapid trial and error, which is useful in the scientific process. Oxford Nanopore technology removes the need for this centralised processing, enabling rapid, high-throughput insights to help answer whatever the scientific question, however capitalised the investigator. We have been proud to play a part in a changed market dynamic as researchers are increasingly able to take control of their own sequencing.

Impact

Oxford Nanopore technology is positioned to provide solutions to many of the world's greatest challenges. Scientists continue to use our technology in more traditional laboratory environments in universities, industry or government facilities, but many are also expanding the reach of science by sequencing in new environments such as jungles, deserts, in the Antarctic and on the International Space Station. Our technology provides a more comprehensive insight into genomics with the ability to read short-to-long fragments of DNA, as well as being able to look directly at the individual bases that make up DNA and RNA in a way not possible using other sequencing technology. As a result, a new generation of research is pushing biological science further than previously possible.

Impact	Why is this important?
 <p>Impact in biomedical research and human health</p>	<p>Infectious disease: rapidly understanding the genomic sequence of pathogens can identify the disease and any drug-resistance characteristics. Oxford Nanopore tech rapidly characterises pathogens, on demand and in environments near the sample.</p> <p>Human genetics: from discovery of new drug targets for various diseases, to understanding the cause of rare disease and characterising tissue for rapid transplants, the impact of comprehensive genomic insights is broad.</p> <p>Cancer: DNA/RNA is altered in cancer. Understanding those changes can help design best treatment pathways and identify new drug candidates. Oxford Nanopore tech provides the most comprehensive characterisation of cancer DNA, including methylation (chemical corruption of the DNA), and 'liquid biopsy' samples that identify cancer markers directly from blood.</p>
 <p>Food security and agriculture</p>	<p>Lower respiratory infections remain the fourth most common cause of death. Infectious diseases including tuberculosis, viral hepatitis, rare disease and sexually-transmitted infections were forecast to kill an estimated four million people in 2020 (World Health Organization: December 2020).</p> <p>It is estimated that 5.3% of newborns will suffer from a genetic disorder and 34% of all disease-causing variation is made up of variants that are larger than a single base-pair substitution, making long sequencing reads vital.</p> <p>Worldwide there will be 28 million new cases of cancer each year by 2040.</p> <p>Genomics can help grow a more efficient crop/livestock, reduce food spoilage and enable quality assurance. Oxford Nanopore tech provides accessible, high-performance analyses to users in broad environments.</p> <p>Around 795 million people face hunger daily and more than two billion people lack vital micronutrients, affecting their health and life expectancy. 30% of food production is lost to pests and pathogens.</p>
 <p>Environment</p>	<p>Oxford Nanopore tech is enabling researchers to find out quickly, and often <i>in situ</i>, if a species is endangered and how to support it. Our tech also helps to further knowledge of changing environments such as the ocean microbiome.</p> <p>Three quarters of the land-based environment and roughly 66% of the marine environment have been significantly altered by human actions and one million species are now threatened with extinction. Loss of biodiversity is therefore shown to be not only an environmental issue, but also a developmental, economic, security, social and moral issue as well.</p>



Product

STRATEGY PILLAR 2:

Sustainable innovation

Our commitments

Guiding principle

Continuous innovation of our technology through creative and flexible approaches to maintaining our competitive advantage without sacrificing our core values.

Commitments

Minimise the environmental impact of our product packaging by:

- Further investing in recyclable materials and packaging, aiming to continue to improve our packaging by moving up the waste hierarchy and/or by improving the % of recycled material. Ensure all recycled packaging states it is made of recycled content and includes the material symbol where feasible.
- Improving the processes and systems for recording packaging to ensure scope and boundary is consistent and data/measures are accurate.
- Compiling SKU data on all packaging weights by types and material component and continuing to reduce SKU packaging variability to reduce packaging waste.
- Minimising packaging weight, while ensuring the protection of the product.
- For sub-components, using reusable packaging for transport where feasible.
- If using plastics, selecting those that are recyclable.
- Strengthening our supply chain by identifying opportunities to replace disposables with reusables in all points of the value chain.

Related sustainable development goals (SDGs)



Resource efficiency and materials

We are committed to conducting our operations and producing our devices in the most sustainable and resource-efficient manner possible. We have focused on internal processes, switching the packaging material in our distribution process, as well as increasing circularity in the life cycle of our products. We are constantly reviewing and optimising our manufacturing processes and use of materials to reduce our environmental impact. In 2023, we maximised the circularity of our raw materials to deliver resource efficiency by taking back 8.6 tonnes of our products (7.4 tonnes of devices; 1.2 tonnes of consumables).

Boosting innovation

We continue to integrate sustainability into our product design and delivery as new materials and components become available. We consider and respond to environmental issues throughout every stage of our product lifecycle, and our high-efficiency products play a role in helping the economy move to a low-carbon future.

Packaging

To ensure our packaging is as recyclable and sustainable as possible, starting in 2017, we began insulating our products with Woolcool®, a recyclable cardboard container with a wool-based insulator to keep products at the required temperature without the need for polystyrene. In 2023, we continued to insulate our products with Woolcool® and make best use of Credo Boxes (reusable iceless insulating containers) resulting in a reduction in plastic use of 11.3 tonnes. Overall, in 2023 across all our products and services, we were able to source 82 tonnes (72%) of packaging from recycled materials. Additionally, the nanopore development team has worked to deliver reagent kits that are suitable for ambient or cool shipping. This enables them to be shipped alongside our consumable flow cells and reduces the number of parcels required to ship compared to other technologies that have to ship their consumables and reagents separately.

Product quality & safety

Oxford Nanopore is committed to providing high quality products. We have a Quality Management System in place, which was certified to ISO 9001:2015 at year end. There have been no product recalls in the current or last 2 fiscal years. Our Quality Policy outlines our commitment to:

- Meet and exceed customer expectations by delivering high-quality products and services
- Maintain compliance with applicable external regulations and standards
- Ensure through quality system feedback processes that the voice of the customer (internal and external) is heard throughout the organisation so opportunities for improvement are identified and acted upon



Biomedical ethics

Oxford Nanopore is committed to promoting and conducting research involving human samples or data in accordance with all applicable laws and regulations, and in line with the highest standards of ethical conduct. Oxford Nanopore does not support the use of its technology for purposes that may deliberately or illegally harm human health or otherwise deliberately infringe on human rights, for example for the creation of biological weapons or deliberate ethical misuse of genomic data. Oxford Nanopore employees should not engage in research that supports any such uses.

The company has developed an ethics policy that sets out Oxford Nanopore's approach to ethical conduct within research involving human samples and/or data. To hold itself accountable, the Company has several governing bodies in place to ensure adherence to the policy, including:

- A designated Ethics Committee, which oversees all matters relating to the conduct of ethical research within Oxford Nanopore. The committee meets a minimum of twice yearly, with additional meetings scheduled as needed.
- The Human Physical Sample Committee reviews projects involving human samples and approves commencement of projects involving the acquisition and use of human samples within the Company based on review of information provided by the project team in relation to relevant policies.
- The Board of the Company is responsible for ensuring that Oxford Nanopore has appropriate technical and organisational measures in place designed to enable compliance with this policy.

Responsible sourcing

Our commitment to sustainable practices extends beyond our internal operations and distribution, to encompass our entire value chain. Oxford Nanopore seeks to work with worldwide suppliers who operate under principles that are similar to Oxford Nanopore's business conduct and ethics. All suppliers must comply with the laws governing such supplier and apply the United Nations Guiding Principles on Business and Human Rights to all business operations.

Supply chain code of conduct

Oxford Nanopore has a Supply Chain Code of Conduct in place and a robust, risk-based approach to managing ESG within our supply chains. It is important that Oxford Nanopore works with suppliers who have a consistent set of ethical standards and who conduct business legally, fairly, and with integrity. All suppliers must comply with the laws of applicable legal systems and conform to the United Nations Guiding Principles on Business and Human Rights in all their business operations. We are dedicated to engaging with suppliers who uphold high ethical standards, prioritise environmental stewardship and embrace social responsibility.

During 2023, we implemented a new supply chain risk monitoring system that automated several elements of the supplier audit process, allowing us to increase the audit coverage of suppliers and obtain substantial supplier data across both environmental and social factors. Thorough risk assessments of all our global key suppliers, which comprised 43% of our total spend, were undertaken using a third-party software in 2023. This year we have extended ESG disclosures required by suppliers on further social factors to include – Supply Chain Responsibility, Quality Management, Health & Safety.

As part of our Net Zero commitments and supporting science-based targets, a dedicated Supply Chain Engagement programme will be developed and launched during 2024 to assist our suppliers in developing and improving their own environmental monitoring and improvement processes that will drive decarbonisation in the supply chain and align them with Oxford Nanopore's own environmental ambitions. This will include elements to improve carbon footprint reporting, ISO 14001, EMS systems implementation and energy audits.



People

Building an inclusive culture that supports the health, wellbeing and development of our people is a key driver to the success of our business.

STRATEGY PILLAR 3:
Diversity & inclusion

Our commitments

Guiding principle

Promoting a culture which is inclusive, embraces diversity and prioritises the development of our people and their wellbeing.

Commitments

- Continue running events through our Values in Action initiative. From 2023, ViA commits to deliver the introduction of emergency hygiene products to all UK offices (rolling out globally by end of 2024), volunteer in the community and host wellbeing events in June for International Wellbeing Week.
- Continue to strengthen the skills of our employees through ongoing customised learning and development. Bespoke training solutions will be devised and delivered for several teams needing to focus on key skills and build collective performance.
- Improve EHS resources, implementing additional modules, including documents, training, and checklists, which will enhance the value of the database as a one-stop EHS portal for Oxford Nanopore.
- Align our EHS programmes with the international standards for the environment (ISO 14001) and occupational health and safety (ISO 45001) by 2025.

Related sustainable development goals (SDGs)



Health and safety

Health and safety is of paramount importance to us as a responsible employer. We strive to safeguard the health, safety and wellbeing of all our employees, visitors and contractors. Our EHS Policy sets out our arrangements for Health and Safety, with the Board having ultimate responsibility and accountability. Performance against the objectives of the EHS policy is reviewed at least every six months at Oxford Nanopore's EHS Steering Committee meetings. Leaders at all levels of the organisation have been trained and are required to communicate Oxford Nanopore's health and safety expectations and ensure appropriate resources are provided to achieve a high health and safety performance standard. All employees are responsible for their health and safety through compliance with Oxford Nanopore's EHS policy, procedures and EHS performance expectations. Employees are also responsible for the health and safety of their colleagues, contractors, and visitors by highlighting and reporting health and safety risks and concerns and, where safe to do so, taking action.

Safety first

Oxford Nanopore is in the process of developing an EHS management system, and we are continuing to align our EHS programmes with the international standards for the environment (ISO 14001) and occupational health and safety (ISO 45001) with an objective to be certified in 2025. We provide all of our employees with health and safety training, including general and role-specific EHS training. General training includes EHS induction, manual handling, ergonomics, fire and evacuation procedures. Employees are also given specific training based upon their role, such as managerial responsibilities and accountability awareness, best laboratory practices, first aid and fire marshal training.

Safety performance

We are committed to preventing occupational accidents, diseases and illnesses to ultimately achieve an accident-free workplace. Health & Safety hazards are identified and associated controls enacted; the process is documented and disseminated through formal risk assessments. Health and Safety metrics are recorded using a cloud-based EHS management system EcoOnline and we actively encourage the reporting of injuries, incidents, improvement suggestions, near misses and hazards. There have been no fatalities of employees or contractors in 2023 and in all prior years. Our LTIR is defined as total number of lost-time incidents in a year, divided by the total number of hours worked, multiplied by 200,000. We define a lost-time incident as an incident that occurs when a worker sustains a lost-time injury that results in time off from work, or loss of productive work. In FY23, we no reported RIDDOR incidents (Reporting of Injuries, Diseases and Dangerous Occurrences) making our RIDDOR rate 0.

Health and wellbeing

We believe that our employees' wellbeing is a critical component of the company's success. Both physical and mental wellbeing are of importance to us, and we take steps to proactively assist all our employees. We aim to make sure that we provide them with the support they need to stay healthy and to have easy access to help, advice and treatment when they may need it. We have various programmes and provide a range of benefits to support their health and wellbeing including private medical insurance and an Employee Assistance Programme (EAP). The EAP is an employee benefit designed to help employees deal with personal and professional problems which could be affecting their home or work life, health and general wellbeing. We consistently review the range of support we provide and to continue our focus on mental health and in 2023 we provided 33 employees with Mental Health First Aid (MHFA) training.

Our people

Our people believe in the purpose and vision of Oxford Nanopore. Effective engagement aligns employees with our strong culture and core values, ensuring everyone works together towards a shared vision. We look after our employees, support their training and development, recognise cultural differences, respect their human rights and promote a fair working environment with equal opportunities for all.

Engagement

It is important to us that we engage with our employees. In 2022, we launched the Values in Action (ViA) programme, a framework to create a pathway to optimise engagement and offer everyone in the Company the chance to contribute. In 2023, the ViA pods gathered monthly to gather input and drive their initiatives, resulting in three initiatives delivered in 2023. One of these was Inclusion Week. Two members attended the Inclusive Employers Association conference in 2023, and used their insights to shape Inclusion Week in October, sponsored by SVP Lakmal Jayasinghe. This involved four days of activity, workshops and discussion panels promoting understanding of LGBTQ+, Women in Tech, Ethnicity and international cultures. Kate Priestman, Oxford Nanopore's designated Non-Executive Director, has taken on responsibility for employee engagement and inclusion. The ViA community will also be an opportunity for Kate to engage with employees, to explore and validate the lived culture and Values in Action of our organisation, and report back to the wider Board.





People

Diversity and inclusion

At Oxford Nanopore, we actively recruit people from diverse backgrounds with varied experience and perspectives, who truly reflect the global scientific community we serve. Diversity is reflected across our entire business practice; there are currently 59 different nationalities employed at Oxford Nanopore. Our ambition is to build and maintain a diverse, equitable, and inclusive culture in the workplace and across Oxford Nanopore's value chain. We value people as individuals with diverse opinions, cultures, lifestyles, and circumstances and believe in equality of opportunity, following practices which are free from unfair and unlawful discrimination. We are committed to creating a supportive and inclusive environment where respect and understanding are fostered, and the diversity of both people and perspective is positively valued. Oxford Nanopore has an Equality and Diversity Policy in place, applicable to all employees. The Board has overall responsibility for this policy. We have clear procedures in place that enable job candidates and employees to raise a grievance or make a complaint if they feel that they have been unfairly treated.

Our diversity commitments

- Creating an environment in which individual differences and your contributions are recognised and valued
- Providing a working environment that promotes dignity and respect for all, where no form of intimidation, bullying or harassment is tolerated
- Providing training, development and progression opportunities for all
- Understanding equality in the workplace is good management practice
- Reviewing all our employment practices and procedures to ensure fairness
- Reviewing our recruitment practices to ensure they are fair, consistent and free from unconscious bias
- Full support of this policy by senior management
- Monitoring and reviewing this policy annually
- Having clear procedures that enable candidates for jobs and employees to raise a grievance or make a complaint if you feel that you have been unfairly treated
- Treating breaches of our equality and diversity policy as misconduct which could lead to disciplinary proceeding.

Talent and career management

Our goal is to attract, develop, and retain talent at Oxford Nanopore, as well as inspire and nurture the next generation of scientists through provision of accessible technology and educational support. To strengthen these efforts, we conduct a number of internal and external programmes. The Nomination Committee is responsible for ensuring that appropriate talent development programmes are in place to maximise the potential of our employees. We have worked to maintain a culture that incentivises and rewards excellence, while encouraging long-term relationships with Oxford Nanopore, resulting in our low attrition rates over the years. In 2023, our attrition rate was 8.03% (2022: 12%).

Training

We are committed to offering training for all levels, providing opportunities for our employees to engage in life-long learning. LinkedIn Learning is a resource offered to all employees worldwide, with the exception of China where another solution is being sourced. This allows unlimited access to personal effectiveness, management and skills based learning. In 2023 we increased focused on regional growth to ensure our colleagues in the Americas, APAC and EMEA are included and connected. This was not only achieved through online and virtual sessions scheduled for the time zones, but with in-person Development Weeks hosted in New York, Shanghai and Abu Dhabi.

Career development

We are committed to promoting career development. A year-long executive business strategy programme for 40 senior leaders has culminated in the identification and delivery of significant organisational effectiveness priorities. Organisational Development is reflected through four functional, ongoing capability programmes (Supply Chain, Lean Six Sigma Programme, Challenger Sales Training and Customer Success Training) in addition to our personal, management and leadership development 'Mastery' modules.

Six Sigma qualifications were achieved by 12 participants, with a further cohort planned for 2024. This has been a key area for Oxford Nanopore to enhance the operational effectiveness of our teams through teaching the Six Sigma methodologies and tools focused on enhancing quality while staying efficient.

39 Senior Leaders completed 2,730 hours of residential learning and coaching to develop their thought leadership and strategic business skills.

Last year, we launched our Mastery series of leadership, management, and personal development programmes: a suite of modular content that supports personal effectiveness through to strategic thought leadership. In 2023, 383 employees completed a My Mastery or Manager Mastery programme with 387 hours of instructor-led mastery programmes conducted. The female/male participation rates for these programmes was 51% female and 49% male.

Internships and apprenticeships

Our core intern programme runs from April each year and accommodates up to 22 science undergraduates/postgraduates for 3-to-12 month placements. An additional five interns are placed for 12 months each in our Corporate Functions. For 2024 a new process has been designed to create a cohesive campaign promoting Equality, Diversity & Inclusion (ED&I) and improving candidate experience, including extensive recorded marketing collateral on our Early Careers pages within the Company website. The intention is to build an intern community where onboarding, social activities and personal development opportunities will be promoted during their placements and a talent pipeline will be created to attract candidates to return for permanent opportunities.



Planet

We believe that high growth does not need to come at the expense of the planet – and we are committed to scaling responsibly by making choices that protect our environment.

Environmental leadership

STRATEGY PILLAR 4:

Responsible scaling

Our commitments

Guiding principle

Maintain high growth in a responsible way by protecting the planet through energy efficiency and ensuring that our commitment to sustainable practices extends beyond our internal operations and distribution to encompass our entire value chain.

Commitments

- Repeating our target to reduce the tonnes of Scope 1 and 2 CO₂e emitted per £m revenue by 2.5% again in 2024
- Continue to work with all suppliers on core ESG Governance, ensuring that all key suppliers (covering 43% of total spend) meet our ESG standards on human rights, environmental protection, health and safety, compliance and more
- Align our ESG Governance in supply chain with best practice of the UN Global Compact
- The EcoOnline system has been implemented for Health and Safety in 2023, however we commit to adding in the environmental data and metrics in 2024
- As part of Net Zero commitments, a dedicated Supply Chain Engagement programme will be developed and launched during 2024 to provide training on the following topics:
 - Carbon Footprint
 - ISO 14001 EMS Systems Implementation
 - Energy Audits
- Use the waste hierarchy to assess, and where feasible, implement projects to further enhance waste management practice across the organisation
- Increase the recycling and reuse of waste materials by 10% from 2023 totals at our Oxford and Harwell sites managed by AXIL-IS

Related sustainable development goals (SDGs)



Responsible scaling

At Oxford Nanopore, our devices contribute to research designed to analyse, assess and develop solutions and strategies to address the impacts of climate change that affect us all globally. We are committed to protecting the environment and reducing our impact within all our operations. We are adapting to, and mitigating against, climate change risks and impacts, through commitments to improved efficiencies throughout Oxford Nanopore's operations, including in our buildings and value chain. Our commitment to transparency includes the disclosure of our carbon emissions and reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, which includes details of our oversight, risk assessment and strategy of climate-related issues.

Managing environmental performance

Our EHS Policy sets out our environmental arrangements and the Board has ultimate responsibility for environmental matters. The EHS Policy applies to all employees. In 2023, environmental training was provided to employees through EHS Inductions, management training, communications via our Resource Centre and through discussions at the EHS Steering Committee meetings. In 2023 there was a significant increase in the range and number of options for training and made this more accessible for our people. We strive to improve our environmental performance throughout all of Oxford Nanopore's global operations. We are committed to pollution prevention; the reduction of waste, releases, emissions and water use; and to the efficient use of energy. Oxford Nanopore also has an environmental team who were formed in late 2022, whose aim is to facilitate the implementation of employee ideas to improve the environmental performance of Oxford Nanopore. Oxford Nanopore incurred no environmental fines or penalties in the year ended 31 December 2023.

Water

Oxford Nanopore's operations are not particularly water intensive. However, we recognise the importance of water conservation and are committed to reducing our water consumption and withdrawal. We will employ water-efficient technologies and practices to minimise our impact on water resources.

	2023	2022	2021	2020
Freshwater usage (m ³)	4,152	4,311	2,558	3,304

This data covers water use in Gosling, MinION, Genesis and ECH. It is based on water bill estimates.



Energy consumption and emissions data

	FY23			FY22 ¹		
	UK	Global (excl UK)	Total	UK	Global (excl UK)	Total
Emissions (tCO₂e)						
Scope 1 (tCO ₂ e) Total	361	0	361	592	0	592
Scope 2 – location based (tCO ₂ e)	1,197	0	1,197	959	0	959
Total scope 1 & 2 – location based	1,558	0	1,558	1,551	0	1,551
Scope 2 – market based (tCO ₂ e)	0	0	0	0	0	0
Total scope 1 & 2 – market based	361	0	361	592	0	592
Intensity ratio (tCO ₂ e per £m revenue) – Scope 1 & 2 – location based			9.22			10.56
Energy (kWh)						
Total energy consumption (kWh)	6,802,410	0	6,802,410	6,682,065	0	6,682,065

1. 2022 Scope 1 has been restated due to the emissions from refrigerants being omitted in error. Scope 1 and 2 were also both restated due to several sites being determined to not be within Oxford Nanopore's operational control.

Energy consumption (renewable/non-renewable)

	FY23	FY22 ²
Energy (kWh)		
Total renewable energy consumption	5,259,759	5,016,174
Total non-renewable energy consumption	1,542,651	1,665,891

2. 2022 energy consumption has been restated due to the changes mentioned in Note 1 where by those sites energy consumption has been removed.

Energy and greenhouse gas emissions

Oxford Nanopore has committed to reduce the carbon intensity of our operations. With support from several environmental consultants, we have begun to recognise opportunities to understand and improve sustainability, and we have placed a specific focus on identifying projects to reduce carbon emissions. For the year ending 31 December 2023, we aimed to reduce the tonnes of CO₂e emitted per £m revenue by 2.5%. We have successfully reduced tonnes of CO₂e emitted per £m revenue by approximately 12.7% in 2023. In 2024 we will repeat our target to reduce the tonnes of Scope 1 and 2 CO₂e emitted per £m revenue by 2.5%. To calculate our emissions and energy usage data, we have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019. Our reporting of scope 1 and 2 emissions and energy data covers 100% of our global operations. Furthermore, our reporting of scope 3 emissions covers 100% of our upstream and downstream value chain.

Scope 1 has decreased year on year largely due to fewer refrigerant top-ups needed for the air conditioning systems. There was also a reduction at Gosling due to the new, more efficient boiler which we expect will see even further reductions in 2024. Scope 2 increased in line with increased employee numbers and operational growth.

For Scope 3, the process of setting science-based targets led to a review of the footprint and enhancement of the quality of data used and the methodology carried out. This resulted in increased business travel emissions as more accurate data was obtained for flights.

Despite spend increasing, purchased goods and services emissions decreased due to more accurate emissions factors being utilised. However, the increased expenditure on purchased goods resulted in increased transport emissions year on year.

Scope 3 Emissions

Category	FY23 (tCO ₂ e)	FY22 (tCO ₂ e)
Purchased goods and services	36,477	49,014
Capital goods	-	-
Fuel and energy-related activities ³	439	390
Upstream transports and distribution	331	204
Waste generated in operations	7	66
Business travel	7,203	1,078
Employee commuting	1,216	1,057
Upstream leased assets	875	420
Total Upstream Scope 3	46,548	52,229
Downstream transportation and distribution	1,441	1,053
Processing of sold products	-	-
Use of sold products ⁴	1,935	870
End-of-life treatment of sold products	2	37
Downstream leased assets	-	-
Franchises	-	-
Investments	1,778	306
Total Downstream Scope 3	5,156	2,266
Total Scope 3	51,704	54,495

3. Fuel and Energy related activities has been restated due to the changes mentioned in Note 1 whereby those sites not within Oxford Nanopore's operational control have been removed from Scope 1 & 2 and therefore the associated fuel and energy related activities have also been removed.

4. Use of sold products has been restated due to changes in methodology.

Transitioning our business to net zero

Introduction

Our business was founded on the vision of making a positive impact and we are committed to understanding and improving our environmental and social performance so that we can ensure this vision is realised. We strive to grow in a responsible way, by protecting the planet through energy efficiency, product design, and ensuring that our commitment to sustainable practices extends beyond our internal operations to encompass our entire value chain.

The development of our climate change response reflects this vision. In 2022, we launched and formalised our sustainability strategy – product, planet, people – and we enhanced our emissions reporting, completed a full scope 3 emissions assessment, and reported against TCFD for the first time. Alongside this, we continued to take actions to reduce our emissions intensity whilst growing the business, setting a target for 2023 to reduce the tonnes of CO₂e emitted per £m revenue by 2.5%, which was achieved. We also committed to develop a net zero transition plan during 2023.

To that end, in 2023 we set ambitious near-term science-based targets for scope 1 & 2 and 3 emissions and formalised the Group's commitment to net zero across all scopes by 2045, with minimal use of offsets. To support the delivery of our targets, we have identified, and analysed several initiatives to deliver emissions reductions, as outlined below.

Our targets

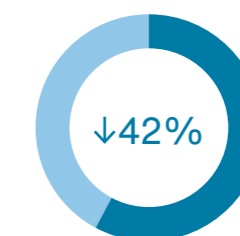
In order to ensure we align to the Paris Agreement goals of keeping warming within a 1.5°C scenario and contribute to the UK's commitment of reaching net zero by 2050, we have set the following science-based targets:

By 2030	By 2045
42% reduction in scope 1 and 2 emissions; and	Net zero emissions across the value chain (all scopes)
52% reduction in scope 3 emissions per value added	

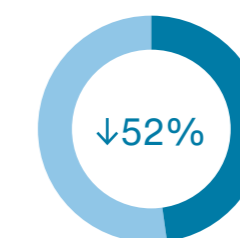
- Our targets have been submitted to the Science Based Targets initiative (SBTi) for validation
- Targets are set on a 2023 base year
- We target at least 90% reduction in emissions by 2045. Any residual emissions may be addressed via the use of offsets

By 2030

Reduce absolute scope 1 and 2 emissions



Reduce scope 3 emissions per value added



Our plan

We have developed site-level decarbonisation pathways for our main operational sites, drawing on the recommendations set out in our recent ESOS report and Building Energy Use Audits. By analysing the sources of our scope 3 emissions we have also developed pathways for our key value-chain emissions, which will be actioned by our team in collaboration with our customers and suppliers. Our biggest emission impacts are from our Purchased Goods and Services. We recognise we will need to work collaboratively with our main suppliers to achieve reductions; work in this area has only just started.

We are a fast-growing and ambitious business, so our expectations also factor in potential growth for the coming years and the implications of that on both our operational and value chain emissions. Based on the outline below we do not envisage any material changes in the Group's resource allocation from our transition plan over and above our current business strategy and expect to achieve our plans within a business-as-usual context in the near term.

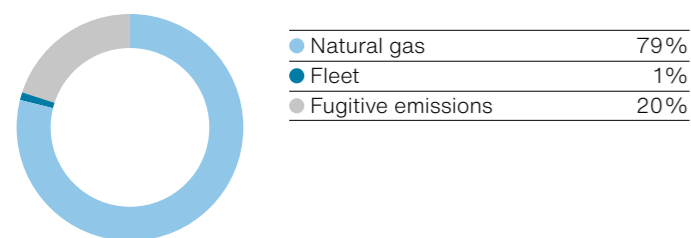
Scope 1 & 2 emissions

Our operational emissions are concentrated. Our market-based scope 2 emissions are zero, and our operational footprint is nearly equally split between natural gas used for heating and fugitive emissions from the use of HVAC systems, coolers, and water chillers.



Planet

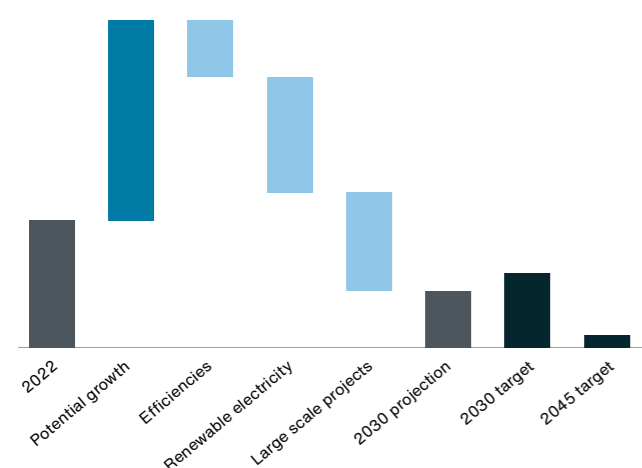
Scope 1 & 2 emissions, 2023 (market-based)



Our primary focus is to maximise energy efficiency and reduce our energy demand. Whilst no reduction in electricity is required to meet our targets, several efficiency measures have been identified, which in aggregate produce a meaningful reduction in electricity use over time. These include behaviour and process changes, installs and upgrades, smart metering and intelligent controls. We then plan to install solar panels for renewable self-generation where we can, thereby reducing our exposure to the grid and the use of REGOs.

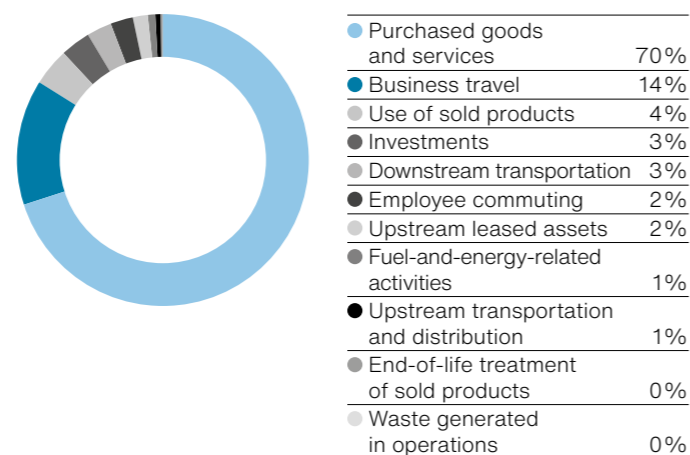
The same is true for heating & cooling (scope 1 emissions), where a number of efficiencies have also been scoped and ranked, including the use of timers, smart sensors, seasonal adjustments to space use, altering the temperature of freezers and use of reflective films on windows. Larger scale upgrades include the replacement of low efficiency cooling units, switching natural gas heating to heat pumps and replacing cooling units with those that use refrigerants with lower global warming potential. The commercial availability of zero emissions refrigerants is expected to be beyond our near-term target window. Our project team will be phasing these larger scale upgrades over time, in conjunction with our landlords where required, taking into consideration our equipment upgrade cycle and our buildings strategy.

Our scope 1 & 2 emissions pathway



Scope 3 emissions

Our value-chain emissions footprint is dominated by emissions from Purchased Goods and Services, which are those embedded in the goods directly linked to the production and delivery of products, as well as emissions from the providers of services to our business. Other less meaningful scope 3 emissions relate to Business Travel, Employee Commuting and Downstream transportation of our products.



Reduction in our Purchased goods and Services emissions is key to our net zero ambition, which has led us to improve dialogue with our supply chain and develop a long-term strategy for emissions. This year we introduced supply chain management software to provide additional data on the carbon impact of our suppliers to help focus our efforts. We will work with our suppliers to identify specific improvements they can make. We may investigate collaboration with other customers of our larger suppliers via multi-sector working groups to coordinate our ambition for improved environmental performance. Suppliers' environmental performance is already a feature of our procurement process, including within the selection and review of suppliers. We believe that our suppliers will be receptive to any engagement that takes place to improve our joint environmental impact; however if there is continued disengagement on such matters, we may consider the viability of other suppliers. We also factor in background trends into our plan such as the decarbonisation of global electricity grids, which will benefit our suppliers' emissions profiles over time.

In addition, through our own internal product development processes, we have the ability to design for lower carbon in our products, such as via lightweighting or the use of alternative materials and we will investigate these, cognisant that there may also be trade-offs between product price and performance.

We will also be looking at controlling our smaller emissions sources. We will assess our logistics strategy to identify opportunities for reducing the overall emissions footprint associated with product logistics. We are continuing to seek reduction opportunities from business travel and employee commuting, making full use of technology to reduce the need for travel and encouraging low-carbon travel options.

Task force on climate-related financial disclosures

In 2023, we developed a plan for the decarbonisation of our business and our value chain and submitted science-based targets to the Science Based Targets initiative for validation. Details of our high-level net zero transition plan pathway can be found on page 63.

In conjunction with our net zero ambition, this report covers the Group's governance of climate change, the integration with overall risk management, strategy in managing climate-related issues and opportunities, and the metrics to measure progress towards our targets. In line with the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022

and Listing Rule 14.3.27R, the following pages set out our Non-Financial and Sustainability Information Statement consistent with all of the TCFD recommendations and recommended disclosures, as detailed in "Recommendations of the Task Force on Climate-related Financial Disclosures" (2017) and the additional guidance as set out in the TCFD 2021 Annex, "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" ("TCFD Annex"). Given our transition plan development, we are now in full alignment with all requirements.

Recommendation	Recommended disclosures	Reference
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Page 66
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 66
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Page 68
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Page 68
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 68
Risk management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 69
	b) Describe the organisation's processes for managing climate-related risks	Page 69
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 69
Metrics and targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 71
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Page 71
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 71



Governance

Board level

The Board, headed by the Chairman, has overall responsibility for climate change management and strategic response, including oversight of climate-related risks and opportunities, in addition to all relevant Group policies matters that impact the Group's strategy. The Board is supported and informed on climate-related issues via two pathways as detailed in the following diagram. This structure ensures that any potential impacts of climate change are incorporated into the review of Group strategy, business plans and risk management. The operational and strategic pathway manages the company's strategic response to climate change and the flow of information to the Board around key KPIs, capital spend, and strategic initiatives. Metrics such as scope 1, 2 and 3 emissions, progress against the annual carbon emission intensity target and newly submitted SBTi targets are reported to the Board and monitored as reported by the EHS Steering Committee, via the Operating Committee. To date, our longstanding environmental programme has included energy efficiencies and renewable electricity purchases, which have formed part of our ongoing strategy and have been included in annual budgeting. Our new SBTi emissions targets provide a framework that enhances our ambition, resulting in a high-level plan that is being incorporated into our financial planning and strategy. This plan includes a continuation of energy efficiencies and renewable electricity purchases, but also includes considerations for our building strategy and actions around our supply chain and products, which need to be factored in over time. These details are outlined in our transition plan and monitored by the EHS Steering Committee.

The risk pathway monitors, manages and informs the Board of climate-related risks through the Audit and Risk Committee, supported by the Operating Committee. The Audit and Risk Committee meets four times each year and reviews all risks at least twice each year, with the Chair of the Audit and Risk Committee referring key matters of risk to the Board, including climate-related issues if deemed material. The Audit and Risk Committee reports to the board who provide direction on risk profiling and mitigation. Additionally, the Board is informed of any key strategic or financial issues arising from the management of climate-related risks and opportunities by the Operating Committee. The Board considers climate-related risks twice per year.

Management-level

The EHS Steering Committee is a cross-functional committee which has responsibility at management level over all environmental issues facing the Group, including climate-related risks and opportunities and progress against our transition plan. This committee reports to the Operating Committee, led by the CEO. The EHS Steering Committee monitors metrics related to climate risks and opportunities as outlined in this report, tracks our progress to our targets (below) and monitors matters relevant to climate-related risks and opportunities, such as the status of relevant decarbonisation projects like our energy efficiency efforts and the transition to renewable electricity underway in the business. The Operating Committee is also responsible for identifying, assessing, and mitigating risk under the direction of the Audit and Risk Committee. The Operating Committee enables the flow of information to and from the Board and from across the Company to the senior management. Twice yearly (and as needed on an ad hoc basis), the Operating Committee reports to the Audit and Risk Committee on risks and mitigation.



■ Board level ■ Management level

Risk management

The Group has used third-party climate consultants to assist in the identification of climate-related risks and opportunities. All categories of risks from the TCFD guidance have been considered, but not all climate-related risks and opportunities are relevant to the business. A bottom-up site level risk assessment using geospatial natural hazard mapping software was conducted to determine the potential climate-related physical risks for each site. Climate-related transition risks tend to impact the Group in a top-down manner. These are identified and shortlisted, in collaboration with internal stakeholders and senior management, in conjunction with the EHS Steering Committee. This analysis includes a horizon-scanning exercise to incorporate policy and legal risks and is refreshed annually to include any changes to the business, external regulatory developments, or operating conditions.

Following identification, climate-related risks are then integrated into the Group's overall risk management framework. All the group's risks, including climate-related risks, are categorised using the same methodology, so that their importance is comparable. The Group's Risk Register categorises all existing and emerging risks, including climate-related risks, with the Register covering the probability of the risk occurring, the degree of the potential impact and whether they first occur within the Group's short- (0 to 1 year), medium- (1 to 3 years), or long term (3 years+). The short-term horizon covers our immediate in-year actions, the medium-term horizon includes our near-term business strategy, and the long-term time horizon is sufficient to incorporate our asset life, our net zero targets and time for certain climate-related risks to manifest. For the purposes of our climate risk assessment, we assess risks out to 2050 in the long-term. A risk that is present during the short or medium term may continue into the long term.

All risks are assessed on a 5x5 matrix incorporating an assessment of both impact and likelihood, which allows for the prioritisation of risks. Risk impact (materiality) is determined based on materiality limits agreed with the external auditors, as currently defined by the table below:

Risk likelihood is defined by under five categories: Remote, Unlikely, Possible, Probably, Highly Probable.

Mitigation factors for all risks are included in the companies Risk Register. This informs decision making when managing risks (e.g., further mitigation, accept, or control), with this decision determined by the options for mitigation, cost of mitigation and overall risk management strategy. The Risk Register is reviewed and updated twice annually to reflect new and developing areas in the operating environment which might impact business strategy. Internally, the cost of mitigation is described (where possible) along with an explanation of how this is derived. Risks are subject to ongoing refinement and quantification over time and assist with incorporating climate-related risks into the ongoing strategy, budgets and financial statements, if required.

	Insignificant	Minor	Moderate	Major	Catastrophic
Financial Impact*	Estimated impact or lost opportunity of <£1.65m	Estimated impact or lost opportunity of £1.66m-£3.2m	Estimated impact or lost opportunity of £3.3m-£6.5m	Estimated impact or lost opportunity of £6.5m-£13.1m	Estimated impact or lost opportunity of > £13.2m

* The materiality limits have been updated in line with the Group's financial statement materiality levels. The materiality used for the Group financial statements was £3,300,000 – see page 144.



Planet

Strategy

Oxford Nanopore recognises the global threat climate change poses on the environment and acknowledges that it may present both risks and opportunities to the business.

We have assessed all our sites for physical climate risks with the conclusion that direct physical risk exposure to our sites is extremely limited due to the nature of our business and locations of our sites. Only three of our sites are deemed to be business critical, being our head office and key manufacturing sites in Oxford and Harwell, all of which face a low risk of riverine flood as the only physical risk exposure. The headcount across other business sites represents a small fraction of staff and therefore would result in only minor disruption to productivity in the event of travel or site-related disruption. Oxford Nanopore's established home working procedures, insurance recovery in the event of natural disasters, and short-term leases of facilities, further mitigates the impact of physical risks. Risks such as higher mean temperatures, rising sea levels, wildfires and severe weather are also not seen as having any impact over the period to 2050. We do however include physical risks exposure of our supply chain within our key risks below. Transition risks, e.g., potential exposure to reputation, policy, and legal and technology risks, were also considered and those that we deem material are outlined below.

Scenario analysis out to 2050 has been used to improve our understanding of how different climate outcomes may affect the behaviour of certain risks, and thereby improve our understanding of the resilience of our business to climate change. Physical risks were analysed using scenarios embedded in the software tool, which are from the Intergovernmental Plan on Climate Change¹:

RCP 2.6: a climate-positive pathway, likely to keep global temperature rise below 2°C by 2100. CO₂ emissions start declining by 2020 and get to zero by 2100.

RCP 4.5: an intermediate and probably baseline scenario more likely than not to result in global temperature rise between 2°C and 3°C by 2100 with a mean sea level rise 35% higher than that of RCP 2.6. Many plant and animal species will be unable to adapt to the effects of RCP 4.5 and higher RCPs. Emissions peak around 2040, then decline.

RCP 8.5: a bad case scenario where global temperatures rise between 4.1-4.8°C by 2100. This scenario is included for its extreme impacts on physical climate risks as the global response to mitigating climate change is limited.

Transition risks and opportunities were flexed using scenarios from the International Energy Agency (IEA)², which are far more descriptive and useful for modelling positive climate outcomes.

Net zero 2050 (NZE): an ambitious scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO₂ emissions by 2050. This meets the TCFD requirement of using a “below 2°C” scenario and is included as it informs the decarbonisation pathways used by the Science Based Targets initiative (SBTi).

Stated policies scenario (STEPS): a combination of physical and transitions risk impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today's policy settings.

Each of our climate-related risks has been analysed against the scenarios and we have quantified our exposure to each risk. We deem our overall climate-related risk exposure to be ‘Minor’ after factoring in our industry and business model, site locations and exposures and the impact of our mitigating actions and our net zero transition plan. We believe Oxford Nanopore has the financial resilience and strategic robustness to mitigate climate change. Two of our climate-related risks are mitigated through our net zero transition plan and the opportunities outlined below are to be developed in line with the company strategy and objectives for net zero. Given the limited direct impact of climate-related risks on the business as per our assessment, no effects are reflected in any judgments and statements applied in the financial statements and any mitigation or required investment is currently assumed to be covered and integrated into the Group's strategy. We will continue to monitor the climate exposure and action plans through the Groups risk management framework, whilst developing our analysis as new data is made available to us.

Risks

Four key climate-related risks have been identified as follows:

Risk	1. Carbon pricing in operations	2. Carbon pricing in the supply chain	3. Water risk in the supply chain	4. Risk of not achieving our emissions targets
Type	Transition (Current and Emerging Regulation)	Transition (Emerging Regulation)	Physical (Flood Disruption, Water Scarcity)	Transition (Market and Reputation)
Area	Own Operations	Upstream	Upstream	Upstream/Own Operations
Primary potential financial impact	Higher costs associated with energy (Operations)	Higher input costs (Supply chain and/or value chain)	Lost production/revenues (Supply chain and/or value chain)	Higher costs, higher cost of capital
Time horizon	Medium term	Long term	Medium term	Long term
Likelihood	Highly Probable	Highly Probable	Possible	Possible
Impact	Minor	Moderate	Minor	Major
Location or service most impacted	United Kingdom	Group	Group	Group
Related metric(s)	Scope 1 & 2 emissions	Scope 3 emissions (Purchased Goods & Services and Upstream Transportation and Distribution)	Annual Supplier Risk Assessment	Scope 1, 2 and 3 emissions

1) Carbon pricing in operations

We have quantified the financial impact to our operating expenses of an application of carbon prices applied as a “tax” to our FY 2023 Scope 1 and 2 emissions under NZE and STEPS scenarios. The table below shows forecasts for carbon pricing under NZE and STEPS scenarios. Our analysis shows the impact to be “Minor” in magnitude in all time periods, using the financial impact magnitudes outlined previously. This analysis assumes no mitigation and that Scope 1&2 emissions are not reduced in the future. As part of efforts to reduce emissions and ultimately reach our net zero targets, we have begun to implement a number of mitigation measures. All of our sites now have REGO-certified electrical power supplies, reducing our market-based scope 2 emissions to zero. The recommendations set out in our recent ESOS report and Building Energy Use Audits have outlined several further initiatives which support our target of a 42% reduction in scope 1 & 2 by 2030 and ultimately our net zero ambition. These are highlighted in our transition plan, page 63. The risk falls to “insignificant” net of our transition plan actions.

Scenario – STEPS	Carbon price estimates (US\$/t)		
	2030	2040	2050
EU (as worst case)	120	129	135
Scenario – NZE	2030	2040	2050
Advanced Economies with net zero emissions pledges	140	205	250

* Used as Global est. Source: IEA (2023), World Energy Outlook 2023, <https://iea.blob.core.windows.net/assets/614bb748-dc5e-440b-966a-adae9ea022fe/WorldEnergyOutlook2023.pdf>

Scope 1 & 2 carbon price impact					
STEPS Scenario			NZE Scenario		
2030	2040	2050	2030	2040	2050
Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant

1. <https://www.ipcc.ch/report/ar5/syr/>
 2. <https://www.iea.org/reports/global-energy-and-climate-model>



2) Carbon pricing in the supply chain

There is a risk of carbon pricing being applied to activities upstream of our businesses (Scope 3). Based on the IEA's carbon price forecasts above and our Scope 3 emissions for the 2023 financial year (Purchased Goods and Services and Upstream Transportation and Distribution) the potential financial impact under NZE and STEPS scenarios is outlined below, using the grading of the financial impact outlined previously. This analysis assumes no mitigation and that Scope 3 emissions are not reduced in the future. Overall, we assess the impact of this risk to be "Moderate" in magnitude, considering potential mitigating factors and an assessment of the likelihood of application. Purchased Goods and Services emissions form the largest component of our scope 3 emissions, reflecting a potential carbon pricing risk associated with the embedded carbon in our supplied goods. Our supplier strategy is therefore critical to our net zero ambition. This is outlined further in our transition plan, page 63.

Scope 3 (purchased goods & services and upstream transportation & distribution) carbon price impact					
STEPS Scenario			NZE Scenario		
2030	2040	2050	2030	2040	2050
Moderate	Moderate	Moderate	Moderate	Major	Major

3) Water risk in the supply chain

Extreme weather events are expected to rise in both frequency and magnitude as an impact of climate change. Global temperatures rise in all three scenarios we studied, peaking only in 2050. Under these scenarios, changes in precipitation patterns and weather extremes could increase both the risk of flooding in some locations within the Group's supply chain and influence water availability in regions with water scarcity risks. Geospatial modelling found that two supplier sites in North America are located in regions of high-water stress when projected out to 2030, and one supplier site in Asia is located in an area of high riverine and coastal flood risk. Modelled under the RCP 8.5, drought risk at the North American supplier locations is forecast to progressively intensify when projected to 2030, 2050 and beyond. In addition, exposure to storm surge and precipitation risk at the Asian supplier site is forecast as very high throughout these time horizons. Our plans for enhanced engagement with our supply chain will provide further context to our suppliers' resilience to these physical risks. Whilst the sites do not represent a significant proportion of our supply chain, alternative supply precautions have also been initiated for all three suppliers to introduce redundancy within the overall supply chain. Our initial assessment of this risk is "Minor" based on a risk-adjusted assumption of the impact on our business from an outage of each of the suppliers concerned. We are currently working with our suppliers to gather additional data that will help us to refine the calculation of the financial impact of this risk.

4) Risk of not achieving our emissions targets

In light of our new science-based targets, we introduce a risk based on our reliance on drivers outside of our direct control in order to achieve our ambitions for both near-term and long-term science-based targets. We consider this not to be a risk in relation to our near-term scope 1 & 2 targets, but a potential issue for our scope 3 near-term targets, and in the long-term. Our scope 1 & 2 targets are partially reliant on the actions of our landlords to achieve our near-term targets and on the development of widespread low or zero emissions HVAC technologies for our long-term net zero target. Our scope 3 targets are partially reliant on the emissions performance of our value chain partners (suppliers and logistics providers), global technological developments such as low carbon transportation solutions for both goods and mass transport, the decarbonisation of global electricity grids and public/private collaboration to add policy or pressure on our value chain. We cannot meaningfully quantify reputation exposure due to the number of assumptions and estimates required and categorise this risk as "Major" for now, but we also expect the market to be reasonably accommodative to our reliance on external factors to achieve our goals. We will continue to monitor progress to plan, refine our plans and review based on experience and emerging technology as required.

Opportunities

We have currently identified the following three climate-related opportunities, which relate to the mitigation of risk exposures above:

Opportunity	1. Energy & waste savings	2. Renewable energy	3. Electrification
Type	Resource efficiency, resilience	Energy source	Energy source
Area	Own operations	Own operations	Own operations
Primary potential financial impact	Decreased costs (Operations)	Decreased costs (Operations)	Decreased costs (Operations)
Time horizon	Medium-term	Medium-term	Long-term

Opportunity	1. Energy & waste savings	2. Renewable energy	3. Electrification
Likelihood	Probable	Possible	Probable
Impact	Minor	Minor	Minor
Location or service most impacted	United Kingdom	United Kingdom	United Kingdom
Related metric(s)	Energy consumption and Scope 2 emissions	% renewable energy consumption	Energy consumption and Scope 1 emissions

1) Energy & waste savings

Efficiency improvements across our sites may reduce costs as well as reducing environmental impact. Moreover, reducing energy consumption, helps mitigate risks related to carbon pricing. After a Building Energy Use Audit at our Oxford corporate headquarters identified significant opportunities to reduce the building's energy consumption, a second building energy audit of our next two largest energy users was commissioned. This identified opportunities that are outlined in our transition plan, page 63. Reductions in waste will also act to reduce operating costs and reduce associated emissions with disposal which would positively impact Risk 2. Consequently, we continue to maximise the circularity of raw materials and improve the material efficiency of the manufacturing process to deliver resource efficiency. Measures to reduce the weight of packaging, as well as the plastic content, are ongoing.

2) Renewable energy

Procuring energy from renewable sources can help mitigate the risks associated with carbon pricing as well as reducing our environmental impact. Initial focus was on sourcing Energy Attribute Certificates (e.g. REGOs) to reduce scope 2 market-based emissions to zero whilst efficiency measures and self-generation initiatives are investigated; this was achieved for all UK sites in 2023 and we will investigate the viability of this for our sites abroad. Installation of solar panels at primary UK sites is currently under proposal, with one site confirmed to have solar panels installed in the near future. At other office locations in leased buildings with shared occupancy, we will continue to engage with landlords to make energy efficiency improvements and source renewable energy.

3) Electrification

Electrification of heating may reduce costs as well as reducing environmental impact, via the mitigation of risks related to carbon pricing. One of our key operational decarbonisation levers is the electrification of natural-gas-based heating. Only two of our major operating sites still have gas-based heating. Electric solutions are available, and we will look to phase these in where we have control or otherwise discuss the potential for a switch with our landlords, taking into consideration our equipment upgrade cycle and our buildings strategy.

Metrics and targets

We monitor and report on relevant cross-industry metrics such as our Scope 1, 2, and 3 greenhouse gas (GHG) emissions, calculated in line with the GHG protocol. We also track and disclose freshwater use and total renewable and non-renewable energy consumption, see page 62. The metrics used to track our identified climate-related risks and opportunities are outlined above. Of these, the only metric not reported publicly corresponds to our Annual Supplier Risk Assessment. Within our plans for enhanced engagement with our supply chain, we will begin to collate details of our suppliers' resilience to physical risks (existing or planned mitigation features), to track exposure to Risk 3 above.

In 2023, the Group established the following emissions near-term and long-term targets which have been submitted to SBTi for validation:

- Reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2023 base year
- Reduce scope 3 GHG emissions 52% per value added by 2030 from a 2023 base year
- Reduce absolute scopes 1, 2 and 3 GHG emissions by 90% by 2045 from a 2023 base year
- Reach net zero GHG emissions across the value chain by 2045

Alongside this, we continued to take actions to reduce our emissions intensity whilst growing the business. Our target for 2023, set at the end of 2022, was to reduce the tonnes of CO₂e emitted per £m revenue by 2.5%, which was achieved and which has been renewed again for 2024. In line with the TCFD recommendations, the remuneration policy of the executive board members includes performance metrics related to climate change. In 2023, one of the performance measures of the annual bonus for the executive board members was to advance Oxford Nanopore's ESG strategy, with climate change being a substantial element of this. Further details of this metric can be found on page 123.

Whilst acknowledging the recommendation to integrate an internal carbon price, as Risk 1 highlights, it is not financially material and therefore deemed unnecessary to implement. However, it may be used in assessing future large capex and investment activities.

Principal risks evaluation

Risk management framework

The Group has established a risk management framework that includes:

- a. formal focused risk registers established for International Organisation for Standardisation (ISO) 27001 (Information Security and Process), 9001 (Quality Management), 22301 (Business Continuity) and 13485 (Medical Devices) accreditations
- b. a process for profiling and scoring risks
- c. a process to report risk to the senior leadership team, who will approve mitigations and report to and consult with the Audit and Risk Committee
- d. a process for sharing direction from the Audit and Risk Committee and the Board on risk tolerance and mitigation with leadership and, in turn, their reports

Three Lines of Defence

01 First Line of Defence Operational teams

Departmental meetings/Committees

Representatives of each standing departmental meeting who serve on the Operating Committee escalate risks identified in the departmental meetings for review in the Operating Committee

- Research & Development
- Manufacturing & Supply Chain
- Legal/Finance
- Strategic People & Organisation
- Information Technology
- Intellectual Property
- Commercial

02 Second Line of Defence Business assurance and oversight

Board

- Based on a recommendation of the Chief Executive Officer, the Board defines and adjusts the Group's risk tolerance
- Direction from the Board is shared with the Operating Committee

Operating Committee

- Risk is a standing discussion item in each Operating Committee meeting
- Risks and mitigation plans are documented in the Group's risk register and the Operating Committee's minutes. The minutes identify the risk discussed, the mitigation agreed, assigned next steps, and the responsible party
- Direction from the Board is shared by the Operating Committee with each department
- Twice annually the Operating Committee, in coordination with the VP Finance and Risk & Controls Manager, reviews and updates the Risk Register

Central Functions and Internal Controls

The Group has established controls, which provide a solid basis for making proper judgements on an ongoing basis as to its FPP. These controls cover:

- High-level reporting environment
- Forecasting and budgeting
- Management reporting
- Financial and accounting reporting
- Significant transactions and strategic projects
- Technology

HR	Finance
Legal & Co Sec	IT
Strategic Comms	Investor Relations

03 Third Line of Defence Independent assurance

Audit and Risk Committee

- Twice yearly (and as needed on an *ad hoc* basis), the Operating Committee reports to the Audit and Risk Committee on risks and mitigation
- The Audit and Risk Committee review the risk register twice each year
- The Audit and Risk Committee reports to the Board

Internal audit

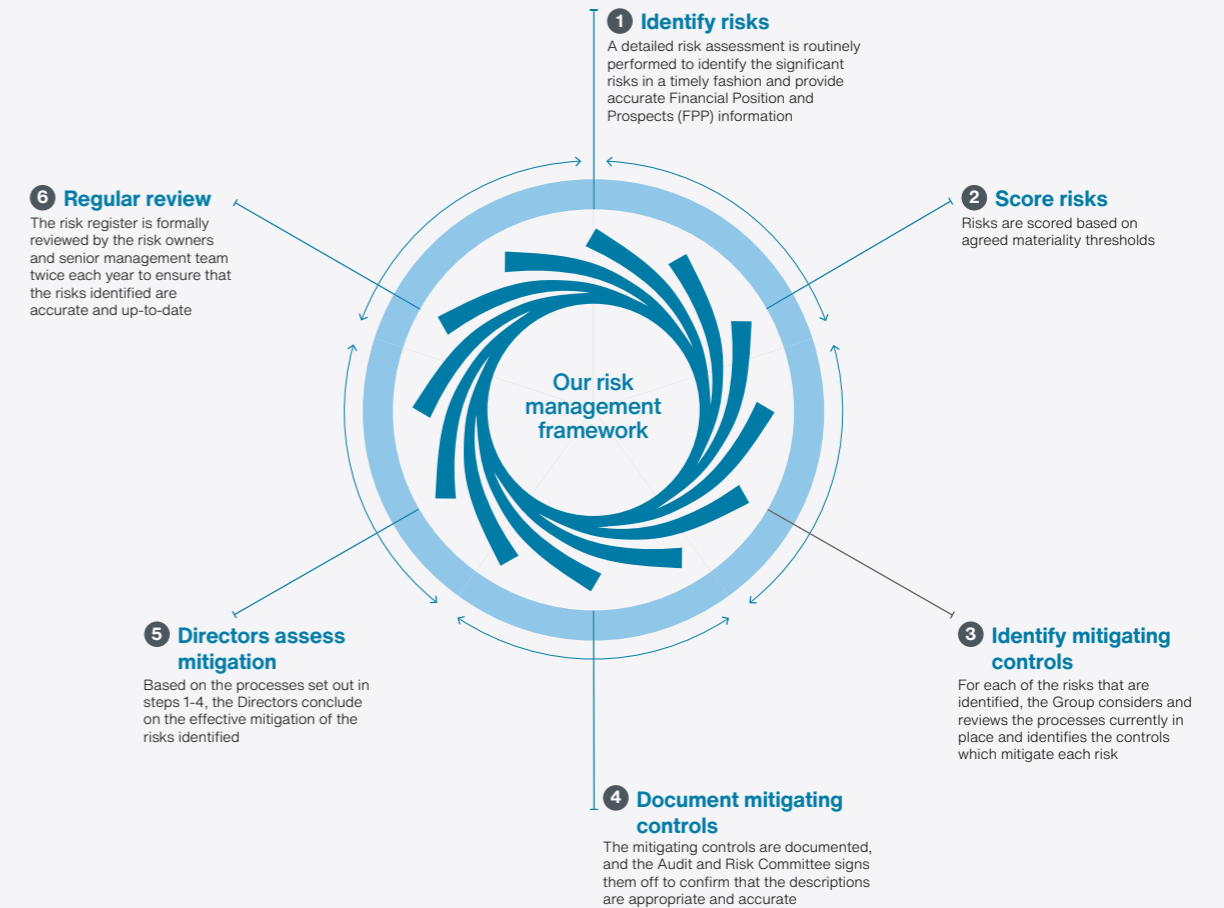
- The Group has engaged Grant Thornton to fulfil the responsibilities of an internal audit function to assess the adequacy of such internal controls. In 2023, Grant Thornton completed and presented findings on internal audits on five functions, with two additional audits completed in Q4 2023 and reported at the February 2024 Audit & Risk Committee meeting. Grant Thornton provides independent assurance to the Audit & Risk Committee on the effectiveness of the risk framework and internal controls

Due diligence

- Due diligence checks are performed by third parties on suppliers and channel partners. Due diligence on customers is also completed in certain jurisdictions

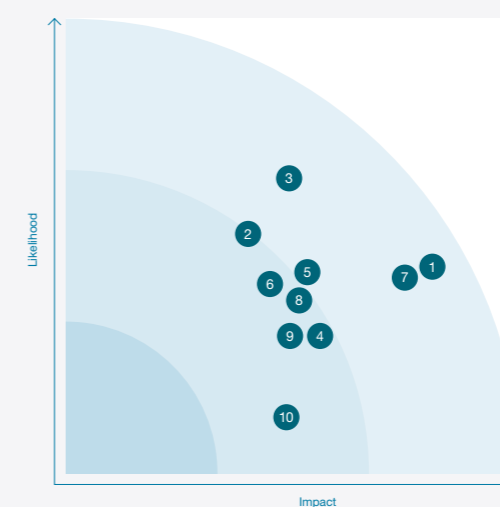
Risk management process

The Group has created a risk profiling framework pursuant to which the Operating Committee (either directly or through delegation to department leadership) is responsible for identifying, assessing, and mitigating risk under the direction of the Audit and Risk Committee. The Operating Committee enables the flow of information to and from the Board and across the Company to the senior management. The risk profiling procedure consists of the steps as described below.



Principal risks and uncertainties

Based on information shared by the Operating Committee, the Audit and Risk Committee has assessed the principal risks facing the Group as at 31 December 2023. This included an assessment of the likelihood of each principal risk identified, and the potential impact of each risk after taking into account mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk.



The Principal Risks and Uncertainties (PRUs) identified are:

- 1 Ability to make products: supply chain and manufacturing
- 2 Ability to successfully introduce products to remain a technology leader and to offer a stable platform on which customers may rely
- 3 Trade, war, post-pandemic life sciences downturn and component and sequencing inflation
- 4 Concentrated revenues
- 5 Cyber security
- 6 Intellectual property protection and competition
- 7 Founder-led company and succession planning
- 8 Ability to achieve medium-term revenue growth targets and ability to expand into diagnostics and applied industrial sectors, including the successful introduction of products
- 9 Data privacy, data classification and sample collection, use and study ethics, and ethical use of products
- 10 Environment, health and safety

Principal risks and uncertainties

Trend since 2022

▲ Increase ◀ No change ▼ Decrease

1. Ability to make products: supply chain and manufacturing	Mitigation Strategy	Rating	Trend since 2022
<p>Supply chain issues driven by demand, logistics interruptions, heightened geopolitical tensions – particularly between the United States and the People's Republic of China, and the wars in Ukraine and Israel/Gaza – have made it increasingly challenging to source key electronic components on a timely and cost-effective basis and/or source key electronic components that we can include in our, or with our, products and redistribute on a timely and cost-effective basis. The Group's products include several unique customised components, many of which have been developed and produced solely for the Group and tailored to its specifications. The Group's products are manufactured or assembled either at the Group's manufacturing facilities located in the MinION Building in Oxfordshire or within the Group's laboratories and facilities within England or, in the case of certain components of the Group's products, including the ASIC chips and wafers and certain biologics, at the Group's third-party manufacturers' facilities. Unavailability of or the lack of timely availability of such components or the inability to redistribute such goods to some jurisdictions may require the Group to use substitute components, which could increase the cost of manufacture and support, and may decrease the demand for the Group's goods, on a temporary or ongoing basis. The manufacture of the Group's products is highly exacting and complex, and problems may arise during manufacturing or shipment for a variety of reasons, including equipment malfunction, failure to follow specific protocols, or defective materials and components. In addition, if the manufacturing facilities of third parties on whom the Group relies, become unavailable for any reason, the Group would need to secure alternative manufacturing facilities with the necessary capabilities or move such manufacturing processes in-house. This could require substantial lead times and substantial capital investment, particularly if moving manufacturing in-house. If this were to include unavailability of access to parts designed, fabricated or assembled in Taiwan, the Group may not be able to continue to manufacture its products or meet growing demand.</p>	<ul style="list-style-type: none"> • Policies and agreements to manage our suppliers, including use of dual sourcing • Detailed forecasting of requirements • Maintaining large inventories of key components • Developing alternative components, suppliers, and/or products • Maximising internal manufacture • Established a Business Continuity Plan (BCP) and conduct test scenarios on a regular basis 	High	◀
2. Ability to successfully introduce products to remain a technology leader and to offer a stable platform on which customers may rely	Mitigation Strategy	Rating	Trend since 2022
<p>The global life science research market is characterised by rapid and significant technological changes, frequent new product introductions and enhancements, and evolving market standards. This may result in the Group's products becoming obsolete. The Group is also aware of possible new competition in the nanopore sequencing space. The Group's success depends on its ability to continue delivering improvements to its products, as well as its ability to develop and introduce new products, in each case, to address the evolving needs of the Group's customers on a timely and cost-effective basis. In turn, this has an impact on the Group's ability to increase revenue and margin.</p>	<ul style="list-style-type: none"> • Investment in Q-line and collaborations for regulated products for clinical and applied industrial markets • Continued focus and investment in R&D activities separate and in addition to product development • Executive team focus and regular monitoring • Continuous product release through early access channels to establish customer requirements and input into the product development pipeline • Investment in technology transfer groups that focus on prototype to production-ready manufacturing processes • Continuing manufacturing innovation and optimisation • Focus on dedicated teams to research alternative product designs to enable high volume and high-quality manufacturing • Continuous data collection at every critical point of manufacturing to drive production improvement projects • Focus on strong Quality Management System (QMS) 	High	▲




Trend since 2022

▲ Increase ◀ No change ▼ Decrease

3. Trade, war, post-pandemic life sciences downturn, and component inflation and sequencing deflation	Mitigation Strategy	Rating	Trend since 2022
<p>The Group operates a global business and its business has been and may continue to be impacted by restrictions on trade and the wars in Ukraine and Israel/Gaza. In particular, the UK and US trade restrictions on sale of certain goods to China, including the recently issued US semiconductor rules with respect to advanced AI has increased the Group's costs, slowed growth, and reduced demand from customers in the Middle East and Asia. Further, budget adjustments post-COVID have limited funding for large sequencing projects and to some extent life science research more generally. This has slowed demand and may continue to do so.</p>	<ul style="list-style-type: none"> • Development of an integrated P24 • Proactive forward-looking licence applications • Investments in trade compliance • Investment in sales and marketing in the US and Europe • Maintaining large inventory of key components • Minimising outsourcing of manufacture • Robust export control policy • Detailed training provided to staff • In-house legal team supported by access to external advice 	Medium	▲
4. Concentrated revenues	Mitigation Strategy	Rating	Trend since 2022
<p>Although the customer concentration of the Group's revenue decreased further in 2023, one or more large-scale human genomic projects can have a material impact on its results. Moreover, flow cell utilisation and/or demands made by a relatively small number of customers can materially impact revenue and/or margin. Despite growth in the Group's wider customer base across S1 and S2 sectors, loss of (or even interruptions in the work of) a few of these customers would have a significant impact on the financial performance of the Group.</p>	<ul style="list-style-type: none"> • Expansion of the global sales team for utilisation by our existing customer base • Expansion of commercial marketing operations to generate new customer leads, focusing on customer prospects with the potential for significant demand • Expansion of technical support services to improve service to customers • Investment in field applications support to maximise potential of each customer 	Medium	▼
5. Cyber security	Mitigation Strategy	Rating	Trend since 2022
<p>The Group's systems, data (wherever stored), software, networks, and those of third parties, are vulnerable to security breaches (whether deliberate or unintentional), including unauthorised access from within the Group or by third parties (for the purpose of misappropriating financial assets, IP or sensitive information, or otherwise), computer viruses or other malicious code and other cyber threats that could corrupt data, cause operational disruption or otherwise have an adverse security impact. In addition, certain of its devices are similarly vulnerable when deployed by the Group's customers. As the Group and its customers begin to use the Group's products for clinical and translational research, including the development of LDTs, the risks related to unauthorised access to devices grows. Further, while the Group continues to minimise collection and storage of human genomic data, some such data is collected and an even smaller amount is stored. Recent events experienced by companies in related sectors show this is an ever-present risk.</p>	<ul style="list-style-type: none"> • Investment in resources to protect the data held by the Group and the use of it • Regular training and awareness provided to all employees with at least annual requirement to read Company policies • ISO 27001 certified and regular ISO audits • Internal testing plan to test for network vulnerabilities on a regular basis and annual penetration testing • Business Continuity Plan in place and conduct test scenarios periodically • Incident reporting channels in place • Firewalls and other technical safeguards are established, including encryption of wireless networks and deployment of end-point detection and response tools, to provide network protection • Cyber insurance including access to experts in event of attack 	Medium	◀
6. Intellectual property protection and competition	Mitigation Strategy	Rating	Trend since 2022
<p>The Group's ability to add and create value and, therefore, its success, depends, in large part, on its ability to obtain, maintain and enforce a combination of patents, trademarks, copyright, trade secrets and proprietary knowledge, and to impose confidentiality procedures and contractual and other restrictions, in all cases so as to establish and protect its proprietary IP rights. The failure to do so may lead to substantial harm to the Group and its ability to operate. The life science industry generally is litigious. The Group itself has in the past had to spend significant amounts of money and time defending itself from unsuccessful patent litigation.</p>	<ul style="list-style-type: none"> • IP treated as a priority • Increased resources in protecting IP • Training and awareness of staff • Controls around use of technology • Experienced legal counsel 	Medium	◀




Principal risks and uncertainties continued



Trend since 2022

 Increase
  No change
  Decrease

7. Founder-led company and succession planning	Mitigation Strategy	Rating	Trend since 2022
<p>The Group's future success depends to a large extent on the experience and knowledge of the Executive Directors, its executive team and other key employees, and loss of the services of one or more of such persons could adversely affect the Group's business. Risk is heightened in the event of a departure of the Group's Chief Executive Officer, and Chief Strategy Officer (who are also the Group's co-founders), Chief Technology, Innovation and Product Officer, Chief Financial Officer, Chief Operating Officer, or key employees, consultants, suppliers and/or advisers with specialist scientific and technical skills that the Group requires for its product development. The Group's success also depends on its ability to attract, train, motivate and retain key personnel.</p>	<ul style="list-style-type: none"> Competitive remuneration package including a Long Term Incentive Plan (LTIP) in place to retain executive talent Succession planning in process Expanding leadership team and depth Recruitment of and fostering development of emerging leadership Implemented a competitive reward and recognition package Established career development opportunities widely promoted Focus on culture, mission, and creating a stable and motivating environment for all staff 	Medium	
8. Ability to achieve medium-term revenue growth targets and ability to expand into diagnostics and applied industrial sectors, including the successful introduction of products	Mitigation Strategy	Rating	Trend since 2022
<p>The Group has incurred significant losses since inception and continues to be loss making. We incurred operating losses of £168.6 million in 2023, £98.5 million in 2022, and £164.6 million in 2021, and as at 31 December, 2023, we had an accumulated deficit of £257.7 million.</p> <p>The Group will need to generate and sustain increased revenue levels and decrease proportionate expenses in future periods to achieve profitability. We may continue to incur losses in the near term as a result of substantial increases in our operating expenses, as we continue to invest in order to increase the number of customers and utilisation. We may be required to continue to provide discounts to large customers and/or invest in proofs of concepts to demonstrate the utility of our products. We will continue to invest in existing and new markets, research and development, expanding marketing channels and operations, and adding new products. These efforts may prove more expensive than we anticipate, and we may not succeed in increasing our revenue and/or gross margins sufficiently to offset these expenses. Many of our efforts to generate revenue and/or increase margin are new and unproven, and any failure to adequately increase revenue or contain the related costs could prevent us from attaining or increasing profitability. As we grow the customer base for our PromethION line, our costs increase, but this leads to an increase in higher margin consumable sales. Further, we have not accurately forecasted our revenue or margin on a consistent basis. Parts of our business – e.g. large-scale human genomics projects – are difficult to forecast, particularly the timing of revenues.</p> <p>With negative cash flow expected until the Group achieves EBITDA break-even, which it aims to do by the end of 2027, and continued investments in growth, the Group is expected to continue to incur net losses and experience negative cash flow from operations over the next few years. This could increase the Group's vulnerability to general adverse economic and industry conditions, limit its ability to react to changes in the Group's business and the industry in which it operates and place it at a disadvantage to its competitors.</p>	<ul style="list-style-type: none"> Commercial team doubled since IPO Development of new markets, including clinical and applied industrial, through collaborations with partners and potential customers Development of Q-line Regular review and prioritisation of ongoing and new investment, including, without limitation, hiring and personnel, projects, markets, and products, based on prudent financial analysis and management Development of applications demonstrating unique features of the platform and innovative research that can be done on the platform Regular improvements to the platform and products Expanded manufacturing capability Expansion of and investment in indirect sales channels 	Medium	

Trend since 2022

 Increase
  No change
  Decrease

9. Data privacy, data classification and sample collection, use and study ethics, and ethical use of products	Mitigation Strategy	Rating	Trend since 2022
<p>The Group operates globally and relies on access to data relating to its customers, its employees, and its research and development to conduct its operations. Properly collecting, classifying, and controlling this data to comply with often conflicting laws and in a manner to enable the Group to grow its business is expensive and challenging. In addition, the Group's ability to identify and protect its trade secrets while remaining nimble is also a challenge.</p>	<ul style="list-style-type: none"> Investment in resources to protect the data held by the Group and the use of it Data protection policy in place Segregation of duties within systems where personal data is handled has been established The HR records are segregated from other data, and only limited access is available A Data Protection Officer (DPO) role is active within Oxford Nanopore with independent responsibility for assuring security of personal information Legal support in-house General Data Protection Regulation (GDPR) practices employed to limit data processing Regular training and awareness provided to the staff with at least annual requirement to read Company policies Implementation of a system to enable classification of data and establishment of different controls based on such classifications 	Medium	
10. Environment, health and safety	Mitigation Strategy	Rating	Trend since 2022
<p>The Group's R&D and manufacturing activities involve the use of hazardous materials, including chemicals, biological materials, solvents, and radioisotope materials ("hazardous materials"). One or more of the kits sold by the Group include a chemical that may be deemed hazardous. Accordingly, the Group is subject to laws, regulations, and permits relating to environmental, health and safety matters, including, among others, those governing the use, storage, handling, exposure to and disposal of solvents and other hazardous materials and waste, the health and safety of its employees, and the shipment, labelling, collection, treatment and disposal of non-hazardous and hazardous waste appropriately managed by internal staff and approved waste contractors. If the Group were found to have failed to handle hazardous materials with care and/or to have violated environmental, health and safety laws and regulations (in respect of past or future activities), as a result of human error (including failure to understand applicable laws and regulations), accident, equipment failure, or otherwise, it may be subject to investigations, substantial fines and penalties, remediation costs, property damage and personal injury claims, suspension of production or product sales, loss of permits or a cessation of operations. This may result in potential fines, reputational damage, and/or suspension of operations leading to an impact on financial results.</p>	<ul style="list-style-type: none"> Dedicated Health & Safety (H&S) resources to ensure all rules are enforced Complete and accurate safety data sheets are prepared and maintained for all products Software tools and third-party advisors to better enable compliance and incident avoidance Training and awareness given to staff Full regulatory assessment and identification of any compliance gaps and actions to mitigate these Legal support in-house and engagement of third-party consultants as SMEs 	Medium	

Section 172 statement and stakeholder engagement

The vision of Oxford Nanopore is to enable the analysis of anything, by anyone, anywhere. We have developed our technology to make it accessible for all those who need it, whether in developed markets or more resource-limited settings. Our technology is being used by scientists around the world to make a positive impact on society and we are committed to running our business in a sustainable and ethical way. This is firmly embedded in our culture.

The Group's stakeholders are the people, communities and organisations, which have an interest in our vision, purpose and strategy or who may otherwise be affected by decisions made by its Board. The Board is committed to open, transparent dialogue with stakeholders and believes that effective engagement is critical to drive long-term value creation.

The Board confirms that throughout the year ended 31 December 2023, it had regard to the matters set out in section 172 of the Companies Act 2006 as amended by the Companies (Miscellaneous Reporting) Regulations 2018. Further information on each of the matters set out in s172 is detailed in the table opposite.

In addition to the Group's key stakeholders, the Board engages with and considers the interest of any other stakeholders who may be interested in the Group's business or otherwise be impacted by its decisions. Examples of other stakeholders include governments and governmental bodies, research partners, academic institutions, analysts, governance bodies, which include proxy advisors, and regulators.

Pages 78 to 84 detail the ways in which the Board engages with our key stakeholders to deepen their understanding of the issues that matter to them and to allow for stakeholder views to be taken into account in Board decision making.

Section 172 factor	Disclosure
The likely consequences of any decision in the long term	Our mission (page 2) Our business model (pages 28-29) Our strategy (pages 30-37) KPIs (pages 38-39) Viability statement and going concern (pages 86-87)
The interests of the Group's employees	Diversity and inclusion (page 58) Talent and career management (page 60) Our people (page 58-60)
The need to foster the Group's business relationship with suppliers, customers, and others	Our business model (pages 28-29) Our strategy (pages 30-37) Our sustainable impact (pages 48-71) Governance (page 88-137)
The impact of the Group's operations on the community and the environment	Sustainability (page 48) TCFD (page 65)
The desirability of the Group maintaining a reputation for high standards of business conduct	Culture (page 58) Governance (page 88) Internal controls (page 114)
The need to act fairly between members of the Group	Annual General Meeting (page 91) Rights attaching to shares (page 136)



I am proud of how we have grown as a global team and was delighted to support and participate in our first Inclusion Week, arranged by our Values in Action inclusion pod. We held a range of activities during the week to celebrate our differences in backgrounds, thoughts, and expertise."

Dr Gordon Sanghera
Chief Executive Officer



Women in Biotech event held during Inclusion Week.

Engaging with our stakeholders



Our people

Why our people matter

- Effective engagement aligns employees with the Group's strong culture and core values, ensuring everyone works together towards a shared vision. We continue to invest in our ability to engage, retain, incentivise, and develop the best talent globally.

What matters to our people

- Execution and delivery of strategy
- Purpose and culture
- Training and development
- Diversity and inclusion
- Reward and benefit structures
- Wellbeing and mental health

How we engage

- Designated Non-Executive Director for workforce engagement
- All-Employee Meetings
- "Tales Live" – sharing great customer case studies
- Employee intranet
- Values in Action initiative (see page 59 for further details)
- Internal talent development programme
- Senior Leaders joining delegates from attendees on Essential Manager course to share leadership challenges and perspectives, and agree solutions
- HR business partnering
- Externally facilitated whistleblowing hotline
- Mental health first aiders

How feedback influences board discussions

- The Non-Executive Director of Workforce Engagement meets with employees taking part in the Group's employee experience initiative, Values in Action.
- Following requests from employees, the Board supported the introduction of a new Staff Financial Support Fund for employees most impacted by cost-of-living pressures and financial strain. Employees can apply for assistance on a confidential basis.
- The ability to recruit and develop the most talented employees who believe in the Group's purpose and motivating employees towards a common goal, is a priority for the Board in its decision making.
- The Board receives updates at each Board meeting on employees including KPIs around headcount, attrition, and diversity. The Board considered the interests of employees and the need for the Group to grow, alongside external factors such as inflation, when approving the Group's annual budget for 2024.

Highlights for 2023

- 33 mental health first aiders were trained during the year
- Three initiatives were delivered by our Values in Action pods: (i) Inclusion Week (see below), (ii) more detailed Q&As around career development to enhance employee understanding and communications, and (iii) the provision of emergency sanitary supplies in UK offices
- Over 2,500 training hours completed on Manager Mastery courses and over 1,800 training hours completed on My Mastery courses

Stakeholder engagement in action

Engaging with our people – Inclusion Week

In October, we held Inclusion Week, in celebration of our growing team's diversity and talent. Our people are made up of 59 different nationalities working across three regions globally. Our differences are something we want to celebrate openly and regularly, embracing our mix of backgrounds, thought, and expertise gives us more creativity in innovation and makes us more effective at engaging our broad, global community. Our goal is to foster an environment where each and every individual feels an inherent sense of belonging and support from the Company, with equal access to resources and opportunities.

The event was hosted by employees who form our Values in Action Inclusivity group or 'pod' and the objective of the week was to raise awareness through a series of engaging activities, including panel discussions, talks, and learning sessions. The events were designed to create a platform for meaningful conversations and actions that promote a more inclusive workspace for everyone. Events that were held physically in the UK were also livestreamed so that every member of our global team could participate, regardless of location and time zone. They were also recorded and shared for those employees who were unable to attend live.

Events included panels or talks on 'Women in Biotech', celebrating the LGBTQ+ community, neurodiversity, and a diversity and inclusion at work panel which featured Gordon Sanghera CEO. We finished the week by holding a World Food Day celebration in our offices globally, to celebrate our team's rich cultural diversity.

Section 172 statement and stakeholder engagement continued

Engaging with our stakeholders continued

Our customers, research partners and collaboration partners

Why our customers, research partners, and collaboration partners matter

- The Group considers itself part of a broader scientific community of users of its technology. The Group collaborates deeply with its customers, as well as supporting them from a technical and customer services perspective. The Group also collaborates with a number of third parties. As such, understanding, engaging, and responding to customer and partner needs is a critical priority.

What matters to our customers

- High performance technology that enables the performance of groundbreaking and routing scientific analyses
- The ability of our technology to enable advancements of science and to be used in applied settings
- Vision, purpose and progress and how this relates to market opportunities
- Strategy and operational performance
- The range of applications that customers are performing and how the Group is supporting new application development
- Sustainability

How we engage

- Meetings/calls with senior leadership team and Board members
- Extensive training of our customer-facing teams, to ensure we support our customers in the best way possible
- Direct customer feedback
- London Calling and Nanopore Community Meeting (NCM) conferences
- Strategy planning processes, taking into account both existing and future customer needs and trends over the next five years

How feedback influences board discussions

- Following customer engagement and insight gathered from ongoing market intelligence and customer relationships, the Board reviews and provides input on strategy, resource allocation and prioritisation across markets and customers
- The Board continued to drive the senior leadership team to deliver disruptive, high performing technology into existing markets and to create new markets and utilise good business practice with all stakeholders
- The Board receives updates and feedback on the Group's markets, customers and operational performance at every Board meeting

Highlights for 2023

- Three main customer events held during the year – London Calling (London), National Community Meeting (Singapore) and National Community Meeting (Houston)
- Entered into Strategic Partnership Agreement with bioMérieux to explore selected opportunities to advance patient care by providing access to nanopore-based clinical research and *in vitro* diagnostic solutions
- Entered into Collaboration Agreement with the Mayo Clinic for a multi-year development collaboration to develop new clinical tests for diseases and improve patient care



Our shareholders

Why our shareholders matter

Engagement with and an aligned vision with the Group's shareholders is key to our success. The Board treats all shareholders fairly and ensures decisions are made for the benefit of all shareholders.

What matters to our shareholders

- Execution and delivery of strategy
- Technology, operational, commercial, and financial performance
- Sustainability
- Long-term growth and vision
- Developments in customer markets and the competitive landscape
- Capital allocation considerations
- Executive remuneration

How we engage

- Annual General Meeting
- Meetings and calls
- Capital Markets Day
- Investor roadshows
- Analyst events
- Regulatory announcements
- Annual Report and Accounts
- Dedicated Investor Relations function
- Updates on website and social media

How feedback influences board discussions

- The Board takes into account shareholder opinions when developing and discussing the Group's strategy to deliver long-term and sustainable growth. The Board considered the interests of all stakeholders, including shareholders, when it discussed the Group's medium-term plan.
- The Board ensures that the Group has sufficient capital to achieve its purpose and pursue its long-term strategic aims. The Board considered the capital needs of the Group throughout 2024 and in particular, when approving the Group's financial statements and the investment from bioMérieux.
- The Audit and Risk Committee reviews the internal and external audit processes and reports to ensure the Group has a strong framework of controls to protect shareholder investment.

Stakeholder engagement in action

Engaging with our shareholders – Capital Markets Day

On 19 October, the Group held its first Capital Markets Day, which was attended by many institutional investors and sell-side analysts. The Capital Markets Day was a key opportunity to provide further detail on the Group's short-to-medium and medium-to-long-term growth strategies.

During the Capital Markets Day, Gordon Sanghera and a diverse range of senior leaders introduced the Group's strategy to address unmet needs in the clinical and applied markets, which has a total addressable market of >\$150 billion. This included explaining how the Group's technology is well placed to be successful in these markets. In addition, the Group showcased its product innovation pipeline and showcase how highly differentiated nanopore sequencing technology will continue to drive new standards and expectations in DNA/RNA sequencing by providing richer information, faster and more accessibly and affordably.

Attendees were provided with the opportunity to take part in Q&A sessions, to speak to speakers informally before, during, and after the event, to attend product demos and to have the chance to use the Group's technology by loading their own Flow Cells.

Highlights for 2023

- Met with more than 500 investors from 240 institutions during the year
- Held first Capital Markets Day
- Investor Relations update provided at each Board meeting including any movement in top 20 shareholders, market feedback and investor engagement.

Section 172 statement and stakeholder engagement continued

Engaging with our stakeholders continued

Our suppliers

Why our suppliers matter

- The Group has a complex and robust supply chain, and our suppliers contribute to innovative processes by developing their own products and services, which are sometimes bespoke, to achieve the Group's goals. The Group aims to build honest, respectful and transparent relationships with suppliers who comply with applicable regulations and share our commitment to the highest standards of corporate governance.

What matters to our suppliers

- Responsible business practices and due diligence
- Conduct and ethics
- Fair business terms and prompt payment
- Robustness and flexibility of supply chain
- Locations from which components and resources are sourced
- Sustainability

How we engage

- Supply chain team reports directly to Chief Operating Officer
- The Group's supply chain team develops deep relationships and seeks feedback from both new suppliers and existing suppliers
- Full supplier performance management in place and developing ways to further improve relationships
- Dedicated function within Supply Chain to manage ESG & Risk

- Commenced the rollout of further support to key suppliers through a committed Supply Chain engagement programme. This will help the Company drive decarbonisation and better governance to address Scope 3 emissions

How feedback influences board discussions

- The Board discussed the Group's suppliers when deciding on the Group's inventory levels and approving purchase order requests
- The Board considered key risks in relation to its supply chain when reviewing its risk register and discussing risk
- The Board received regular reporting on matters concerning suppliers, including key procurement reviews

Highlights for 2023

- Carbon footprint data requested from key suppliers to enable the Company to understand our Scope 3 emissions
- Enhanced due diligence measures introduced, including the use of software-based global intelligence platforms
- All key suppliers have completed ESG disclosures on anti bribery and anti corruption, human rights and environmental protections



Our communities and the environment

Why our communities and the environment matter

- Our communities comprise those living and working in close geographic proximity to the Group's operations, those with whom the Group does business, and more broadly, the wider members of society whose lives the Group aims to positively impact with its technology.
- The Group's products and operations are designed to enable access to sequencing technology for the public good, whether this is in rapid pathogen analysis in outbreak situations, in human genetics, or in crop science in developing countries or those with lower incomes.
- The Group is committed to limiting the impact of its operations on the environment. Please see page 61-71 for further details

What matters to our communities and the environment

- Vision and purpose
- Problem solving where genomics may be a solution at a strategic level e.g., with governments and senior corporate leadership
- Sustainability

How we engage

- An internal working group has been established which produces the Group's Sustainability Report
- The Board has overall accountability for the Group's sustainability strategy and receives updates on sustainability
- Sponsorship programmes, including for universities and the Royal Society of Chemistry's Broadening Horizons programme

How stakeholder interest influences board discussions

- The Remuneration Committee implemented ESG metrics into the Group's remuneration targets for 2023
- The Board regularly discusses the positive impact of the Group's technology on communities and the environment
- The Board receives regular operational reports on the impact of our customers' work, in areas across science and society

Highlights for 2023

- New lead hired for Org.one programme to support conservation
- 12.7% reduction in tonnes of CO₂e emitted per £m revenue
- ESG measures were included in the 2023 annual bonus scheme for all employees, including Executive Directors, to ensure performance in this area is linked with remuneration at all levels throughout the business



Mwansa Chikange, who took part in the 2023 internship programme.

Stakeholder engagement in action Engaging with our communities and the environment – Education

During the year, the Group established a new education function, with the goal to facilitate educators and partner with leaders in the genomic and scientific education space, bringing nanopore sequencing as a scientific education tool to high school and undergraduate environments. In the second half of the year the pilot Education Beta programme launched with approximately 60 participants across 12 countries, showcasing the Group's commitment to the Community, and the first collaboration was announced with the CSHL DNA Learning Center. The education function also released high quality, impactful materials for our Early Careers focus, containing video content and a dedicated space for internship recruitment.

Section 172 statement and stakeholder engagement continued

Engaging with our stakeholders continued

Principal decision: Investment from bioMérieux

In October, the Board approved the investment of approximately £70 million from bioMérieux. The Board believes that the investment strengthens the relationship between the two companies, and aligns the Group's increasing focus on clinical markets in the medium to long term. The investment is designed to support development for products in the Group's portfolio to serve *in vitro* diagnostics (IVD) markets in conjunction with bioMérieux's commitment to advancing global public health.

Following consideration, the Board concluded that the investment would be in the best interests of all stakeholders. When making the decision, the Board had regard to the following stakeholders:

- Shareholders:** The Board considered the impact on the Group's existing shareholders. The Board noted that the investment would help to strengthen the relationship between the companies and help to support the Group's medium-to-long-term strategy to address unmet needs in the clinical and diagnostic markets. The Board noted that although the investment would result in dilution for the Group's shareholders, that the shareholders had previously approved the ability for the Company to allot new shares up to specified limits in accordance with the Pre-Emption Group's advised limits at the 2023 AGM. The Board noted that the investment would be well within the limits approved at the AGM. In addition, bioMérieux indicated that it intended to make further market purchases of the Company's shares up to a further 3.5% of the Company's shares. The Board felt that this would enhance liquidity of the Company's shares, which was beneficial for the shareholders. In addition, the money received from the investment would further strengthen the Group's cash position, which the Board believes is in the best interests of all stakeholders including the shareholders.
- Employees:** Although the investment was unlikely to impact employees on a day-to-day basis, the Board concluded that the investment would be positive for employees as it would help enhance the Group's strategy and provide additional cash to the Group.

- Community and the environment:** The Board noted that the two companies had a previous partnership agreement and through the partnership and the investment, this would support development for products in the Group's portfolio to serve IVD markets in conjunction with bioMérieux's commitment to advancing human health. The Board concluded that the fact that the investment would help the Group to deliver rapid, accessible, and affordable clinical tools more quickly and improve healthcare worldwide clearly would have a positive impact on the wider community, including patients.
- The separate collaboration will accelerate clinical adoption of the Company's nanopore sequencing technology and bioMérieux's clinical and diagnostic regulatory and commercial strengths, including the expectation of bringing the Company's TB test to the market over the next two-three years.**
- Other stakeholders:** The Board also considered its wider stakeholders and noted that the transaction would either have no impact on the stakeholders or have a positive impact on wider stakeholders.

Non-financial information statement

Oxford Nanopore's Non-financial information statement is presented in this section, complying with Sections 414CA and 414CB of the Companies Act 2006. The following table incorporates the Group's approach on relevant non-financial matters.

Reporting Requirement	Oxford Nanopore's policies and standards	Where to read more in this report
Business model	N/A	Business model pages 28-29
Non-financial KPIs	N/A	Key performance indicators pages 38-39
Principal risks	Risk Register ISO 27001, 22301, 13485 and 9001 accreditations	Risk management page 72 Principal risks and uncertainties pages 72-77 Business model pages 28-29 Audit and Risk Committee report pages 111-115
Stakeholders	Group Data Protection Policies including Privacy Policy, Human Genomic Policy and Data Retention Policy	Stakeholder engagement pages 79-85 s172 statement page 78 Board activities page 92 Our sustainable impact page 48-71 Employee engagement page 79 Corporate Governance report pages 100-107 Audit and Risk Committee report pages 111-115
Employees	Flexible Working Policy Whistleblowing Policy Directors' Remuneration Policy Environment, Health and Safety Policy	Our sustainable impact pages 48-71 s172 statement page 78 How the Board assesses and monitors culture page 101
Human rights	Modern Slavery Statement (available at https://nanoporetech.com/about-us/modern-slavery-policy) Board Diversity Policy Conflict Minerals Policy	Risk management page 72 Nomination Committee Report pages 108-110 Our sustainable impact pages 48-71
Social matters	Modern Slavery Statement	Our sustainable impact pages 48-71 Directors' report pages 136-138
Anti bribery and anti corruption	Anti-Bribery and Anti-Corruption Policy Conflicts of Interest Policy	Our sustainable impact pages 48-71 Audit and Risk Committee report pages 111-115
Environmental matters	Environment, Health and Safety Policy	Our sustainable impact pages 48-71

The Group has policies and codes of conduct in place to ensure consistent governance. For the purpose of the non-financial reporting requirements these include but are not limited to Anti-Bribery and Corruption Policy, Modern Slavery Statement, Whistleblowing Policy, Anti-Facilitation of Tax Evasion Policy, Conflicts of Interest Policy, Privacy Policy, Data Retention Policy and Securities Dealing Code.

Viability statement

The Directors have voluntarily complied with Provision 31 of the Code, in which the Directors are required to issue a Viability statement declaring whether they believe the Group is able to continue to operate over an appropriate period and state whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due throughout this period.

In doing so, the Directors have considered the Group's prospects taking into account its current financial position, its recent historical performance, its business model and strategy (pages 28 to 37) and the Principal Risks and Uncertainties (PRUs) (pages 72 to 77).

The Group's prospects are assessed primarily through its strategic planning process. This includes an annual review which considers forecast profitability and cash flows over three years, culminating in the Budget setting for the following year, approved by the Board in November 2023. As part of this strategic planning process, the forecast profitability and cash flows for the year are assessed each quarter and any necessary revisions are made to the forecast outcome for the year. The most recent forecast plan was updated and approved by the Board in March 2024.

The first year of the forecast is based upon the Group's most recent forecast for 2024. The second and third years are based off this forecast, with a top-down strategic overlay on revenues, gross margins and operating expenses.

The Group's financial forecasts are based on modelling of revenue by product group. Detailed financial forecasts are then prepared for the Group that considers orders, revenue, gross profit, capital expenditure, working capital, cash flow and key financial ratios.

The planning process is led by the Chief Executive Officer and the Chief Financial Officer through the Operating Committee and in conjunction with relevant functions. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social and macro-economic changes.

As set out in the Audit and Risk Committee Report at pages 111 to 115, the Audit and Risk Committee reviews and discusses with management the schedules supporting the assessments of going concern and viability.

Forecasts have been sensitised based on a series of scenarios incorporating plausible yet severe impacts on revenue, cost inflation, and consequently the Group's consolidated cash position. In constructing these scenarios the Directors have assessed the viability of the Group's operations while considering the following fundamental properties of the business:

- A fast-growth revenue model;
- A variable cost structure which allows the Group to mitigate adverse financial conditions via the flexing of its major cost items; and
- The strong liquidity position of the Group.

Assessment period

The Directors have reviewed the period in which to frame the viability assessment and determined a three-year period of assessment to 31 December 2026 to be most appropriate. This period aligns considerations of viability with the Group's internal planning framework and revenue expectations.

Assessment of viability

The output of the Group's strategic planning process reflects the Board's best estimate of the future prospects of the business. To make the assessment of viability, additional scenarios have been modelled over and above those in the ongoing plan. These scenarios were overlaid into the plan to quantify the potential impact of one or more of the Group's PRU's crystallising over the assessment period.

The Group's PRUs are set out on pages 72 to 77. Each of the Group's principal risks has a potential impact and has therefore been considered as part of the assessment; however only those that represent severe but plausible scenarios have been modelled. These were:

Scenario modelled	Principal risks include in the scenario
-------------------	---

1. Significant trading shortfall

To consider the possibility that the Group is unable to continue delivering improvements in its LSRT products as well as its ability to develop and introduce new products which could lead to a sustained adverse impact on trading, we have modelled a significant reduction in revenue and gross profit. This is intended to capture the possibility of a reduction in new customers and the loss of some existing customers.

During this period the Group continues to invest for growth and recovery throughout with no cost-saving measures.

2. Cost pressure

A risk leading to the potential for supply chain disruption, resulting in shortages and consequential material cost price inflation, given reports across the wider economy of rising raw material costs, labour inflation and rising energy prices. This could lead to an adverse impact on gross profit where margins would be adversely impacted as well as increasing overheads.

During this period the Group continues to invest for growth with no cost-saving measures.

The above scenarios were considered in isolation and cumulatively. The results of the scenario modelling showed that the business would be able to withstand each of the scenarios in isolation, without recourse to mitigating actions. On a combined basis some mitigating actions to reduce costs were modelled.

In the event that scenarios such as those tested were to occur, the Directors would have a number of controllable mitigating options available to maintain the Group's financial position including cost-reduction measures should they be required.

Ability to successfully introduce products to remain a technology leader

Ability to make products: supply chain and manufacturing

Trade, war, pandemic, and inflation

Confirmation of longer-term viability

Based on the assessments as outlined above, the Directors have assessed the prospects of the Group over a period they deem to be appropriate and confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending December 2026.

The Audit and Risk Committee reviewed the process undertaken and challenged whether management's assessment of the principal and emerging risks facing Oxford Nanopore and their potential impact were appropriate. This involved reviewing Oxford Nanopore's financial performance, Forecast for 2024 and cash flow projections. The Audit and Risk Committee also considered whether there were any additional risks which could impair solvency or which, whilst not necessarily principal risks in themselves, could become severe if they occur in conjunction with other risks. The Admission to the London Stock Exchange in October 2021, plus further funds of nearly £70 million raised in October 2023 from an investment by bioMérieux, has given Oxford Nanopore substantial cash reserves available to draw down upon and the Directors consider Oxford Nanopore is in a strong position to weather any further uncertainty.

The Strategic Report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf.

On behalf of the Board

Duncan Tatton-Brown

Chair of the Board

18 March 2024



And what we're missing matters

REVEAL MORE BIOLOGY

TO TRANSFORM HUMAN HEALTH

OXFORD NANOPORE TECHNOLOGIES

Capital Markets Day

And what we're missing matters

REVEAL MORE BIOLOGY

TO TRANSFORM HUMAN HEALTH

OXFORD NANOPORE TECHNOLOGIES

Corporate governance

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136	Directors' report
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Duncan Tatton-Brown
Chair



We continued to enhance our corporate governance structure during the year, including welcoming three new Non-Executive Directors to the Board. This will help us build a successful business and support long-term sustainable growth.”

Dear Shareholder,

On behalf of the Board, I am pleased to present our corporate governance report for the financial year ended 31 December 2023. Our focus throughout 2023 has been to further strengthen the Board, ensuring it is set up for long-term sustainable success, and also to further communicate the Group's vision and growth strategy, including our medium-to-long-term targets. This included communicating at our Capital Markets Day how the Group is uniquely positioned to unlock long-term future potential clinical and applied market opportunities.

The Board remains firmly committed to strong corporate governance, which includes compliance with the UK Corporate Governance Code 2018 (Code) which is available at www.frc.org.uk/directors/corporate-governance/uk-corporate-governance-code#current-edition. This report explains the key features of the Group's governance framework and how it complies with the Code. I am pleased to report that as at 31 December 2023, the Group is in full compliance with the Code.

Board composition and diversity

The composition of the Board is regularly reviewed to ensure that it has the requisite skills, experience and balance, including with respect to diversity.

We were pleased to welcome three new independent Non-Executive Directors during the year – Kate Priestman, Dr Sarah Fortune and Dr Heather Preston. Sarah Gordon Wild also retired from the Board in December 2023. The Board would also like to express our thanks to Sarah for her hard work, dedication and valuable input over her nine-year tenure on the Board.

We were also delighted to welcome Nick Keher as Chief Financial Officer and Director in January 2024. Nick succeeds Tim Cowper, who moved into a new role as Chief Operating Officer after having performed both the role of Chief Financial Officer and fulfilling most of the responsibilities typically assigned to a Chief Operating Officer for the past five years.

As announced in February 2024, Clive Brown stepped down from the Board with immediate effect while Tim Cowper and Spike Willcocks will not stand for re-election at the 2024 AGM. These changes are part of normal Board evolution and in line with best practice governance. All three Directors will remain in their operational leadership roles at the Company and the Board would like to thank them for their outstanding contribution and support to the Board. The Board looks forward to their ongoing dedication and leadership. In addition, Wendy Becker will not stand for re-election at the 2024 AGM and the Board would like to thank Wendy for her valuable input as both a Board member and as Chair of the Remuneration Committee.

As at 31 December 2023, the Board had 33.3% female representation on its Board. This increased from 20% as at 31 December 2022.

Oxford Nanopore meets the ethnic minority representation targets set out in the Parker Review and the new Listing Rules. We also meet the Listing Rule recommendation to have a female director in at least one senior Board position.

Board effectiveness review

At the end of 2023, we performed our second annual effectiveness review. This was an internally facilitated review and the outcomes of the review and suggested action points were discussed and agreed at the Board meeting in January 2024. We will report on progress against key action points in our 2024 Annual Report. More detail can be found on page 105.

The Board intends to comply with Code Provision 21 whereby an externally facilitated review will take place at least every three years and plans to hold an externally facilitated review by the end of 2024.

Stakeholders

Stakeholder engagement and trust are critical for us to achieve the Group's strategic aims. We recognise the importance of having open and effective communication with stakeholders and understanding the range of matters that are important to stakeholders so that these form part of the Board's discussions and decision making. For more information regarding shareholder engagement, including the key stakeholder groups and engagement activities that have taken place during the year, please see page 78-84.

Capital Markets Day

In October, the Group held its first Capital Markets Day at the Science Museum in London. We were pleased to meet with many institutional shareholders and analysts and for our diverse range of senior leaders to present further information on the Group's short-to-medium, and medium-to-long-term growth strategies. This included how the Group intends to address unmet needs in the clinical and applied markets in the medium to long term.

Annual General Meeting (“AGM”)

The Company's second AGM was held on 12 June 2023, and we were pleased to receive in excess of 92% of votes cast in favour for all of the resolutions.

The Board welcomes opportunities to discuss matters relating to corporate governance with shareholders at any time during the year, including at its AGM. The 2024 AGM is scheduled to take place at the Company's offices as Gosling Building, Edmund Halley Road, Oxford Science Park, Oxford, OX4 4DQ at 1pm on Monday 10 June 2024.

The Notice of AGM contains details of the resolutions to be proposed at the meeting and explanatory notes on those resolutions. As previously announced, Wendy Becker, Tim Cowper and Dr Spike Willcocks will not stand for re-election at the 2024 AGM.

Looking forwards

As a Board, we will continue to focus on delivering our strategic aims, maintaining good corporate governance and continuing to enhance the Company's culture of innovation.

Duncan Tatton-Brown

Chair
18 March 2024

Key sections in this Report

UK Corporate Code section	Location of information
Board leadership and company purpose	Governance at a glance (pages 92-93)
	Board of Directors (pages 94-98)
	Board activities in 2023 (page 92)
	Workforce engagement (page 79)
	How the Board assesses and monitors culture (page 101)
Division of responsibilities	The role of Board and Committees (pages 102-103)
Composition, succession and evaluation	Board of Directors (pages 94-98)
	Board effectiveness review (page 105)
	Nomination Committee report (pages 108-110)
Audit, risk and internal control	Audit and Risk Committee report (pages 111-115)
Remuneration	Directors' Remuneration report (pages 116-135)

Governance at a glance

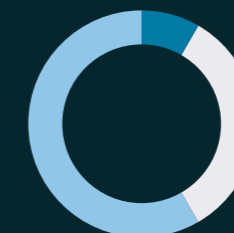
2023 Board activities

- Reviewed and approved half-year and annual results
- Approved 2024 annual budget
- Appointed Kate Priestman, Dr Sarah Fortune and Dr Heather Preston as Non-Executive Directors
- Appointed Kate Priestman as the new Non-Executive Director responsible for Workforce Engagement
- Held Board strategy session
- Received updates from CEO on operational performance
- Undertook second Board effectiveness review
- Considered the principal risks and emerging risks
- Provided input ahead of Group's first Capital Markets Day
- Reviewed the Group's compliance with the Corporate Governance Code
- Approved the investment of approximately £70m from bioMérieux
- Received presentations from the Group's brokers and external lawyers
- Received updates following the Company's major customer conferences
- Approved the appointment of JP Morgan as joint broker
- Received reports and updates on investor relation activities, including a report on the Group's first Capital Markets Day
- Approved long-term plan

Board composition as at 31 December 2023

Board composition

● Chair	1
● Executive Directors	4
● Independent Non-Executive Directors	7



Board tenure

● 0-2 years	6
● 3-6 years	4
● Over 6 years	2



Ethnic diversity as at 31 December 2023

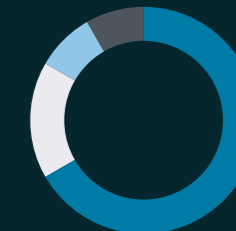
Board

● White British or other White	8
● Mixed/Multiple Ethnic Groups	1
● Asian/Asian British	1
● Black/African/Caribbean/Black British	0
● Other ethnic group	0
● Prefer not to say	2



Operating Committee

● White British or other White	8
● Mixed/Multiple Ethnic Groups	2
● Asian/Asian British	1
● Black/African/Caribbean/Black British	0
● Other ethnic group	0
● Prefer not to say	1



Gender diversity as at 31 December 2023

Board

● Male	8 (67%)
● Female	4 (33%)



Operating Committee direct reports¹

● Male	32 (50%)
● Female	32 (50%)

¹ Excluding administrative support



Operating Committee

● Male	7 (58%)
● Female	5 (42%)



All employees

● Male	715 (57%)
● Female	536 (43%)



Board meeting attendance

The following table shows attendance at Board meetings during 2023:

Director	Meetings attended	Percentage of meetings attended
Wendy Becker	6/6	100%
Clive Brown	6/6	100%
Tim Cowper	6/6	100%
Dr Sarah Fortune ^{***}	0/0	N/A
Sarah Gordon Wild [*]	5/6	83%
Dr Guy Harmelin	6/6	100%
Adrian Hennah	6/6	100%
John O'Higgins	6/6	100%
Dr Heather Preston ^{***}	0/0	N/A
Kate Priestman ^{**}	3/3	100%
Dr Gordon Sanghera	6/6	100%
Duncan Tatton-Brown	6/6	100%
Dr Spike Willcocks	6/6	100%

* Sarah Gordon Wild missed one Board meeting due to a pre-existing conflict.

** Kate Priestman was appointed to the Board on 13 July 2023.

*** No Board meetings were held in 2023 following the appointment of Dr Sarah Fortune and Dr Heather Preston.

Chair

Executive Directors



Duncan Tatton-Brown
Non-Executive Chair

Appointed:	1 August 2022
Tenure:	1 year
Independent:	N/A

Skills and experience:

Duncan brings extensive, relevant experience as an executive and Non-Executive Director of FTSE companies, growth and founder-led technology businesses, and, in particular, where UK-born businesses have grown to have a strong international commercial presence. He has had a distinguished career across a wide range of innovative businesses in the technology, retail and media sectors, including serving as Chief Financial Officer of Ocado Group plc from 2012 to 2020, during which time the business expanded from being a pure-play online grocer to a leading UK technology business serving clients around the world, with revenue growing 3.5 times and technology headcount growing 10-fold.

Duncan holds a master's degree in engineering from King's College, Cambridge.

Current external appointments:

Duncan serves on the board of Trainline plc and chairs Wednesday Topco Limited, the company behind loveholidays.com.

Committee memberships:

N



Dr Gordon Sanghera
Chief Executive Officer

Appointed:	23 May 2005
Tenure:	18 years
Independent:	No

Skills and experience:

Gordon is a co-founder of Oxford Nanopore along with Spike Willcocks and Hagan Bayley. He was appointed CEO in May 2005 and has led the Company through multiple financing rounds, and in 2021, a listing on the London Stock Exchange.

Gordon has significant experience in the design, development and global launch of disruptive platform sensor technologies. Prior to working at the Company, Gordon spent 16 years at MediSense, Inc. Following its acquisition by Abbott Laboratories, Gordon held both UK and US vice president and director positions, including as Vice President for Worldwide Marketing, Research Director, and Manufacturing Process Development Director. During this time, he was instrumental in the launch of several generations of blood glucose bio-electronic systems for the consumer and hospital medical markets.

Gordon has a doctorate in bio-electronic technology and a degree in chemistry from Cardiff University.

Current external appointments:

None

Committee memberships:

N



Nick Keher
Chief Financial Officer

Appointed:	22 January 2024*
Tenure:	Less than 1 year
Independent:	No

Skills and experience:

Nick is an experienced life sciences CFO, having previously served as CFO of Clinigen Group and Benevolent AI. Prior to his CFO roles, he gained extensive experience in the life sciences industry serving as Managing Director and Head of the European healthcare equity research team at Royal Bank of Canada, and before that held roles at Investec and GSK after switching from practising pharmacy.

Nick has significant experience of financial leadership of complex, scientific businesses, and has a deep understanding of capital markets. Nick was appointed CFO in January 2024 and has responsibility for the Group's finance function and investor relations function.

Nick has a masters degree in pharmacy from Aston University and is a qualified chartered accountant.

Current external appointments:

None

Committee memberships:

None

* Shareholders will be required to approve Nick's appointment at the 2024 AGM.



Dr Spike Willcocks
Chief Strategy Officer

Appointed:	24 May 2006
Tenure:	17 years
Independent:	No

Skills and experience:

Spike is one of the co-founders of the Company and has served on the Board since May 2006. He was appointed Chief Business Development Officer of the Group in November 2016 and now serves as Chief Strategy Officer.

Spike was one of the initial members of IP Group plc ("IP Group") following its landmark partnership with the University of Oxford's Department of Chemistry. Ultimately leading its life science team, Spike's role encompassed all aspects of technology commercialisation, including spin-out company formation and business and corporate development, as well as private and public equity financings. During this time, Spike was responsible for the formation of Oxford Nanopore. Gordon persuaded Spike to join the Company full time at the start of 2006.

Spike has a doctorate in biological sciences and a degree in chemistry from the University of Oxford.

As previously disclosed, Spike will not stand for re-election at the 2024 AGM.

Current external appointments:

Veiovia Limited

Committee memberships:

None



Clive Brown
Chief Technology, Innovation and Product Officer

Appointed:	19 September 2019*
Tenure:	4 years
Independent:	No

Skills and experience:

Clive is the Group's Chief Technology, Innovation and Product Officer, having joined as Director of Bioinformatics and IT in 2008. He joined the Board in September 2019 and stepped down from the Board in February 2024. Clive joined the Group from the Wellcome Trust Sanger Institute in Cambridge, UK, where he played a key role in the adoption and exploitation of 'next generation' DNA sequencing platforms. In 2003, he was appointed Director of Computational Biology and IT at Solexa Limited (acquired by Illumina, Inc. in 2007), where he was central to the development and commercialisation of the Genome Analyzer. Clive has also held various management and consulting positions at Glaxo Wellcome (now GlaxoSmithKline plc), Oxford Glycosciences plc and other EU and US-based organisations.

Clive holds degrees in genetics and computational biology from the University of York.

Current external appointments:

None

Committee memberships:

None

* Clive stepped down from the Board on 29 February 2024.



Tim Cowper
Chief Operating Officer
(with effect from 22 January 2024)

Appointed:	13 December 2018
Tenure:	5 years
Independent:	No

Skills and experience:

Tim moved into a new role as Chief Operating Officer in January 2024, after performing both the role of Chief Financial Officer and fulfilling most of the responsibilities typically assigned to a Chief Operating Officer for the past five years.

Prior to his role as Chief Financial Officer, Tim previously served as Vice President, Finance. He joined the Group as Financial Controller in 2012 and became Commercial Operations Director in 2013. Tim took the role of Finance Director in 2017 and joined the Board in 2018. Having qualified as an accountant at Ernst & Young, Tim became Financial Controller of Celltech, serving as a key member of their IPO team and managing several of their transactions as a listed company. He went on to serve as Financial Controller at Sterilox Medical. Tim has also been Finance Director at British Biotech plc (Vernalis plc) and has previously worked in management roles at other biotech and technology companies, including the AIM-listed Bioventix plc.

Tim has an economics degree from the University of Sussex and is a qualified chartered accountant.

As previously disclosed, Tim will not stand for re-election at the 2024 AGM.

Current external appointments:

None

Committee memberships:

None

Key to Committees

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- Chair

Non-Executive Directors



Wendy Becker
Non-Executive Director & Senior Independent Director

Appointed:	24 June 2021
Tenure:	2 years
Independent:	Yes

Skills and experience:

Wendy previously served as Chief Executive Officer at Jack Wills Limited, a British-based brand name clothing manufacturer and retailer, having been promoted from Chief Operating Officer after turning around its historical operational difficulties and pursuing new growth avenues. Previously she worked in the telecoms industry as Group Chief Marketing Officer at Vodafone Group plc and Managing Director at TalkTalk. Wendy was also previously a partner at McKinsey & Company and spent the last five years on the board at FTSE 250 property business Great Portland Estates plc, stepping down in July 2022. Wendy started her career in brand management at The Procter & Gamble Company after gaining a bachelor's degree in economics from Dartmouth College. She also holds a Master of Business Administration from Stanford University's Graduate School of Business and has been named by the FT in the "Top 50 Women to Watch in International Business".

As previously disclosed, Wendy will not stand for re-election at the 2024 AGM.

Current external appointments:

Wendy is the current Chair of NASDAQ-listed Logitech International SA and is a non-executive director of GSK and Sony Corporation. Wendy is also a member of the University of Oxford's executive governing body. She also has directorships at the Oxford University Press and Said Business School, Oxford.

Committee memberships:



Dr Sarah Fortune
Non-Executive Director

Appointed:	19 December 2023*
Tenure:	Less than one year
Independent:	Yes

Skills and experience:

As a Professor of Immunology and Infectious Diseases at the Harvard T.H. Chan School of Public Health in Boston, Dr Sarah Fortune brings deep expertise in genomic diagnostics and multi-omics approaches to infectious disease, including at the intersection of human genetics. Her world-leading research has focused on understanding how Tuberculosis (TB) mutates to become drug resistant using a combination of single cell, genetic, and genomic approaches, including nanopore sequencing. In 2019, she led one of three labs awarded funding by the US National Institutes of Health to establish a new centre for immunology research to accelerate progress in TB vaccine development – work that remains ongoing. Oxford Nanopore will draw on Sarah's rich experience as the company seeks to develop more sequencing-based applications in the clinical space, including its first sequencing-based test for drug-resistant TB.

Sarah holds a Doctor of Medicine from Columbia University and a Bachelor of Science in biology from Yale University.

Current external appointments:

None

Committee memberships:



Adrian Hennah
Non-Executive Director

Appointed:	24 June 2021
Tenure:	2 years
Independent:	Yes

Skills and experience:

Adrian spent 18 years in Chief Financial Officer roles at three FTSE 100 companies and his executive career spans healthcare, engineering, and fast-moving consumer goods. He was CFO at Reckitt Benckiser Group plc and held the same positions at Smith & Nephew plc and Invensys plc (now Invensys Limited). Prior to this, he spent 18 years at GlaxoSmithKline plc working in both finance and operations. Adrian has also recently completed a nine-year term as a director on the board of RELX plc. Adrian began his career working in audit and consultancy with PwC and Stadtsparkasse KölnBonn, the German regional bank.

Adrian holds a degree in law and economics from the University of Cambridge.

Current external appointments:

Adrian currently serves as a non-executive director of Unilever plc and J Sainsbury plc where he is also Chair of the Audit Committee. Adrian also serves as an external member of the Finance Committee of Oxford University Press and a Trustee of the charity, "Our Future Health".

Committee memberships:



Dr Guy Harmelin
Non-Executive Director

Appointed:	17 September 2020
Tenure:	3 years
Independent:	Yes

Skills and experience:

Guy has extensive experience in healthcare and technology investment and entrepreneurship. He was previously on the leadership team at Harel Insurance Investments and Financial Services Ltd ("Harel"), the largest insurance group in Israel. He has invested and worked with multiple companies including Lemonade, Inc., Innoviz Technologies Ltd, American Well Corporation, Ecoppia Scientific Ltd, Ayala Pharmaceuticals, Inc., Biond Biologics Ltd, Tabit Technologies Ltd, Assured Allies (Assured, Inc.), QM Technologies, Inc., Rafael and Ein-Tal Hospitals. Prior to joining Harel, Guy was a co-founder and chief executive officer of RondinX Ltd, a computational drug target discovery company that was acquired by BiomX, Inc. in 2017.

Guy has a Doctor of Medicine (Summa Cum Laude) from the University of Florence and served as a resident physician at the Tel Aviv Medical Centre.

Current external appointments:

Guy is currently a director of Ecoppia Scientific Ltd, Pantogran LLC and Tsumego Ltd.

Committee memberships:



John O'Higgins
Non-Executive Director

Appointed:	19 September 2019
Tenure:	4 years
Independent:	Yes

Skills and experience:

From 2006 to 2018 John was the Chief Executive Officer of Spectris plc, an international productivity-enhancing instrumentation and controls business, where he led rapid global growth and evolution of the company as it pursued multiple market applications from a board technology platform. From 2010 to 2015, he was a non-executive director of Exide Technologies, Inc. a US-based supplier of battery technology to automotive and industrial users.

John has a Master of Business Administration from INSEAD and a master's degree in mechanical engineering from Purdue University.

Current external appointments:

John currently serves as senior independent director of Johnson Matthey plc and as chairman of Elementis plc. John is also a director of Envea Global SA. He is also a trustee of the Wincott Foundation.

Committee memberships:



Key to Committees

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee
- Chair

* Shareholders will be required to approve Sarah's appointment at the 2024 AGM.

Non-Executive Directors



Dr Heather Preston
Non-Executive Director

Appointed: 19 December 2023*
Tenure: Less than one year
Independent: Yes

Skills and experience:

Heather brings more than 30 years of experience in healthcare, as a scientist, physician, McKinsey management consultant and long-time investor in biotech and the life sciences, most recently as a Managing Partner of Pivotal BioVentures based in San Francisco. She has been a director of more than 18 private and public technology-based healthcare companies, where she was involved in designing and implementing effective scaling strategies. Oxford Nanopore will draw on her expertise as it looks to deliver long-term growth and shareholder value.

Heather holds a Doctor of Medicine from the University of Oxford and a Bachelor of Science degree in biochemistry from St Bartholomew's Hospital Medical School at the University of London.

Current external appointments:

Heather currently serves on the Board of Oxford Biomedica plc and Azura Ophthalmics

Committee memberships:

N R



Kate Priestman
Non-Executive Director and Director responsible for Workforce Engagement

Appointed: 13 July 2023*
Tenure: Less than one year
Independent: Yes

Skills and experience:

Kate brings extensive experience as a biopharma executive for more than 25 years, serving in leadership roles across commercial, operations, corporate strategy, communications and government affairs. She is currently Chief Corporate and External Affairs Officer on the management team of global biopharma CSL, and was previously Senior Vice President of R&D Strategy, Portfolio and Operations at GSK, where she led the evolution of GSK's science and technology strategy, portfolio management and global R&D operations & business transformation, helping steer the FTSE 100 company's growth. Kate also served on GSK's separation board, delivering the successful spin-out of Haleon plc in 2022.

In addition, she previously held global and UK roles at Eli Lilly & Co and Zeneca, after an early career at the BBC, where she spent several years as a broadcaster. Kate also currently also serves as a Trustee of RBG Kew, an organisation with around 500 scientists working globally to understand plant biology and fight biodiversity loss.

Current external appointments:

None

Committee memberships:

N R

Key to Committees

- A** Audit and Risk Committee
- N** Nomination Committee
- R** Remuneration Committee
- Chair

* Shareholders will be required to approve Heather's appointment at the 2024 AGM.

* Shareholders will be required to approve Kate's appointment at the 2024 AGM.

Operating Committee



Clive Brown
Chief Technology, Innovation and Product Officer



Jordan Herman
SVP, General Counsel



Dr Gordon Sanghera
Chief Executive Officer



Carolyn Tregidgo
VP, Late Stage and Applied Product Development



Chris Brown*
VP, Strategic Programmes



Nick Keher**
Chief Financial Officer



John Schoellerman
SVP, Corporate and Business Development



Dr Spike Willcocks
Chief Strategy Officer



Rich Compton
SVP, Sales & Commercial Operations



Sarah Lapworth
SVP, Global Human Resources



Rosemary Sinclair Dokos
SVP, Product & Programme Management



Tim Cowper
Chief Operating Officer



Zoe McDougall
SVP, Strategic Communications and Corporate Affairs



Emma Stanton
SVP, Clinical and Head of Oxford Nanopore Diagnostics

* Appointed to Committee in February 2024.
**Appointed to Committee in January 2024.

Board leadership and company purpose



Dr Gordon Sanghera
Chief Executive Officer

Duncan Tatton-Brown
Chair

The Board

The Board is responsible for establishing the purpose, values, and strategy for the Group and has overall authority for the management and conduct of its business. The Board is also responsible for approving strategic plans, financial statements, acquisitions and disposals, major contracts, projects, and capital expenditure. The Board is focused on ensuring the long-term sustainable success of the Group and the continuous creation of value for its shareholders and stakeholders.

Compliance with the Code

The Group is committed to a high standard of corporate governance and continues to focus on the evolution of its corporate governance framework. As at 31 December 2023, the Company was in full compliance with the provisions of the Code.

Matters reserved for the Board

The Board has identified certain reserved matters for its approval. The schedule of matters reserved for the Board, along with the terms of reference for each of the Audit & Risk, Remuneration, and Nomination Committees can be found on the Company's website at <https://nanoporetech.com/about-us/investors/corporate-governance>. The schedule of matters reserved for the Board was reviewed in March 2024 and it was concluded that no updates were required.

Key matters reserved for the Board

Strategy and management

- Establishing the Group's purpose, values, objectives, strategic and long-range plan and monitoring culture
- Approval of strategic aims
- Approval of budgets

Structure and capital

- Approving or recommending changes to share capital
- Approving major changes to corporate structure

Financial reporting and controls

- Approval of annual report and accounts
- Approval of half-yearly report
- Approval of treasury policies

Audit, internal controls, and risk management

- Overseeing maintenance of a sound system of internal control and risk management

Contracts

- Approving major capital projects, contracts, commitments, expenditures or disposals

Stakeholder engagement and communication

- Receiving reports on, and reviewing the effectiveness of dialogue with shareholders and wider stakeholders
- Considering balance of stakeholder interests in accordance with s172 obligations

Board membership and other appointments

- Overseeing Nomination Committee, which leads on Board appointments and succession planning
- Approves Board appointments

Remuneration

- Oversees Remuneration Committee

Delegation of authority

- Agrees division of responsibility between Chair and CEO
- Approves delegated levels of authority

Corporate governance matters

- Undertakes review of its own performance, committee performance, and individual director performance

Policies

- Approves formal corporate policies

How the Board assesses and monitors culture

The Board recognises that the Group's culture is key to ensuring its long-term success and understands that everyone who works for Oxford Nanopore shares in the vision to create a positive impact in society. The Group's purpose of enabling the analysis of anything, by anyone, anywhere drives and motivates a deep level of commitment from its employees and wider workforce, which facilitates a positive, determined, and supportive culture.

Since Oxford Nanopore originated as a disruptive start-up, conversation, challenge and connection has been essential to our success and defines our culture to this day. As we expand and develop, we have considered how this culture can continue to ignite our imagination and inspire our approach.

Values in Action (ViA)

The ViA has six interest groups (known as 'pods') to represent the core themes which drive a highly engaged and impactful organisation: Diversity and Inclusion, Wellbeing, Social and Community, Internal Communications, Career Development and Environment. Our pods are supported in their activity by our senior leadership team, through two roles:

- Business unit Advocates who help pod members navigate contacts and themes in a specific business area
- Sponsors who mentor a specific pod and support emergent ideas for the benefit of the whole organisation

Following the creation of the pods in 2022, the pods met at least monthly during the year and members of each pod also met with the CEO during the year.

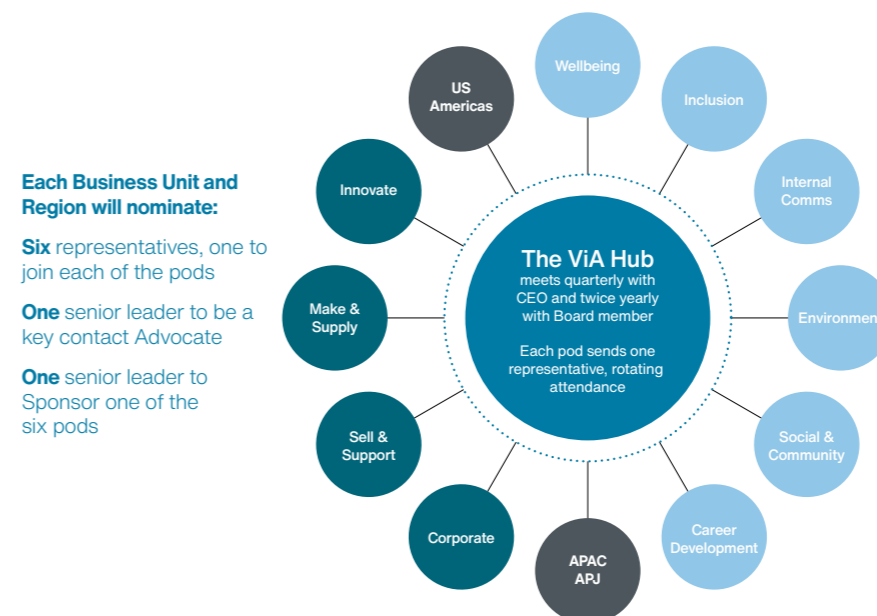
Following the resignation of Sarah Gordon Wild from the Board in December, Kate Priestman was appointed as the new designated Non-Executive Director responsible for workforce engagement. The ViA community would like to thank Sarah Gordon Wild for her time and guidance since conception. The ViA community will give Kate the chance to engage with employees and to explore and validate our culture and our values of Contribution, Determination, and Judgment.

Three initiatives from the ViA community were implemented during 2023:

- Development of a more comprehensive set of Q&A around career development to further enhance employee communications on this topic
- Hosting an inclusion week in October 2023, celebrating our diversity and breadth of talent (see page 59 for more details)
- Launching the supply of emergency sanitary products in our UK offices, with an initiative to launch this globally during 2024



World Food Day held during Inclusion Week.



Each Business Unit and Region will nominate:

Six representatives, one to join each of the pods

One senior leader to be a key contact Advocate

One senior leader to Sponsor one of the six pods

6 pods:

Meet at their own discretion a minimum of six times a year

Engage with the company to seek ideas and take action

Be supported by their Sponsor and engage with their Advocate when necessary

Send a representative (different each time) every quarter to meet The ViA Hub

Rotate roles after a minimum of 12 months' and maximum of 18 months' service

Division of responsibilities

To maximise its effectiveness and ensure sufficient time can be devoted to matters requiring its attention, the Board has delegated authority in certain areas to its Board Committees. Each Board Committee has terms of reference which are reviewed annually.

Board

Executive Directors

- Chief Executive Officer
- Chief Strategy Officer
- Chief Financial Officer
- Chief Operating Officer

Audit and Risk Committee Pages 111-115

The Audit and Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, and, in particular, to:

- Review the Company's financial statements and accounting policies, internal and external audits and controls
- Review and monitor the scope of the annual audit and the extent of the non-audit work undertaken by external auditors
- Advise on the appointment of external auditors
- Review the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Company

The Audit and Risk Committee meets at least four times each year and otherwise as required.

Remuneration Committee Pages 116-135

The Remuneration Committee's role is to:

- Develop the policy on executive remuneration including bonuses, incentive payments and pension arrangements
- Determine the levels of remuneration for the Chair, the Executive Directors, the Company Secretary, senior management and such other members of the Company's management as determined by the Board
- Oversee the implementation of the Company's employee share plans
- Ensure that a report on the Directors' remuneration policy and practices is included in the Annual Report (please see pages 120-121) and that such policy is submitted to the Ordinary Shareholders for approval at the AGM

The Remuneration Committee meets at least twice each year and otherwise as required.

Nomination Committee Pages 108-110

The Nomination Committee's role is to:

- Review the leadership needs of the Company and lead the process for the appointments of Directors and senior management
- Review the balance of skills, knowledge, experience, independence and diversity of the Board and senior management
- Be responsible for succession planning to ensure the long-term success of the Company

The Nomination Committee meets at least twice each year and otherwise as required.

Operating Committee – page 103

The Operating Committee is a committee of senior managers responsible for developing the Company's purpose, values, objectives, culture, strategic and long-range plans. The Operating Committee is also responsible for the Company's market disclosure requirements and oversees compliance with the Market Abuse Regulation.

The Operating Committee meets on a monthly basis and otherwise as required.

Delegated authorities

The Company has a formal delegation of authority policy in place which establishes a clear framework for the use of any authority delegated from the Board to certain individuals within the Company in order to facilitate effective and efficient management of the business of the Company. The policy also details financial authority limits for employees at all levels within the business.

Roles and responsibilities of the Board

Chair	<ul style="list-style-type: none"> • Leads and manages the business of the Board • Ensures clear structure for effective operation of the Board and its Committees • Promotes high standards of governance • Sets Board agenda • Ensures effective communication with shareholders
Chief Executive Officer	<ul style="list-style-type: none"> • Leads on development and delivery of strategy with the Chief Strategy Officer • Responsible for the day-to-day management of the business and sets operational targets • Leads delivery of the Company's operating plans and budgets • Ensures the Company's financial structure and capacity supports the Company's objectives and implements the Board's decisions • Maintains an active dialogue with shareholders in respect of the Company's performance
Executive Directors	<ul style="list-style-type: none"> • Support the Chief Executive Officer in the development of strategy • Responsible for respective areas
Non-Executive Directors	<ul style="list-style-type: none"> • Use outside expertise to support the Executive Directors and the senior leadership team • Provide constructive challenge to the development of strategy
Senior Independent Director	<ul style="list-style-type: none"> • Acts as a sounding board for the Chair and acts as intermediary between the Chair and the other Directors • Available to shareholders to discuss their views
Company Secretary	<ul style="list-style-type: none"> • Ensures the right Board policies and procedures are in place and followed • Advises the Board on corporate governance matters

Purpose and responsibilities

The Committee's role is to assist the Board with its remit of responsibilities in relation to corporate operations, including to:

- Develop the Group's purpose, values, objectives, culture, strategic and long-range plans;
- Develop annual operating and capital expenditure budget targets;
- Align Group priorities;
- Facilitate communications and engagement with key meetings;
- Identify and mitigate risk and review and approve updates to risk register;
- Develop Board agenda;
- Review and manage key projects, strategic and significant transactions and major litigation;
- Review financial updates, including revenue update, material budget variances; and
- Act as Disclosure Committee and oversee the Company's compliance with its disclosure obligations.

The Operating Committee meets on a monthly basis and otherwise as required.

Operating Committee's focus on risk

Risk is a standing discussion item in each Operating Committee meeting. Based on a recommendation of the CEO, the Board defines and adjusts the Company's risk tolerance. The risks and mitigation are documented in the Company's Risk Register.

The representatives of each departmental meeting who serve on the Operating Committee escalate risks identified in the departmental tactical meetings for review in the Operating Committee. The Operating Committee reviews and updates the Risk Register twice each year and reports to the Audit and Risk Committee on risks and mitigation twice yearly (and as needed on an *ad hoc* basis).

The Audit and Risk Committee reports to the Board. The Operating Committee shares the direction from the Board with each department.

Operating Committee

Committee Members

Clive Brown (Chief Technology, Innovation and Product Officer)
 Chris Brown (VP, Strategic Programmes) – joined February 2024
 Rich Compton (SVP, Sales & Commercial Operations)
 Tim Cowper (Chief Operating Officer)
 Jordan Herman (SVP, General Counsel)
 Nick Keher (Chief Financial Officer) – joined January 2024
 Sarah Lapworth (SVP, Global Human Resources)
 Zoe McDougall (SVP, Strategic Communications and Corporate Affairs)
 Dr Gordon Sanghera (Chief Executive Officer)
 John Schoellerman (SVP, Corporate and Business Development)
 Rosemary Sinclair Dokos (SVP, Product & Programme Management)
 Emma Stanton (SVP, Clinical and Head of Oxford Nanopore Diagnostics)
 Carolyn Tregidgo (VP, Late Stage and Applied Product Development)
 Dr Spike Willcocks (Chief Strategy Officer)

Composition, succession and evaluation

Board composition

As at 31 December 2023, there were 12 Directors on the Board. The biographies for each Director are provided on pages 94 to 98.

In July 2023, the Board welcomed Kate Priestman as Non-Executive Director of the Company. The Board subsequently welcomed Dr Sarah Fortune and Dr Heather Preston as directors in December 2023. Sarah Gordon Wild retired from the Board in December 2023 after nine years of service.

The Board unanimously recommends to shareholders the appointments of Kate Priestman, Dr Sarah Fortune, and Dr Heather Preston.

Kate brings extensive experience as a biopharma executive for more than 25 years, serving in leadership roles across commercial, operations, corporate strategy, communications, and government affairs. She is currently Chief Corporate and External Affairs Officer on the management team of global biopharma CSL and was previously Senior Vice President of R&D Strategy, Portfolio and Operations at GlaxoSmithKline, where she led the evolution of GSK's science and technology strategy, portfolio management, and global R&D operations & business transformation, helping steer the FTSE 100 company's growth. Kate also served on GSK's separation board, delivering the successful spin-out of Haleon plc in 2022.

As a Professor of Immunology and Infectious Diseases at the Harvard T.H. Chan School of Public Health in Boston, Dr Sarah Fortune brings deep expertise in genomic diagnostics and multi-omics approaches to infectious disease, including at the intersection of human genetics. Her world-leading research has focused on understanding how tuberculosis (TB) mutates to become drug resistant using a combination of single cell, genetic, and genomic approaches, including nanopore sequencing. In 2019, she led one of three labs awarded funding by the US National Institutes of Health to establish a new centre for immunology research to accelerate progress in TB vaccine development – work that remains ongoing. The Group will draw on Sarah's rich experience as the Company seeks to develop more sequencing-based applications in the clinical space, including its first sequencing-based test for drug-resistant TB.

Heather joins the board at a time when Oxford Nanopore's platform and its latest Q20+ chemistry have delivered profound developments in system performance, including accuracy and data yield, positioning it for ambitious growth. She brings more than 30 years of experience in healthcare, as a scientist, physician, McKinsey management consultant, and long-time investor in biotech and the life sciences, most recently as a Managing Partner of Pivotal BioVentures based in San Francisco. She has been a director of more than 18 private and public technology-based healthcare companies, where she was involved in designing and implementing effective scaling strategies. The Group will draw on her expertise as it looks to deliver long-term growth and shareholder value.

The Board is satisfied that, having considered the other demands on their time, each of Kate, Sarah, and Heather have sufficient time to devote to their roles as Non-Executive Directors.

As previously disclosed, Wendy Becker has indicated that she will be stepping down from the Board from the conclusion of the AGM and will not stand for re-election.

Following year end, and after a comprehensive search process, the Company welcomed Nick Keher as Chief Financial Officer and a member of the Board in January 2024. This allowed Tim Cowper to move to a new role as Chief Operating Officer, having performed the role of Chief Financial Officer and fulfilling most of the responsibilities typically assigned to a Chief Operating Officer for the past five years. Tim now leads the development of the Group's expanding international footprint and operations, including day-to-day functions such as manufacturing, tech transfer, IT, supply chain, global distribution, environment, health and safety, and set-up and management of international facilities.

Nick is an experienced life sciences CFO, having previously served as CFO of Clinigen Group and Benevolent AI. Prior to his CFO roles he gained extensive experience in the life sciences industry, serving as Managing Director and Head of the European healthcare equity research team at Royal Bank of Canada (RBC) and before that held roles at Investec and GSK after switching from practising pharmacy. Nick comes to the role with significant experience of financial leadership of complex, scientific businesses, and has a deep understanding of capital markets. Nick has responsibility for the Group's finance and investor relations functions. The Board unanimously recommends to shareholders the appointment of Nick Keher at the 2024 AGM.

As previous disclosed, Clive Brown stepped down from the Board in February 2024 and Tim Cowper and Spike Willcocks will not stand for re-election at the 2024 AGM. All three Directors will remain in their operational leadership roles at the Company. These changes are part of normal Board evolution and in line with best practice governance.

Non-Executive Directors and independence

The Non-Executive Directors constructively challenge and scrutinise the performance of the Executive Directors and senior management team. The Company regards each of its Non-Executive Directors as independent within the meaning of the Code. There are no circumstances which are likely to impair, or could impair, each Non-Executive Director's independence. The Company complies with the Code recommendation that at least half of the Board (excluding the Chair) should be independent.

Board meetings and provisions of information

The Board meets at least six times each year with further ad hoc meetings as required.

Board effectiveness review

2022 internal Board effectiveness review

As noted in the last Annual Report, an internal Board effectiveness review was carried out during 2022. A summary of the actions arising from the 2022 review and their outcomes are set out below:

Actions from 2022 review	Outcome
Hold an annual dedicated strategy session/have a more detailed open and constructive discussion around strategy	The Board held a dedicated strategy session at the July Board meeting. The meeting was held offsite at the Company's factory in Didcot and the Directors also received a tour of the facilities including the progress on automation.
To bring more formality to the succession plans for the Company's Executive Directors and other members of the Operating Committee and to keep the succession plans updated	The Nomination Committee progressed the succession plans during the year. The Board agreed that this would be a continuing action for 2024.
To focus to improving diversity at Board level, with a particular focus on gender diversity	The Board improved its gender diversity during the year, increasing from 20% at 31 December 2022 to 33.3% at 31 December 2023. The Board recognises that it is not yet compliant with the Listing Rule target of 40% female representation of the Board and aims to continue to make improvements in this area.
To increase the opportunities for Board informal communications including Board dinners	The Board increased informal communications during the year and held six dinners in 2023. In addition, the Non-Executive Directors met separately before each Board meeting and also had a separate session with the Chief Executive prior to each meeting.

2023 internal Board effectiveness review

The Board completed its second internal Board effectiveness review at the end of 2023. The evaluation was led by the Chair, with the support of the Company's SVP General Counsel and the Company Secretary. The Board will continue to perform annual reviews to ensure the effectiveness of the Board and ensure alignment with the interests of stakeholders. For 2024 and in line with the Corporate Governance Code, the Board intends to complete an externally facilitated review.

The review included a questionnaire which was completed by each Director. The process also involved questions around the operation and effectiveness of each of the Board Committees. The results of the evaluation were presented to the Board and discussed by the Board in January 2024. Overall, the results demonstrated that the Board and its Committees fulfil their responsibilities, operate effectively and there is a clear structure and division of responsibilities between the Board and its Committees. It was noted that the Company has continued to make improvements in its Board operations during the year.

Following the conclusion of the evaluation, the Board discussed and agreed the following priorities for 2024:

- To bring more formality to the succession plans for the Company's Executive Directors and to keep the succession plans updated
- To build more flexibility into the Board meetings, including the length of Board meetings, to facilitate deeper discussions on certain topics
- To consider ways for the Board to gain a deeper understanding of the Company's culture

Progress against the action points will be monitored and an external Board effectiveness review will be completed during 2024.

Succession planning

Details of the Company's succession planning are set out on page 110 of the Nomination Committee report.

Board support

The Directors have access to advice and services from both the Company's SVP General Counsel and the Company Secretary. Directors are also able to take independent professional advice.

Audit, risk, and internal controls

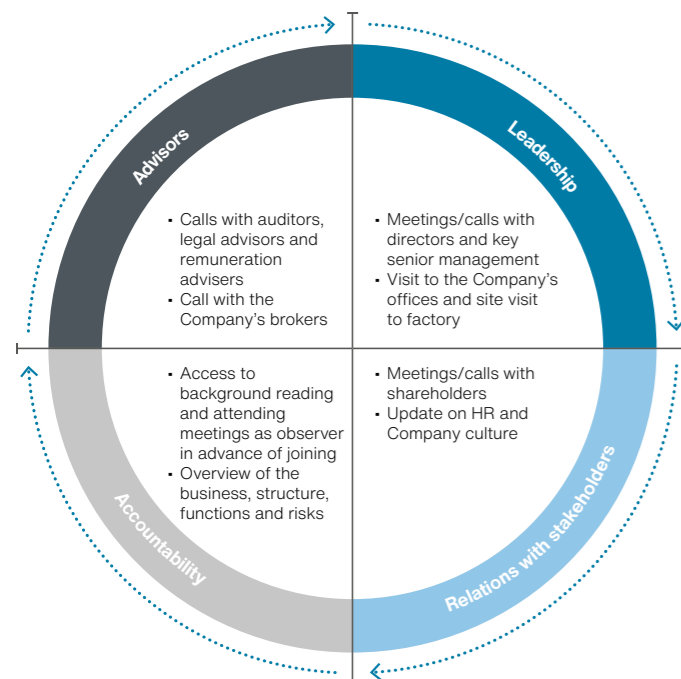
The Board is responsible for determining the Company's risk appetite, agreeing the approach to risk management and assessing the Company's principal risks. The Company has in place an ERM framework and a risk register, which allows the Audit & Risk Committee to assess risks across different areas of the business.

Grant Thornton acts as the Company's internal auditors and the Audit & Risk Committee has approved a one-year plan for 2024 and also reviewed a suggested three-year plan.

The Company has carried out a robust assessment of the Company's emerging and principal risks. Further details are set out on pages 72-78.

Induction of new directors and training

As new directors, Kate Priestman, Dr Sarah Fortune, and Dr Heather Preston received a comprehensive induction process. This included the following:



Training

Directors have access to the expertise of senior management and receive presentations on different areas of the business at Board meetings.

Directors received ongoing training on their responsibilities and received updates on new and existing legislation throughout the year. This included in relation to the new Corporate Governance Code, the proposed changes to the Listing Regime, and audit market reform.

The Board received two updates on information security throughout 2023 from the Group's VP Global IT & Customer Solutions.

The Board also received presentations from the Company's brokers, Citi and JP Morgan, and the Company's solicitors Slaughter & May.

Operations of the Board

Director conflicts of interest

The Company has a formal system in place for the Directors to declare conflicts of interest and for such conflicts to be considered for authorisation. The authorisation of any conflict and the terms of any such authorisation may be reviewed by the Board at any time. The Board has no reason to believe its formal system to deal with conflicts is not operating effectively.

Engagement with stakeholders

Details of how the Company engaged with its stakeholders can be found on pages 79-84.

Annual General Meeting (AGM)

The Company's AGM is scheduled to take place at 1pm on 10 June 2024 and will be held at the Company's offices at Gosling Building, Edmund Halley Road, Oxford Science Park, Oxford, OX4 4DQ.

Duncan Tatton-Brown

Chair of the Board
18 March 2024

Director inductions – Meetings with Senior Management

Topics	Session with
Finance & investor relations	Chief Financial Officer and VP, Finance
HR & reward	SVP Global HR & VP, Reward
Strategy	Chief Strategy Officer
Technology, R&D & product	Chief Technology, Innovation & Product Officer, SVP Programme Manager & SVP R&D Biologics
Strategic communications and corporate affairs	SVP, Strategic Communications & Corporate Affairs
Commercial operations, including sales	SVP, Sales & Commercial Operations
Clinical	SVP, Clinical
Business development	SVP, Corporate & Business Development
Legal & intellectual property	General Counsel, Company Secretary, and VP, Intellectual Property
Operations and manufacturing	VP Operations and VP Manufacturing
Supply chain and logistics	VP, Global Supply Chain and Senior Director, Global Logistics

Nomination Committee report



We were delighted to welcome three new Non-Executive Directors to the Board during the year and make important progress on our Board gender diversity objectives.”

Duncan Tatton-Brown
Nomination Committee Chair

Overview

- The Nomination Committee is comprised of the Chief Executive Officer, Chair and all Non-Executive Directors
- All members have relevant commercial and operating experience
- Three formal meetings were held during the year along with one ad hoc meeting
- The Group's VP, Global HR is invited by the Committee to attend meetings

Committee roles and responsibilities

- Review the structure, size and composition of the Board
- Review the balance of skills, knowledge, experience, independence, and diversity of the Board and senior management
- Review the leadership needs of the Group
- Lead the process for the appointments of Directors and senior management
- Ensure adequate succession planning to ensure the long-term success of the Group

Main committee activities in 2023

- Oversaw the recruitment and the appointments of Kate Priestman, Dr Sarah Fortune, and Dr Heather Preston as Non-Executive Directors of the Company
- Recommended the appointment of Kate Priestman as Non-Executive Director responsible for workforce engagement
- Oversaw the recruitment and appointment process for Nick Keher, who joined as Chief Financial Officer in January 2024
- Increased female representation on the Board to 33.3% as at 31 December 2023
- Performed Board effectiveness review and discussed progress against action points from 2022 review
- Discussed succession planning for Executive Directors

Committee focus areas for FY2024

- Progress the formalisation of succession plans for the Executive Directors
- Review succession planning for members of the Operating Committee
- Further develop the internal talent pipeline
- Perform the first externally evaluated effectiveness review of the Board and its Committees
- Review the Committee's corporate governance obligations in light of the changes to the Corporate Governance Code

Committee member	Meetings attended ¹	Percentage of meetings attended
Duncan Tatton-Brown (Chair of the Committee)	3/3	100%
Dr Gordon Sanghera	3/3	100%
Wendy Becker	3/3	100%
Dr Sarah Fortune ²	0/0	N/A
Sarah Gordon Wild	3/3	100%
Dr Guy Harmelin	3/3	100%
Adrian Henna	3/3	100%
John O'Higgins	3/3	100%
Dr Heather Preston ²	0/0	N/A
Kate Priestman ¹	1/1	100%

1. Kate Priestman was appointed to the Board on 13 July 2023.
2. Dr Sarah Fortune and Dr Heather Preston were appointed to the Board on 19 December 2023. No meetings were held following this date.

Dear Shareholder,

I am pleased to present the Nomination Committee report for the year ended 31 December 2023. Details of the progress against key focus areas are set out in this report.

Meetings

The Nomination Committee meets as and when required, or as requested by the Board, and had three scheduled meetings during the year, plus one ad hoc meeting.

A majority of the members of the Nomination Committee (88.9% as at 31 December 2023) are independent in accordance with the Corporate Governance Code.

Board and Operating Committee changes

During the year, the Nomination Committee recommended the appointments of Kate Priestman, Dr Sarah Fortune, and Dr Heather Preston as Non-Executive Directors of the Company. The appointments were all unanimously approved by the Board.

Sarah Gordon Wild retired from the Board at the end of 2023, after a tenure of nine years, and Kate Priestman was appointed as the new Non-Executive Director of Workforce Engagement.

Russell Reynolds, an independent external search firm, advised the Committee on the appointment of all new directors ensuring that in all cases, a diverse set of candidates was presented to the Committee for consideration. Russell Reynolds is an external search firm which has no other connection with the Company or its individual directors. Russell Reynolds is a signatory to the Voluntary Code of Conduct for Executive Search Firms.

Diversity

Gender representation at Board and Operating Committee Level (as at 31 December 2023)

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, Chair, SID)	Number of Operating Committee members	% of Operating Committee members
Men	8	66.7%	3	7	58.3%
Women	4	33.3%	1	5	41.7%
Not specified/prefer not to say	-	-	-	-	-

Ethnicity representation at Board and Operating Committee Level (as at 31 December 2023)

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, Chair, SID)	Number of Operating Committee members	% of Operating Committee members
White British or other White (inc. minority white groups)	8	66.7%	3	8	66.7%
Mixed/Multiple Ethnic Groups	1	8.3%	0	2	16.7%
Asian/Asian British	1	8.3%	1	1	8.3%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	2	16.7%	0	1	8.3%

The Company also worked with Russell Reynolds to conduct an extensive search during 2023 for a new Chief Financial Officer. This resulted in the appointment of Nick Keher as Chief Financial Officer and Director in January 2024. This allowed Tim Cowper to move into the role of Chief Operating Officer on the same date.

The Company worked with Russell Reynolds to create a detailed job description containing the experience, skills and qualities that the Company wanted in a new Chief Financial Officer. Alongside an excellent cultural fit, the Company also wanted somebody with sector experience, international experience, exposure to growth companies and strong investor relations and capital market experience. The Nomination Committee reviewed a long list of diverse candidates before interviewing a smaller list of candidates. Following the interview process, during which Nick met with the Chair, various Non-Executive Directors, the Executive Directors and various members of senior management, Nick was identified as the preferred candidate. The Nomination Committee recommended Nick's appointment to the Board and the Board unanimously agree to Nick's appointment in January 2024.

Shareholders will be asked to approve the appointments of Nick, Kate, Heather, and Sarah at the 2024 AGM.

During the year, Carolyn Tregidgo, VP Late Stage and Applied Development and Emma Stanton, SVP Clinical and Head of Oxford Nanopore Diagnostics, joined the Group's Operating Committee, the Group's decision-making body. Louisa Ludbrook, stepped down from the Operating Committee in December 2023 as she plans to leave the Group during 2024.

Nick Keher joined the Operating Committee in January 2024 upon his appointment as Chief Financial Officer.

Diversity

The Company is committed to, and recognises the benefits of, diversity at all levels throughout the organisation. The Company places great importance on ensuring the members of the Board reflect diversity in its broadest sense and believe that greater diversity is essential to deliver the Company's strategy and can provide the Company with a competitive edge. The Nomination Committee will consider diversity, with a particular focus on increasing gender diversity, in relation to future appointments to the Board.

Board and Operating Committee gender and ethnicity metrics

The Company has met the new Listing Rule targets for gender and ethnic diversity on the Board with the exception of the target for 40% female representation on the Board. However, the Company made progress on this metric during the year and increased its female representation from 20% at the end of 2022, to 33.3% at the end of 2023. The Company remains committed to achieving the target for 40% female representation on its Board.

The metrics on page 109 set out the range of gender and ethnicity as they relate to our Board and Operating Committee (being the Company's executive management body) as at 31 December 2023. The process by which diversity data was collected was, where permitted by relevant laws, to contact relevant individuals and ask them how they identified using the categorisations set out in the Listing Rules.

Succession planning

The Nomination Committee has responsibility for ensuring that plans are in place for orderly succession to both the Board and senior management positions. During 2023, the Committee reviewed the succession plan for the Executive Directors, to ensure that arrangements are in place for clear, robust succession. This process is ongoing and includes an exercise to further define the skillsets, qualities and experience that would be desirable in potential candidates. This is in addition to emergency succession planning to minimise disruption to the business in the event of any unanticipated departure.

The Nomination Committee also monitors the tenure of Non-Executive Directors and notes that following the retirement of Sarah Gordon Wild, who served for nine years on the Board, none of the existing Non-Executive Directors are close to reaching the recommended maximum nine-year tenure.

The Nomination Committee is also responsible for ensuring that appropriate talent development programmes are in place to maximise the potential of the Group's employees. The Group's Group Talent Development team offers a series of trainings at all levels.

During the year, the Group partnered with the Butcher Bailey Partnership and delivered an accelerated Senior Leadership programme which allowed over 40 senior leaders within the business to engage in a challenging executive development experience. This resulted in the senior leaders presenting to the Executive Directors and other senior key leaders on reflections following the course and to provide ideas and recommendations for consideration in order to ensure the Group delivers on its short, medium and long-term strategic goals. 22 new senior leaders also undertook a comprehensive senior leadership onboarding programme during the year.

A total of 195 managers completed one of the Group's Manager Master courses, which cover topics such as essential management skills and having crucial conversations. A total of 442 employees completed one of the Group's My Mastery courses, which focus on personal development and cover skills such as assertiveness, presentation skills, personal effectiveness and influencing.

Board effectiveness review

The Board undertook its second internal Board effectiveness review during the year, which also include a review of each of the Board Committees. Details of the review are set out on page 105 within the Corporate governance report.

The Board intends to complete an externally facilitated review by the end of 2024 in compliance with the Code recommendation that an externally facilitated review should take place every three years.

Terms of reference

The terms of reference describe the roles and responsibilities of the Nomination Committee and can be found on our website at <https://nanoporetech.com/about-us/investors/corporate-governance>.

In light of the planned changes to the Corporate Governance Code, the Company deferred review of its terms of reference until March 2024 when the new Corporate Governance Code was published. Following such review, it was concluded that minor changes were required to align the language with the 2024 Code.

Duncan Tatton-Brown

Chair of the Nomination Committee

18 March 2024

Audit and Risk Committee report



Adrian Hennah
Audit and Risk Committee Chair



The Committee has monitored the Group's embedding of a robust environment of internal control, risk management and financial reporting."

Overview

- The Audit and Risk Committee ("Committee") comprises three Independent Non-Executive Directors
- Adrian Hennah is considered by the Board to have recent and relevant financial and accounting experience. All members have relevant commercial and operating experience
- Five meetings were held during the year
- The CEO and CFO, members of management, the internal auditors and the external auditors attend the meetings by invitation
- The Committee members meet for private discussion with the external auditors and the internal auditors

Committee roles and responsibilities

- Monitoring external financial reporting
- Overseeing relationship with external auditor
- Monitoring effectiveness of internal controls and risk management systems
- Ensuring effective internal audit and governance arrangements
- Ensuring establishment of fraud prevention and whistleblowing arrangements

Main committee activities during FY23

- Oversaw and scrutinised the preparation of the financial statements for FY22 and the interim report for HY23
- Approved the audit plan and fee for FY23
- Discussed key areas of financial judgement and estimates used by management, including revenue recognition and capitalised development costs
- Oversaw the implementation of disclosures in accordance with the TCFD framework and ensured that climate-related disclosures were appropriately included within the Annual Report and Accounts
- Reviewed the effectiveness of Deloitte LLP as external auditor

- Approved the internal audit plan and oversaw the progress of the internal auditor in FY23
- Assisted the Board in its review of the effectiveness of the Group's internal control and risk management systems
- Reviewed the Group's evaluation of principal risks and uncertainties, including emerging risks
- Reviewed the Group's whistleblowing procedures

Committee focus areas for FY24

- Oversee and scrutinise the preparation of the financial statements for FY23 and the interim report for HY24
- Discuss key areas of financial judgement and estimates used by management
- Overseeing the relationship with the external auditor
- Assist the Board in its review of the effectiveness of the Group's internal control and risk management systems
- Review and monitor the principal risks identified by management and ensure continued appropriate mitigation
- Review the performance of the external auditor
- Assess the internal auditor and monitor the progress of their internal audit plan

Committee member	Meetings attended	Percentage of meetings attended
Adrian Hennah (Chair of the Committee)	5/5	100%
Dr Sarah Fortune ¹	0/0	N/A
John O'Higgins	5/5	100%
Dr Guy Harmelin	5/5	100%

1. Dr Sarah Fortune was appointed to the Board on 19 December 2023. No meetings were held in 2023 following this date.

Dear Shareholder,

I am pleased to present the Group's Audit and Risk Committee report. The report provides a summary of the Committee's role and activities for the financial period ended 31 December 2023 and sets out the work that the Committee has performed in respect of this Annual Report.

During FY23, the Committee comprised three Independent Non-Executive Directors: Adrian Henna, John O'Higgins and Dr Guy Harmelin. Adrian Henna fulfils the requirement for a committee member to have recent and relevant financial experience and all members (and therefore the Committee as a whole) have relevant commercial and operational experience. The biographies of each member of the Committee are set out on pages 94 to 98.

The Committee's Terms of Reference include monitoring the integrity of the Group's financial reporting; effectiveness of the internal control and risk management framework; internal audit; and the independence and effectiveness of external audit. The internal audit function is outsourced to Grant Thornton LLP, who provide the Group with specialist expertise in delivering a risk-based rolling review programme. Grant Thornton LLP has attended all Committee meetings held during the year.

The Group's external auditor, Deloitte LLP, attended all five Committee meetings held during the year. The CEO, CFO and other members of management attended by invitation. Both the external auditor and the internal auditors will continue to regularly attend future meetings.

The Committee has reviewed the content in the Annual Report and considers that it explains the Group's strategic objectives and is fair, balanced and understandable. Whilst this Audit and Risk Committee report contains some of the matters addressed during the year, it should be read in conjunction with the external auditor's report starting on page 140 and the Oxford Nanopore Technologies plc financial statements in general. At the 2024 AGM, shareholders will vote on the Board's recommendation to reappoint Deloitte LLP as the Group's external auditor. During the year, the Committee performed a review of the external auditor's performance and concluded that the external auditor remained effective.

I would like to thank my fellow Committee members John O'Higgins and Guy Harmelin, whose focus and contributions have enabled the Committee to perform its duties effectively.

Adrian Henna
Chair of the Audit and Risk Committee
18 March 2024

Purpose and responsibilities

The Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including:

- Monitoring the integrity of the Group's Annual Report and financial statements and any other formal announcements relating to its financial performance and reviewing the significant financial reporting judgements made in connection with their preparation
- Overseeing and maintaining an appropriate relationship with the Company's external auditor and reviewing the independence, objectivity and effectiveness of the audit process
- Monitoring and reviewing the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems
- Ensuring that internal audit and governance arrangements are appropriate and effective
- Ensuring that fraud prevention and whistleblowing arrangements are established which minimise the potential for fraud and financial impropriety

As the Committee, we assist the Board in its oversight of the Group's financial reporting, internal control and risk management and in doing so seek to ensure that shareholders' and other stakeholders' interests are protected and the Company's long-term strategy is supported.

Terms of reference

The terms of reference for the Committee describe the roles and responsibilities of the Committee and can be found on our website at <https://nanoporetech.com/about-us/investors/corporate-governance>. The terms of reference were adopted by the Company on its initial public offering in October 2021. They are reviewed on an annual basis and updates made where appropriate in order to reflect current market practice.

Financial reporting

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, and any other formal announcement relating to the Group's financial performance.

In the preparation of the Group's 2023 financial statements, the Committee assessed the accounting principles and policies adopted, whether management had made appropriate estimates and judgements and assessed the appropriateness of the disclosures in note 4 of the Financial Statements.

In doing so, the Committee discussed management reports and enquired into judgements made. The Committee reviewed the reports prepared by the external auditor on the 2023 audit. The Committee, together with management, identified significant areas of financial statement risk and judgement as described below.

Significant accounting matters

The Committee received reports from management in relation to the identification of significant accounting matters, judgements and key sources of estimation uncertainty, significant accounting policies and proposed disclosures in the 2023 Annual Report and Accounts. The Committee is satisfied that the judgements made by management are reasonable, and that appropriate accounting policies have been adopted and appropriate disclosures have been made in the accounts.

The Committee's review of the full-year financial statements focused on the following:

- the materiality of the areas; and
- the nature of matter to the extent that they require significant judgement or estimation.

All such matters of focus were discussed and addressed with our external auditor throughout the external audit process. There were no significant differences between management and the external auditor.

The key matters of focus are set out below:

Internally generated intangible assets – Research & Development

Capitalisation of Research & Development costs is a particular area of focus due to:

- Critical judgements being required in determining that development spend meets the criteria for capitalisation of such costs as laid out in IAS 38 "Intangible Assets"
- Management does 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.

How the issue was addressed

The Committee reviewed the assumptions and disclosure around capitalisation of development costs made by management.

Particular focus was placed upon:

- Capitalisation policies and the procedures and controls in place
- The application of IAS 38

Revenue recognition

Revenue recognition for the Group's revenue is a particular area of focus due to:

- LSRT revenue, and revenue growth, being key performance indicators
- Revenue from significant contracts within the period
- Application of IFRS15 for the sale of bundled goods and services, specifically the performance obligations and the allocation of the transaction price on these significant contracts
- Where sales are made around the year end, ensuring that revenue is recognised in the correct year

How the issue was addressed

The Committee reviewed the assumptions and disclosure around revenue recognition made by management.

Particular focus was placed upon:

- Terms of significant contracts
- Application of IFRS15 to contract bundles which include the lease of PromethION or GridION sequencing devices
- Revenue cut-off

IFRS 2: Share-based payment valuation and employer social security taxes

The Group issued a number of share options to the Executive Directors of the Group, in particular in preparation for the IPO. These included:

- Conditional retention awards representing up to 6.5% of the overall share capital, with expected vesting over a period of between two and five years and subject to achievement of a number of performance conditions linked to the Group's revenue and share price
- Limited anti-takeover (LAT) non-voting shares issued to the Chief Executive Officer, Chief Strategy Officer, and Chief Technology, Innovation and Products Officer (see page 136)

The retention awards require the use of valuation models and certain assumptions in determining their fair value at grant date and the recognition of charges in the income statement under IFRS2 Share-based payments.

The employer's social security taxes on share options are accrued over the vesting period of the awards. The accrual is based on the market price at the period end.

There is a risk that the expense recognised in the year may be materially misstated due to unreasonable assumptions or error.

How the issue was addressed

The Committee reviewed the assumptions made by management (which were based on advice from PWC LLP) on the conditional retention equity awards (Refer to Directors' remuneration report on page 116).

Inventory provisioning

The Group holds significant inventory balances 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.

Inventory is held at the lower of cost and net realisable value, in line with IAS2. Consideration is made of the technical properties of the inventory and its effect on net realisable value.

Management judgement is primarily used to assess future revenues of product lines and where there is a doubt over its future net realisable value a provision is made.

How the issue was addressed

The Committee discussed with management the level of provisioning and reviewed the assumptions made by management and considered whether the inventory provision was at an appropriate level.

Fair, balanced and understandable

A key governance requirement is for the Board to ensure that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model, and strategy.

To assist it in making this determination, the Board has requested the advice of the Committee.

To assist the Committee in making its assessment, it received drafts of the Annual Report at key points in the production process in order to provide its feedback and also reviewed papers from leadership highlighting the supporting evidence for the report's key messages. Any disclosures that the Committee believed required additional information or clarification were highlighted and the necessary edits made during the subsequent drafting phase. The Committee also reviewed narrative reporting in the front half of the Annual Report to ensure its consistency with the financial reporting in the back half, and that the overall layout and linkage between each section of the report were clear and understandable.

Having completed its assessment, the Committee concluded that the disclosures throughout the Annual Report and Financial Statements were appropriate and that the 2023 Annual Report and Financial Statements was fair, balanced and understandable, allowing the Committee to provide positive assurance to the Board to assist it in making the statement required by the Code.

Internal controls and risk management environment

The Board is ultimately responsible for the operation of an effective system of internal control and risk management appropriate to the business.

Oxford Nanopore has aligned with provisions of the Code in the period to the date on which these financial statements were approved.

Day-to-day operating and financial responsibility rests with senior management and performance is closely monitored on a monthly basis.

Set out below is further comment on the areas of internal control and risk management.

Internal control environment

The following key elements comprise the internal control environment which has been designed to identify, evaluate and manage, rather than eliminate, the risks faced by the Group in seeking to achieve its business objectives and ensure accurate and timely reporting of financial data for the Group:

- An appropriate organisational structure with clear lines of responsibility
- Systems of control procedures and delegated authorities which operate within defined guidelines, and approval limits for capital and operating expenditure and other key business transactions and decisions
- A robust financial control, budgeting and rolling forecast system, which includes regular monitoring, variance analysis, key performance indicator reviews and risk and opportunity assessments at Board level

- Procedures by which the Group's consolidated financial statements are prepared, which are monitored and maintained through the use of internal control frameworks addressing key financial reporting risks arising from changes in the business or accounting standards
- Robust IT systems, with significant investment in cyber security and focus on IT security eg penetration testing
- An experienced and commercially focused legal function that supports the Group's operational and technical functions
- Established policies and procedures setting out expected standards of integrity and ethical standards which reinforce the need for all employees to adhere to all legal and regulatory requirements
- An experienced, qualified and adequately resourced finance function which regularly assesses the possible financial impact of the risks facing the Group
- Internal audit function (outsourced to Grant Thornton) and
- An ongoing risk management programme.

Risk management framework

Oxford Nanopore has a robust risk management process that follows a sequence of risk identification, assessment of probability and impact, and assigns an owner to manage mitigation activities. A register is kept of all identified corporate risks and is monitored by senior management and regularly discussed at the Operating Committee and reported to the Committee.

The risk register and the methodology applied is the subject of continuous review by senior management, which includes the ongoing process of categorising and prioritising risks already identified in addition to reflecting new and developing areas which might impact business strategy. This risk management framework includes risks identified at the time it was implemented as part of the IPO process in 2021, updated to the present and also seeks to capture emerging risks that might impact the business in the coming years.

The Committee will continue to review the risk register throughout the year and assess the actions being taken by senior management to monitor and mitigate the risks. Those risks which are considered to be the principal risks of the Group are presented on page 72.

Anti-bribery and corruption

The Company has a zero-tolerance approach to bribery and corruption at all levels within the organisation globally and expects high standards of integrity from our people, agents, consultants, interns and subcontractors and any other person associated with the Company in business dealings and relationships worldwide. Whilst the Board is ultimately accountable for the Company's anti-bribery and corruption efforts, responsibility for reviewing the Company's systems and controls for preventing these have been delegated to the Committee.

The Company has in place a clear Anti-Bribery and Corruption Policy, which is available for our people to access on our internal policy hub. The Company requires everyone at Oxford Nanopore to attest to this policy on joining the business. The Company also provides mandatory online training to ensure our people understand their responsibilities in preventing bribery and corruption.

Whistleblowing

Whilst the Board is ultimately responsible, it has delegated oversight of the Group's whistleblowing policies and procedures to the Committee. We expect all our people to act professionally, honestly and ethically in their dealings with people, whether they are within the organisation, customers, suppliers or any other external partner they may have contact with. The behaviours and standards expected of our people are set out in our policy, to which everyone who joins Oxford Nanopore must sign up.

The Company also provides mandatory online training to ensure our people understand the whistleblowing policy. A confidential incident reporting facility is available, provided by an independent specialist firm Safeline, for circumstances where an individual wishes to report an issue anonymously. Monitoring the effectiveness and appropriateness of the whistleblowing policy falls within the remit of the Committee.

During the year one concern was reported via the Company's internal whistleblowing procedures around the security of one of the Company's IT systems. Following an internal investigation and the engagement of an external IT specialist, it was concluded that there was no evidence of unauthorised access to the Company's system.

Review of effectiveness

The Committee, on behalf of the Board, has reviewed the effectiveness of the internal control systems and risk management processes during FY23. This work has been supported by our internal auditor. The effectiveness review included regular meetings with the Internal Auditor, and review and approval of a plan of work having considered the Group's principal, strategic and operational risks.

The Committee will continue to review the ongoing development of the internal control systems and risk management processes.

Going concern and long-term viability

The Committee reviewed the Group's going concern and long-term viability disclosures in this Annual Report, together with the reports prepared by the leadership team in support of each statement and advised the Board on their appropriateness. As part of its review, the Committee considered amongst other things a number of scenarios modelled by the business (including a "severe but plausible" downside scenario) and reverse stress tests carried out to assess the strength of the Group's finances.

The going concern and long-term viability statements were reviewed by the external auditor, which discussed its findings and the conclusions drawn by leadership in producing each statement with the Committee.

More detailed information about the Group's approach to its going concern and long-term viability assessments can be found on page 86 of the Strategic Report.

Independence and performance of the auditor

The Committee oversees and maintains the relationship with the external Auditor on behalf of the Board. Deloitte was appointed as the auditor of Oxford Nanopore in the year ended 31 December 2010 and became the auditor of the Company on its admission to listing on the London Stock Exchange on 5 October 2021. The current audit partner is Sukhbinder Kooner who was appointed at the time of the IPO.

The audit was last tendered in 2010 and Deloitte has been in place as Oxford Nanopore's auditor for more than 12 years. Auditors are required to report regularly on and confirm their independence in their role. Whilst we do not consider it necessary to have a policy for the rotation of the external audit firm given the short period of time since Oxford Nanopore's IPO, we plan to keep this possibility under review in the coming years and will continue to comply with the audit tender rules applying to Oxford Nanopore.

The Committee has primary responsibility for conducting any tender process and making recommendations on appointment, reappointment and removal of auditors, and approving the terms of engagement and the remuneration of the external auditor. The Committee keeps under review the requirements on audit tendering and rotation as set out in Regulation EU/537/2014 (as retained in UK law) and from the Competition and Markets Authority. At the latest, Oxford Nanopore will be required to tender the audit for the year ending 31 December 2030 and to change its audit firm for the year ending 31 December 2040.

For the financial year ending 31 December 2024, the Committee has recommended to the Board that Deloitte be reappointed as external auditor and the Company will be seeking shareholder approval for the reappointment of Deloitte at its AGM to be held in June.

The Committee has developed and recommended to the Board a formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements.

During 2023, Deloitte received total fees of £0.7 million (2022: £0.7 million), comprising £0.6 million of audit fees (2022: £0.6 million) and £0.1 million (2022: £0.1 million) for assurance related non-audit services. The fees for non-audit services during the year related to work undertaken on the interim financial review.

The fees paid for these other non-audit services during the year represented 14% of the fees paid for the statutory audit and audit-related assurance services together. Further details of these amounts are included in note 9 of the financial statements.

On behalf of the Audit and Risk Committee.

Adrian Hennah

Chair of the Audit and Risk Committee

18 March 2024



The Company's remuneration arrangements have been designed to encourage long-term, sustainable growth and to provide market competitive overall remuneration for the achievement of stretching targets aligned to the business strategy."

Wendy Becker
Remuneration Committee Chair

Committee overview

- The Remuneration Committee ("Committee") comprises five independent Non-Executive Directors.
- All members have relevant commercial and operating experience, as well as experience of serving on the boards of other businesses.
- Three Committee meetings were held in 2023.
- The Chair and the Chief Executive Officer may, by invitation, attend Committee meetings except when their own remuneration is discussed. The Group HR Director and the Group Head of Reward are also invited by the Committee to provide their views and advice. The Chief Financial Officer may also attend to provide performance context to the Committee during its discussions about target setting. Information on meetings held and director attendance is disclosed in the corporate governance report.
- No individual takes part in any decision related to his or her own remuneration.

Committee roles and responsibilities

- Recommendations to the Board on the remuneration policy as applied to the Chair of the Board, Executive Directors, and the Executive Committee
- Setting, reviewing, and approving individual remuneration arrangements for the Chair of the Board, Executive Directors and Executive Committee members including terms and conditions of employment
- Determining arrangements in relation to termination of employment of the Executive Directors and other designated senior executives

- Ensuring that remuneration outcomes are appropriate in the context of underlying business performance and that remuneration practices are implemented in accordance with the approved remuneration policy
- Reviewing the wider workforce remuneration policies and practices

Full terms of reference for the Committee are available on the Company's website at <https://nanoporetech.com/about-us/investors/corporate-governance>

Main committee activities during FY23

Key actions and areas of review by the Committee during the year included:

- Consideration of feedback from investors and proxy agencies following publication of the 2022 Annual Remuneration Report
- Initial consideration of any revisions to the Directors' remuneration Policy ahead of the 2025 renewal
- Review of market and governance updates and impact on the Company
- Approval of vesting of a proportion of legacy share awards
- Approval of Long-term Incentive Plan awards granted April 2023 including a scale back to number of awards granted
- Review and approval of the design of the Annual Bonus Plan (ABP) and performance measures for 2024
- Review and approval of performance measures for awards to be granted in 2024 under the Long-term Incentive Plan (LTIP)
- Review of budget and approach for all-employee annual pay review and consideration of remuneration issues relating to the wider workforce

Committee focus areas for 2024

The Committee is planning to undertake a number of key activities during the coming year on a range of matters including:

- Determination of the 2023 ABP outcomes and approval of the 2024 LTIP grant
- Review and approval of the design of the ABP and performance measures for 2025
- Review ongoing implementation of the Directors' Remuneration Policy to ensure it operates appropriately
- Further review of the Directors' Remuneration Policy including required consultation on any planned changes with stakeholders, ahead of the 2025 renewal
- Monitoring of the external remuneration environment, including developments in best practice and all-employee remuneration

Committee member	Meetings attended	Percentage of meetings attended
Wendy Becker (Chair of the Committee)	3/3	100%
Dr Guy Harmelin	3/3	100%
John O'Higgins	3/3	100%
Sarah Gordon Wild	2/3	66%
Kate Priestman	2/3	66%

Advice to the Committee

Since listing on the London Stock Exchange, the Committee has appointed FIT Remuneration Consultants LLP (FIT) as their independent advisor following a competitive tender process. FIT is a member of the Remuneration Consultants' Group and, as such, voluntarily complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. FIT has no other connection with the Company. The Committee is therefore satisfied that the advice provided by FIT is independent and objective. The fees paid to FIT in relation to advice provided to the Committee were £54,268.53 (inc. VAT) and were determined on a time and expenses basis.

Annual statement by the Chair of the Remuneration Committee

Dear Shareholder,

As Chair of the Remuneration Committee, I am pleased to present the Directors' remuneration report for the year ended 31 December 2023. The Report comprises three sections:

- My statement, which outlines the activities and the focus of the Committee throughout the year
- The Annual Report on Remuneration, which provides details of the remuneration earned by the Directors in 2023 and how the Policy will be operated in 2024
- A summary of the Policy, which was approved at the 2023 Annual General Meeting on 12 June 2023

At the 2023 AGM, shareholders supported the vote on the remuneration report, with 99.56% of shareholders voting in favour.

2023 context

The 2023 financial results have been achieved against a challenging macroeconomic backdrop, reflecting a continued demand for the technology, and the strength of the teams. In summary, the Group delivered LSRT revenue growth of 15.6%, and underlying growth of 39%, through an expansion of our global customer base. The gross margin did however reduce by 300bps during the period, primarily as a result of the EGP contract, the impact of the write off of excess inventory in COVID sequencing kits, and upgrading the compute on large PromethION devices to enable real time basecalling.

During 2023, the Company has made key strategic partnerships across its global footprint, demonstrating the high regard for the technology, notably:

- The £70m investment from bioMérieux has strengthened the relationship between the two Companies and further aligns Oxford Nanopore's focus on clinical markets. This investment will support development for products to serve IVD markets. In addition, the two companies have established an IVD Advisory Board to advance nanopore technology into routine clinical use.
- The multi-year joint development collaboration with the world-renowned Mayo Clinic will develop new clinical tests for diseases seeking to improve patient care. The focus of the development is wide-reaching, from translational research into Human Genetics to detection of predisposition to cancer.
- The utilisation of Oxford Nanopore Technology by The UK National Institute for Health and Care Research (NIHR), the National Australian rare disease programme, and the National German rare disease study.

Common to all of these, is the desire to use Oxford Nanopore's technology to drive advances in medical research, clinical practice and global public health. Unsurprisingly, the enthusiasm regarding these partnerships throughout the workforce is immense and incentivised further the desire to innovate to further push the boundaries of science.

We have continued to innovate, delivering new technologies and expanding our reach across the areas of clinical, applied, and industrial sciences. In 2023, the R&D team successfully brought to market the Q20+ chemistry and with regards to PromethION the P2 solo and P2 were fully launched and 90% of active P24/48 devices were made capable of Q20+ chemistry. These innovation successes contributed further to the realisation of our vision to make DNA sequencing available to anyone, anywhere.

Recognising that, our employees are key to driving the future success of the Company, a number of notable interventions were made during 2023 to support the engagement, attraction and retention of employees including the launching of the employee engagement forum, VIA and our global recognition programme "NanoStars!".

We also continued to expand the global sales and marketing teams in 2023, making some strong hires in all regions to help achieve our commercial growth ambitions. In addition to ensure that our commercial teams are motivated and incentivised a Commercial Bonus Plan has been established for revenue generating employees allowing them to be accountable for their reward outcomes through high commercial performance.

Performance and reward for FY23

The Annual Bonus plan measures and targets were set at the start of FY23, no adjustments to the targets were made during the year. These comprise:

Financial measures:

- Life Sciences Research Tools (LSRT) revenue growth (45% weighting);
- Gross profit margin (25% weighting); and
- Strategic Scorecard measures (20% weighting) to underpin innovation and customer experience as being core to the Company's strategic advantage. These measures assessed the level of completion during 2023 of the following:
 - Commercial execution of Q20+ chemistry
 - Full launch of new PromethION technology products to market
 - Improvement to customer experience with Customer Centricity being the core focus for our customer and technical service teams
- ESG measures

With regards to the performance against each of the financial measures, noting the challenging macroeconomic backdrop:

- The Company delivered LSRT revenue of £169.7m (an increase of 15.6% on 2022), driven by expansion of our global user base and utilisation of our technology, partially offset by a £18m headwind from COVID sequencing. Whilst not achieving an on-target bonus multiple, this revenue outcome equated to a bonus multiple of 71.4% of the target (35.7% of max), allocated to this measure.
- LSRT Gross Profit margin for FY23 was 53.3%. This decline reflected the amendment to the Company's agreement with G42, the one-off impact of investment in upgrading the computer towers on our large PromethION devices, and the write-off of excess COVID sequencing kits. The Committee noted the decrease from 2022 and hence the bonus element for this measure was determined to be zero.

Turning to the Strategic Scorecard measures, 2023 saw the successful execution of the Q20+ Chemistry, further innovation of PromethION, and the foundations of improved customer centricity being set. The first two strategic measures were delivered to the targets; however in the case of the customer centricity measure, whilst completing the groundwork to deliver improvements for customers going into 2024, the threshold achievement was not met in 2023. The bonus outcome for these measures equated to a bonus multiple of 66.67% (c. 33.33% of max) of the target level allocated to this measure.

2023 saw the introduction of our first ESG measure to our variable pay arrangements. This measure comprised of three separate metrics focused on driving our societal impact in human health and environmental sciences, growing our research communities to push the boundaries of science further and furthering our culture of inclusion so that our employees have the opportunity to provide their ideas and perspectives to support our innovation and have access to learning opportunities to ensure the talent pipelines required to support our growth ambitions. The Committee assessed each of these measures as meeting their targets. The bonus outcome for these measures equated to a bonus multiple of 100% (50% of the max) of the target level allocated to this measure.

Further detail on the performance against these measures can be found on page 123.

The resulting bonus equated to 55.46% of the target bonus opportunity (27.73% of the maximum bonus opportunity) for the four Executive Directors. The Committee believes that the formulaic outcomes of the bonus calculations are appropriate in light of the Company and individual performance delivered in the year and so has not applied discretion. In line with the Policy, 33% of the bonus will be deferred into shares, 50% of which must be held for one year and 50% for two years.

No long-term incentives were due to vest in relation to the performance period ended 31 December 2023, the first vesting of post-IPO share awards will be April 2025.

In addition, while the normal policy is to grant LTIP awards each year at a level of 250% of salary for the CEO and 200% for other Executive Directors, in light of the share price at the time of the grant in April 2023, these levels were reduced by 30%.

New CFO appointment

Nick Keher was appointed to be Chief Financial Officer from 22 January 2024, and Tim Cowper moved to the new role of Chief Operating Officer. Nick is a sector-experienced CFO with a broad range of experience that will enhance the ONT leadership team. Tim has performed the majority of responsibilities typically assigned to a COO for the past five years alongside his CFO duties, and his sole focus on operations going forward will support the scaling of the business. Both arrangements have been set taken into consideration the market data commensurate to these roles as well as the competence and experience offered. Details of their respective remuneration for 2024 are set out on page 120 but importantly include setting the new CFO's salary at a lower level than that of his predecessor (subject to ongoing review as his experience grows).

Legacy pre-IPO awards (performance based) vesting

As noted in my letter last year, the grant of a one-off legacy conditional performance-related equity award was made to the Executive Directors under the Oxford Nanopore Technologies Limited Long-Term Incentive Plan 2021 ("Founder LTIP") to retain and incentivise them through the IPO process and beyond. This one-off, exceptional award was made with the approval of the Company's shareholders and at a time when the Company was a private company and does not form part of the "go forward" remuneration package offered to the Executive Directors as a listed company and there is no provision in the policy for equivalent awards in the future. This permits vesting linked to pre-set targets over the period to the end of 2026.

No additional vesting occurred in 2023.

Implementation of the policy for 2024

The importance of the alignment of the remuneration structure throughout the workforce and the tone of communication with regards to the Company's strategic focus are key considerations of the Committee when making decisions on executive base pay. In order to demonstrate the importance of moving the Company to profitability and the creation of value for shareholders, the Executive Directors asked the Remuneration Committee not to consider them for a salary increase for 2024, with the wider employee population being allocated a budget of 3.5% for base pay increases, a reduction on the 5% provided for the 2023 review. Both decisions support the focus on good cash stewardship through 2024. The detail of the pay arrangements for Nick Keher as CFO and Tim Cowper as COO are outlined on page 120. Both arrangements have been set taken into consideration the market data commensurate to these roles as well as the competence and experience offered.

Bonus arrangements will continue to operate in line with the Policy, with a maximum opportunity of 200% of salary for the CEO and 160% for the other Executive Directors, with 33% of any bonus earned subject to deferral into awards over shares in the Company.

The FY24 bonus will be assessed against a similar scorecard to 2023 with a combination of financial and non-financial objectives which are set out on page 123.

As referred to above, the policy is for LTIP awards to be granted over shares worth 250% of salary in the case of the CEO and 200% of salary in respect of the other Executive Directors. To recognise the material decline in the Company's share price since the IPO and lack of recovery, the Committee has determined that a scale back of 30% of the number of share awards granted to the Executive Directors will again be applied (with the exception of Nick Keher, who was not employed during financial year 2023).

These awards are subject to stretching TSR performance conditions with 25% vesting at median, rising to full vesting at upper quartile. TSR is measured, as to 50%, relative to a bespoke group of 16 international life sciences companies and, as to the other 50%, relative to the constituents of the FTSE350 (excluding investment trusts).

Board changes

A number of changes to the Board were announced in 2023. We were pleased to welcome three independent Non-Executive Directors to the Board during the year, Kate Priestman joined the Board on 13 July 2023, and Dr Heather Preston and Dr Sarah Fortune on 19 December 2023. Both Kate and Heather will serve as members of the Remuneration Committee. Sarah Gordon-Wild also retired from the Board on 19 December 2023.

I have also informed the Board that I will not stand for re-election at the 2024 AGM but will remain a committed supporter of the Company.

Conclusions

FY23 has been a year in which, despite being faced with continued challenging macroeconomic factors, the Company has made strong strategic alliances and continued to deliver further innovative technology to the market. The Committee therefore regards the reward outcomes for the Executive Directors to be appropriate without the exercise of any discretion.

We are pleased with the support we have received from the shareholders with over 99% approval from the votes cast at the last AGM for the annual remuneration report for 2022.

As a Committee, we continue to be committed to supporting the Company's ambition to be a high-performing organisation by incentivising and rewarding performance, and therefore driving the delivery of the corporate strategy and investor goals.

We look forward to welcoming you and receiving your support at the AGM.

Wendy Becker

Chair of the Remuneration Committee

18 March 2024

Annual remuneration report

This section of the Directors' remuneration report provides details of:

- How we propose to implement our policy for 2024; and
- How Directors were paid for the year ending 31 December 2023.

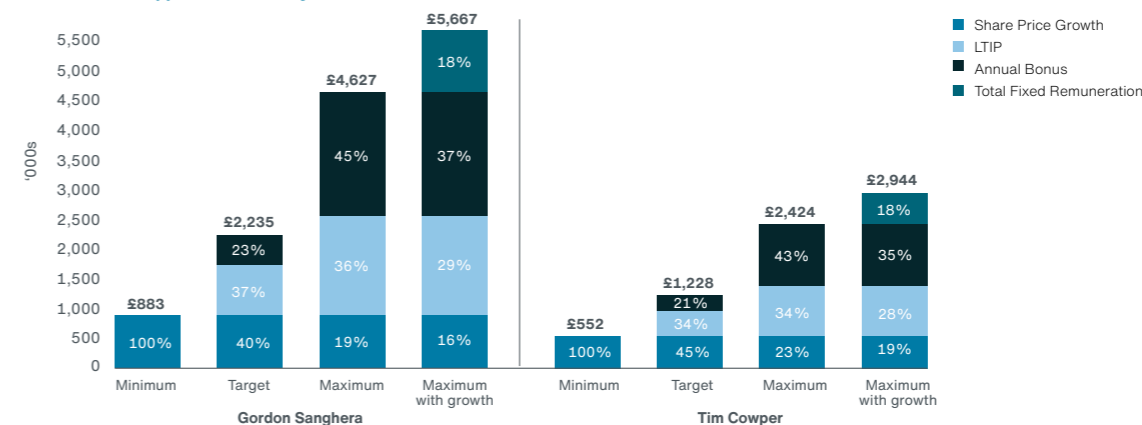
Implementation of policy for 2024

Component of Pay	Implementation for FY23																					
Base salaries	<p>CEO: £832,000 CFO: £425,000 COO: £520,000 CTI&PO £660,000 CSO: \$852,800</p> <ul style="list-style-type: none"> • There will be no change to pay as part of the Company's Annual Pay review in April 24. • The CTI&PO ceased to be an Executive Director on 29 February 2024. There will be no change to the compensation for this role. • The COO and CSO will cease to be Executive Directors following the AGM in 2024. There will be no change to their compensation. • The CSO receives a £12,000 annual fee in respect of the undertaking of Oxford Nanopore Technologies plc board duties. 																					
Benefits and pension	<p>For CEO, CFO, COO and CTI&PO a pension contribution or allowance of 6% of base salary.</p> <p>For CSO, a Company-matching contribution of 6% to the US Section 401(k) defined contribution plan.</p> <p>No changes to benefit provision.</p>																					
Annual bonus	<p>CEO: Maximum 200% of base salary</p> <p>CFO, COO, CTI&PO and CSO: Maximum 160% of base salary (target bonus is 50% of maximum).</p> <p>Subject to the following performance conditions:</p> <ul style="list-style-type: none"> • Group revenue growth – 45% weighting. • Group gross profit margin – 25% weighting. • Non-financial – 20% weighting, which will consist of a range of measures linked to key strategic projects in FY23. • ESG – 10% weighting, which will consist of a range of measures linked to the Company's approach to ESG. Consistent with market practice, the target ranges are currently commercially sensitive and will be reported next year. 																					
LTIP	<p>CEO: Maximum award of 250% of base salary.</p> <p>CFO, COO, CTI&PO and CSO: Maximum award of 200% of base salary.</p> <p>To recognise the maintained decline in the Company's share price since the first LTIP in April 2022, the Committee has determined that a scale back of 30% of the number of share awards granted be applied to the awards granted in April 2024.</p> <p>Subject to the following performance conditions:</p> <p>Relative Total Shareholder Return (TSR) 100% weighting as follows:</p> <ul style="list-style-type: none"> • 50% of the performance measure depending on the Company's TSR position against a group of comparators consisting of 16 global life sciences and other companies; and • 50% depending on the Company's TSR position against the constituents of the FTSE350, excluding investment trusts. <p>Details of the peer group are as follows:</p> <table border="0"> <tr> <td>Adaptive Biotechnologies</td> <td>Guardant</td> <td>Quanterix</td> </tr> <tr> <td>Biotechne</td> <td>Illumina</td> <td>Qiagen</td> </tr> <tr> <td>Cellink</td> <td>Nanostring Technologies</td> <td>Twist Biosciences</td> </tr> <tr> <td>Exact Sciences</td> <td>Olink</td> <td>908devices</td> </tr> <tr> <td></td> <td>Seer</td> <td>10X Genomics</td> </tr> <tr> <td></td> <td>Singular Genomics</td> <td></td> </tr> <tr> <td></td> <td>Pacific Biosciences</td> <td></td> </tr> </table>	Adaptive Biotechnologies	Guardant	Quanterix	Biotechne	Illumina	Qiagen	Cellink	Nanostring Technologies	Twist Biosciences	Exact Sciences	Olink	908devices		Seer	10X Genomics		Singular Genomics			Pacific Biosciences	
Adaptive Biotechnologies	Guardant	Quanterix																				
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	Seer	10X Genomics																				
	Singular Genomics																					
	Pacific Biosciences																					
NED fees	<p>Chair fee: £275,000 Audit and Remuneration Committee Chairs: £20,000</p> <p>Non-Executive Director base fee: £72,500 Senior Independent Director Fee: £20,000</p> <p>(All of which will remain unchanged for 2024)</p>																					

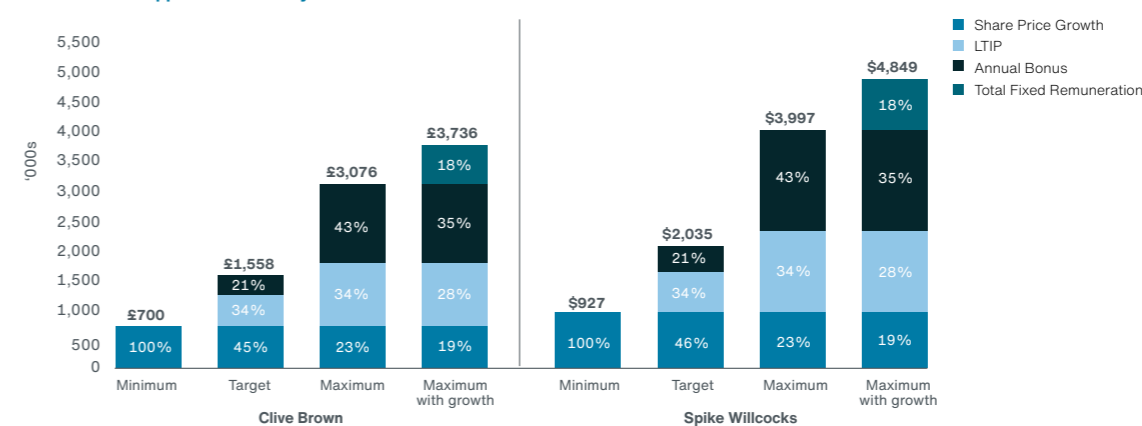
Projected total remuneration scenarios

The graphs below illustrate scenarios for the projected total remuneration of each of the Executive Directors at four different levels of performance: minimum, target, maximum, and maximum including assumed share price appreciation of 50% on the LTIP. The impact of potential share price movements and dividends is excluded from the other three scenarios. These charts reflect projected remuneration for the financial year ending 31 December 2024.

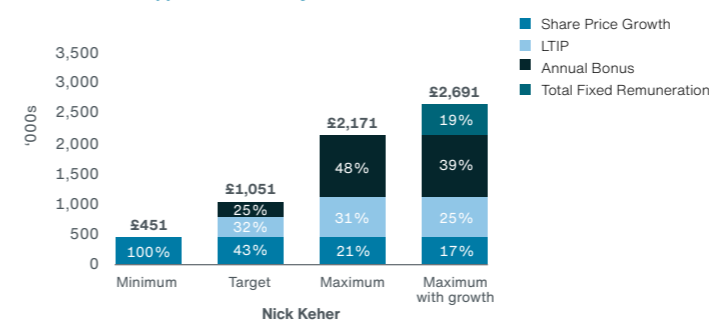
Illustrations of application of Policy



Illustrations of application of Policy



Illustrations of application of Policy



Basis of calculations and assumptions

1. Salary represents annual base salary for 2024. Benefits such as private medical insurance are included based on the full calendar year.
2. Pension represents the value of the annual pension allowance for the Executive Directors as 6% of base salary.
3. Minimum performance comprises salary, benefits and pension only with no bonus awarded and no LTIP awards vesting.
4. Target performance comprises annual bonus and LTIP pay-outs at "target" level (50% of maximum for the bonus and 25% for the LTIP - with no share price appreciation).
5. Maximum performance comprises annual bonus and LTIP payouts at maximum level (100% of maximum with no share price appreciation).
6. Maximum with share price growth comprises 5.) above plus an assumed increase of 50% in the value of the LTIP award to take account of potential share price appreciation.

Directors' remuneration report continued

Remuneration Outcomes for 2023

Single figure table for Executive Directors (audited)

The following tables set out the single total figures of remuneration for Executive and Non-Executive Directors for the period from 1 January 2023 to 31 December 2023 with comparative information for the period 1 January 2022 to 31 December 2022.

£	Gordon Sanghera		Tim Cowper		Clive Brown		Spike Willcocks	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Salary and fees	824,000	800,000	515,000	500,000	645,000	600,000	677,680	668,260
Benefits	747	759	2,547	2,559	2,547	2,559	16,566	18,137
Pension	49,440	48,000	30,900	30,000	38,700	36,000	15,927	14,645
Total fixed remuneration	874,187	848,759	548,447	532,559	686,247	638,559	710,173	701,042
Annual Bonus	461,427	724,000	230,714	362,000	292,829	434,400	304,352	475,134
Legacy LTIP	-	27,624,274	-	6,278,247	-	25,112,990	-	22,601,705
Total variable remuneration	461,427	28,348,274	230,714	6,640,247	292,829	25,547,390	304,352	23,076,839
Other One-off payment	15,384	15,384	-	425	11,538	11,538	-	12,620
Total other pay	15,384	15,384	-	425	11,538	11,538	-	12,620
Total remuneration	1,350,998	29,212,417	779,161	7,173,231	990,614	26,197,487	1,014,521	23,790,501
Total remuneration excluding legacy awards	1,350,998	1,588,143	779,161	894,984	990,614	1,084,497	1,014,521	1,188,796

£	Wendy Becker		Dr Guy Harmelin		Adrian Hannah		Dr Sarah Fortune		John O'Higgins	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Salary and fees	111,884	108,888	71,884	70,000	91,884	90,000	2,582	-	71,884	70,000
Benefits	-	-	2,088	-	-	-	-	-	-	-
Pension	-	-	-	-	-	-	-	-	-	-
Total remuneration	111,884	108,888	73,972	70,000	91,884	90,000	2,582	-	71,884	70,000

£	Dr Heather Preston		Kate Priestman		Sarah Gordon Wild		Duncan Tatton-Brown	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Salary and fees	2,582	-	34,164	-	69,500	70,000	275,000	115,273
Benefits	-	-	1,149	-	-	-	539	-
Pension	-	-	-	-	-	-	-	-
Total remuneration	2,582	-	35,313	-	69,500	70,000	275,539	115,273

1. Base salaries of the Executive Directors have been rounded to the nearest £10.
2. Remuneration for Spike Willcocks has been converted to Pounds Sterling from US Dollars using an exchange rate of 1.2432 which is the average rate for FY23. Base salary and fees include a £12,000 annual fee in respect of plc board duties. Spike Willcocks is paid in US Dollars.
3. Benefits comprise private medical insurance for all Executive Directors. In addition, Tim Cowper and Clive Brown participate in the UK SIP, and the benefits number includes matching shares with a value of £1,800. For Non-Executive Directors, benefits comprise travel and subsistence related expenditure.
4. All UK-based Executive Directors receive cash in lieu of pension contributions. The pensions value for Spike Willcocks is the matching employer contribution to the US 401(k) plan.
5. The Annual Bonus plan is the bonus payable for performance year 2023. One third of the cash bonus amount will be deferred into awards over Oxford Nanopore shares under the Deferred Bonus Plan (DBP) in line with the Policy. The bonus payable to Spike Willcocks has been converted to Pounds Sterling from US Dollars using an exchange rate of 1.2432 which is the average rate for FY23.
6. The one-off payment received by Gordon Sanghera and Clive Brown represents a payment in lieu of holiday that could not be taken.
7. Fees received by Kate Priestman are for the period commencing on the date of appointment to the Board of Directors 13 July 2023 to 31 December 2023.
8. Fees received by Sarah Gordon Wild are for the period 1 January 2023 to 19 December 2023, when she retired from the Board of Directors.
9. Fees received by Heather Preston and Sarah Fortune are for the period commencing on the date of appointment to the Board of Directors 19 December 2023 to 31 December 2023.

Notes to the single figure table for Executive Directors (audited)

Annual Bonus Plan (ABP) (audited)

The maximum ABP opportunity for 2023 was 200% of salary for the CEO and 160% for the other three Executive Directors (unchanged from FY21 for the period from IPO). The ABP performance measures were based on the achievement of Group financial targets and a scorecard of quantifiable strategic objectives. Performance targets and actual outturn as a percentage of the target bonus are summarised below.

Performance measures	Weighting	Threshold	Target	Maximum	Actual 2023 Achievement	Bonus outcome (% of max. bonus)
Financial measures						
Group revenue growth	45%	£162m	£180m	£198m	£169.7m	16.07%
Group gross profit margin	25%	56.3%	60%	62.5%	53.3%	0%
Strategic Scorecard measures	20%					
Commercial Execution of Q20+ Chemistry		Responsible for flow cell and kit 40% of revenue (excluding EGP and Q or OND applications)	Responsible for flow cell and kit 60% of revenue (excluding EGP and Q or OND applications)	Responsible for flow cell and kit 80% of revenue (excluding EGP and Q or OND applications)	6.667%	3.33%
PromethION		<ul style="list-style-type: none"> P2 solo fully launched P2 in Early Access (20 sites) P24/P48: Active devices 60% capable of Q20+ chemistry (Excl EGP) 	<ul style="list-style-type: none"> P2 solo fully launched P2 in Early Access (all customer sites) P24/P48: Active devices 75% capable of Q20+ chemistry (Excl EGP) 	<ul style="list-style-type: none"> P2 solo fully launched P2 fully launched P24/P48: Active devices 90% capable of Q20+ chemistry (Excl EGP) 	6.667%	3.33%
Customer Centricity		<ul style="list-style-type: none"> 25% reduction in: <ul style="list-style-type: none"> Time to customer case closed in CS and TS (e.g. from 5.25 days in CS to 3.9 days) Product complaints (e.g. from 15% of flow cells run to 11.25% – excludes flow cell warranty replacements) 	<ul style="list-style-type: none"> 45% reduction in: <ul style="list-style-type: none"> Time to customer case closed in CS and TS (e.g. from 5.25 days in CS to 2.8 days) Product complaints (e.g. from 15% of flow cells run to 8.25% – excludes flow cell warranty replacements) 	<ul style="list-style-type: none"> 65% reduction in: <ul style="list-style-type: none"> Time to customer case closed in CS and TS (e.g. from 5.25 days in CS to 1.8 days) Product complaints (e.g. from 15% of flow cells run to 5.25% – excludes flow cell warranty replacements) 	0%	0%
ESG	10%				10%	5%
Increasing our social impact through broadening usage of our technology			Increase year on year of cumulative number of publications in circulation and categorisation of publications to demonstrate alignment to our priority areas i.e. human health (cancer, infectious disease) and developing-world impact			
Growing our engagement with the research and nanopore communities further			Date to demonstrate Year-on-Year increases to online delegates and content views at our bi-annual community meetings			
Furthering our culture of inclusion through:			<ul style="list-style-type: none"> A qualitative assessment of the impact of ViA through presentation of the initiatives pursued as a direct consequence of the engagement channels Establishment of ViA as part of the annual Company-Wide calendar (1/4ly meetings with the CEO, bi-annual meetings with the designated NED and monthly pod group meetings) Data to demonstrate the inclusivity of our learning opportunities 			
Total	100%					27.73%

The performance measures were set at the start of the year and were based on external market guidance, our strategic priorities, and a desire to align part of our executive pay arrangements to ESG. All targets were set on a stretching basis.

With regards to Revenue Growth, the gross revenue for 2023 was £169.7m. This represents an achievement of between threshold and target, providing a bonus multiple of 71.4% of the target opportunity. Target was not met due to a delay in the ramp-up of some large contracts (e.g. NIHR), meaning revenue was less than expected for the year. Revenue achievement was also impacted by the amendment to the EGP contract.

The gross profit margin for the year ending 31 December is 53.3%. This represents an outcome below the minimum of the target range and provides a bonus multiple of 0x. The margin target was not met primarily due to the change in the terms of the EGP contract.

Innovation and commercial delivery of the technological advancements was strong in 2023. We upgraded our entire fleet to Q20+chemistry (60% of 2023 revenue was derived from Q20+ chemistry) and our PromethION execution was strong, including P2 Solo and our P24/48 upgrades. In summary, these achievements against the Q20+ and PromethION performance measures provided a bonus outcome of 100% of target. However, whilst the groundwork was done to deliver improvements to our customers moving into 2024, the threshold of our Customer Centricity target was not met, and as result the Strategic Scorecard measures delivered an outcome of 66.67% of its target opportunity.

Each of our ESG measures delivered an on-target achievement. Our increase in publications (6.7% more in 2023) demonstrated the far reach of our technology to create a positive impact in the areas of human health and environmental sciences. Our online audiences and content views increased year on year at our annual community events, demonstrating the larger interaction with our nanopore community and wider research communities (London Calling had an average increase of 16.2% in 2023 across the three days and NCM Houston a 12% increase compared to the daily attendance numbers at NCM New York in 2022). A culture of inclusion within the workplace was demonstrated through the establishment and embedding of an employee engagement community and the delivery of learning opportunities across the organisation.

Taking into account these achievements, the Remuneration Committee determined that a bonus of 55.46% of target (27.73% of the maximum) would be payable for 2023.

ABP payments are calculated using base salary as at 31 December 2023, in line with the global policy that applies to other employees across the Company. Consistent with the Policy, one third of the entire bonus will be deferred into an award of shares under the DBP, with a holding period of one year for 50% of the award, and two years for the remaining 50% of the award, with vesting subject to continued employment.

None of the value of the ABP awards relates to share price appreciation.

Awards granted in 2023

Long-Term Incentive (LTIP) (audited)

On 11 April 2023, the Executive Directors received awards of shares under the LTIP as a percentage of salary in line with the terms of the Policy. To recognise the drop in share price since the 2022 grant, the Committee exercised their discretion to scale back the number of awards granted by 30%. The three-year performance period over which performance will be measured is from 1 January 2023 to 31 December 2025. The performance measures and targets for awards made in April 2023 are outlined below:

2023 LTIP	Relative TSR – depending on the Company's TSR position against a group of comparators consisting of 16 global life sciences and other companies.	Relative TSR – depending on the Company's TSR position against the constituents of the FTSE 350, excluding investment trusts.
Weighting target range	50% median to upper quartile	50% median to upper quartile

- 25% of the LTIP awards will vest at threshold, with vesting up to 100% only if upper quartile performance is achieved for both measures;
- A ranking position between median and upper quartile will result in a vesting outcome calculated on a straight-line basis by ranking with interpolation between positions;
- A three-month backward looking averaging period will be used (starting from three months prior to the start and end of the performance period (i.e. October to December); and
- The TSR of each company in the 16 life sciences and other companies group will be measured in local currency.

The Committee will reserve discretion as to the treatment of companies which delist.

In accordance with the plan rules, the number of performance shares granted under the LTIP, as shown in the table below, was calculated using the average closing price for the five trading days prior to the date of grant.

LTIP awards granted during the year

Name	Date of grant	Face value of LTIP Performance Share award on grant (post scale back)	Price per Share	Number of Shares subject to LTIP award (post scale back) ²
Gordon Sanghera	11-Apr-23	£1,455,998	£2.14	680,373
Tim Cowper	11-Apr-23	£727,998	£2.14	340,186
Clive Brown	11-Apr-23	£923,998	£2.14	431,775
Spike Willcocks ¹	11-Apr-23	£959,741	£2.14	448,477

1. The face value of the share award on grant for Spike Willcocks was converted to Pounds Sterling from US dollars using the exchange rate of US\$1.244:£1 which was the closing exchange rate on the last working day before the grant.
2. The number of shares subject to the LTIP award were scaled back by 30% to take account of the drop in share price from the previous grant made in April 2022. The face value of the awards also reflects the 30% scale back.

Deferred Bonus Plan (DBP) (audited)

On 11 April 2023, shares awards were granted under the DBP to the Executive Directors for the deferred element (one third) of their FY22 annual bonus.

DBP awards granted during the year

Name	Date of grant	Face value of DBP award on grant ¹	Price per Share ²	Number of Shares subject to DBP Award
Gordon Sanghera	11-Apr-23	£241,333	£2.14	112,772
Tim Cowper	11-Apr-23	£120,666	£2.14	56,385
Clive Brown	11-Apr-23	£144,800	£2.14	67,663
Spike Willcocks ³	11-Apr-23	£159,078	£2.14	74,335

1. Equates to one third deferral of FY22 bonus.
2. Calculated by using the five-day closing average share price prior to the date of grant.
3. The face value of the share award on grant for Spike Willcocks was converted to sterling from US dollars using the exchange rate of US\$1.244 :£1, which was the closing exchange rate on the last working day before the grant.

Legacy pre-IPO awards (performance based)

The legacy pre-IPO awards were granted under the Founder LTIP to the Executive Directors on 22 June 2021. These awards vest on the achievement of two performance conditions: the Share Price Performance Condition comprises 50% of the total award with the Revenue Condition making up the remaining 50%. The detail of each of the performance conditions and the operation of these awards is as follows:

- In the case of the share price hurdles, vesting occurs in equal portions at 120% of the Company's share price at IPO (i.e. £5.10), £7.70 per share and £10.45 per share, and on a straight-line basis between hurdles.
- In the case of the revenue hurdles, vesting occurs in equal portions at £140 million annual revenue, £231 million annual revenue and £308 million annual revenue to be achieved by the end of 2026, and on a straight-line basis between hurdles.
- The Retention Awards are also subject to post-vesting holding periods which, together with the hurdles, are designed to retain the executive talent and tie executive rewards to increased shareholder value. The effect of the retention awards is accounted for within share-based payments within operating expenses in the Company's accounts.
- If a vesting event occurs within three years of grant, the relevant portion of the award will not be released until at least a two-year period has elapsed. No element of the award may be released until at least three years of the award date. At the end of the performance period (31 December 2026) any element that has vested will be released and any unvested element of the award will lapse.

On 27 April 2023, the Remuneration Committee approved the vesting of a further 126,907 shares allocated to the Revenue Condition. This was as a result of actual revenue for the 12 months ending 31 December 2022 of £198.6m being achieved. These shares were included in the Single Figure Table on page 130 of the 2022 Remuneration report and will be released on 26 April 2025. 54.79% of the shares allocated to the Revenue Condition have now vested. The table below shows the number of the vested shares approved in 2023 and their value at 31 December 2023 based on a share price of 208.2p (the closing share price on 29 December 2023). None of the value of the awards which vested relates to share price appreciation.

Directors' remuneration report continued

2021 Pre-IPO retention awards vesting in 2023 under Founder LTIP

Name	Maximum number of shares	Share Price Performance Condition payout % of maximum	Revenue Condition payout % of maximum	Number of shares vesting	Value of shares vesting at 31.12.23
Gordon Sanghera	15,601,160	0%	0.275%	42,953	£89,428
Tim Cowper	3,545,720	0%	0.275%	9,762	£20,324
Clive Brown	14,182,880	0%	0.275%	39,048	£81,297
Spike Willcocks	12,764,600	0%	0.275%	35,144	£73,169

Summary of outstanding share awards (audited)

The table below details the share awards and options granted to the Executive Directors under the various pre- and post-IPO arrangements and granted during FY23 under the DBP and LTIP.

Director	Name of Share Plan	Exercise price	Award Grant Date	As at 1.1.23	Granted during year ended 31.12.23	Exercised/ released during 2023	As at 31.12.23	Vested but not exercised during 2023	Earliest date shares can be acquired/ released	Date of Lapse of award
Gordon Sanghera	CSOP approved	£1.035	14-Jan-19	28,980	-	-	28,980	-	14-Jan-22	14-Jan-29
	Founder LTIP ¹		22-Jun-21	15,601,160	-	-	15,601,160	42,953	22-Jun-24	31-Dec-26
	USOP unapproved	£1.035	14-Jan-19	641,020	-	-	641,020	-	14-Jan-22	14-Jan-29
	USOP unapproved	£3.0625	15-Jun-21	2,400,000	-	-	2,400,000	800,000	15-Jun-24	15-Jun-31
	Deferred Bonus Plan		11-Apr-22	72,226	-	36,113	36,113	-	11-Apr-23	-
	Deferred Bonus Plan		11-Apr-23	-	112,772	-	112,772	-	11-Apr-24	-
	LTIP		11-Apr-22	523,560	-	-	523,560	-	11-Apr-27	-
Tim Cowper	CSOP approved	£1.035	14-Jan-19	28,980	-	-	28,980	-	14-Jan-22	14-Jan-29
	Founder LTIP ¹		22-Jun-21	3,545,720	-	-	3,545,720	9,762	22-Jun-24	31-Dec-26
	Options - UK unapproved	£1.20	10-Nov-16	162,836	-	-	162,836	-	10-Nov-19	10-Nov-26
	USOP unapproved	£1.035	14-Jan-19	771,020	-	-	771,020	-	14-Jan-22	14-Jan-29
	USOP unapproved	£3.0625	15-Jun-21	1,600,000	-	-	1,600,000	533,320	15-Jun-24	15-Jun-31
	Deferred Bonus Plan		11-Apr-22	33,486	-	16,743	16,743	-	11-Apr-23	-
	Deferred Bonus Plan		11-Apr-23	-	56,385	-	56,385	-	11-Apr-24	-
Clive Brown	CSOP approved	£1.035	14-Jan-19	28,980	-	-	28,980	-	14-Jan-22	14-Jan-29
	Founder LTIP ¹		22-Jun-21	14,182,880	-	-	14,182,880	39,048	22-Jun-24	31-Dec-26
	Options - UK unapproved	£0.13	03-Dec-12	65,002	-	65,002	-	-	03-Dec-15	30-Jun-23
	Options - UK unapproved	£1.20	10-Nov-16	1,300,000	-	-	1,300,000	-	10-Nov-19	10-Nov-26
	USOP unapproved	£1.035	14-Jan-19	871,020	-	-	871,020	-	14-Jan-22	14-Jan-29
	USOP unapproved	£3.0625	15-Jun-21	1,800,000	-	-	1,800,000	600,000	15-Jun-24	15-Jun-31
	Deferred Bonus Plan		11-Apr-22	44,795	-	22,398	22,397	-	11-Apr-23	-
Spike Willcocks	CSOP approved	£1.035	14-Jan-19	28,980	-	-	28,980	-	14-Jan-22	14-Jan-29
	Founder LTIP ¹		22-Jun-21	12,764,600	-	-	12,764,600	35,144	22-Jun-24	31-Dec-26
	Options - UK unapproved	£0.0668	05-May-21	148,660	-	148,660	-	-	05-May-2021	30-Jun-23
	USOP unapproved	£1.035	02-Jul-19	1,260,000	-	-	1,260,000	-	02-Jul-22	02-Jul-29
	USOP unapproved	£3.0625	15-Jun-21	1,600,000	-	-	1,600,000	533,320	15-Jun-24	15-Jun-31
	Deferred Bonus Plan		11-Apr-22	48,441	-	24,221	24,220	-	11-Apr-23	-
	Deferred Bonus Plan		11-Apr-23	-	74,335	-	74,335	-	11-Apr-24	-

1. The award granted under the Founder LTIP can be referenced to page 255 of the prospectus where it is cited as "Conditional Award". The market value per share at the date of award was £3.50. Vested awards are subject to a holding requirement as defined by the plan rules.
2. All CSOP and unapproved share options met their performance conditions pre-IPO and are now subject only to the employee's ongoing employment and holding periods.

UK Share Incentive Plan (SIP) shares awarded (audited)

The UK SIP is a tax-favoured all-employee plan that enables UK employees to save out of pre-tax salary. Monthly contributions are used by the plan trustee to buy Oxford Nanopore shares (partnership shares). The Company funds an award of an equal number of shares (matching shares). The current maximum contribution is £150 per month. Shares held in the plan for five years will be free of income tax and National Insurance, as well as Capital Gains Tax if retained in the plan until sold. The table below shows all SIP shares awarded to the UK-based Executive Directors from 1 January 2023 to 18 March 2024.

Director	Shares held at 1.1.23	Partnership shares acquired to 31.12.23	Matching shares acquired to 31.12.23	Free Shares awarded to 31.12.23	Total Shares held 31.12.23	Partnership & Matching Shares acquired between 1.1.24 & 18.3.24
Gordon Sanghera	633	0	0	0	633	0
Tim Cowper	1,793	816	816	0	3,425	568
Clive Brown	1,749	816	816	0	3,381	568

Directors' interests in the share capital of the Company (audited)

The table below summarises the Directors' interests in shares, including unvested awards under employee share schemes, as at 31 December 2023. Further details of all outstanding awards are provided on page 126.

The Shareholding Requirement for each of the Executive Directors as set out in the Policy is 300% of base salary.

	Ordinary Shares held at 31.12.23	Retention Awards unvested and subject to performance conditions	Retention Awards vested and subject only to employment condition	Deferred Bonus Plan Share Awards subject only to holding period	CSOP approved Options vested but not exercised	Unapproved Options vested but not exercised	Unapproved Options unvested subject only to employment condition	LTIP Awards unvested and subject to performance condition	% of salary under Remuneration Policy (Restricted)	Shareholding requirement met	
Executive Directors											
Gordon Sanghera	10,409,373	7,589,916	8,011,244	148,885	28,980	2,641,020	400,000	1,203,933	633	3734%	yes
Tim Cowper	201,369	1,724,982	1,820,738	73,128	28,980	2,267,176	266,680	601,966	3,425	658%	yes
Clive Brown	1,515,931	6,899,927	7,282,953	90,060	-	3,671,020	300,000	745,911	3,381	2101%	yes
Spike Willcocks	4,750,888	6,209,938	6,554,662	98,555	-	2,593,320	266,680	778,468	-	2797%	yes
Non-Executive Directors											
Dr Guy Harmelin	-	-	-	-	-	-	-	-	-	-	-
Adrian Hennah	14,125	-	-	-	-	-	-	-	-	-	-
Wendy Becker	9,008	-	-	-	-	-	-	-	-	-	-
John O'Higgins	-	-	-	-	-	-	-	-	-	-	-
Sarah Gordon Wild	101,678	-	-	-	-	-	-	-	-	-	-
Duncan Tatton-Brown	280,000	-	-	-	-	-	-	-	-	-	-
Kate Priestman	-	-	-	-	-	-	-	-	-	-	-
Dr Sarah Fortune	-	-	-	-	-	-	-	-	-	-	-
Dr Heather Preston	-	-	-	-	-	-	-	-	-	-	-

1. Ordinary shares comprise all shares held in Oxford Nanopore Technologies including those held by spouses or in trust.
2. The % of base salary held in share interests has been calculated using a share price of 208.2p as of 31 December 2023. The value of the shareholding for each Executive Director is the summation of the value of any ordinary and SIP shares held at 31 December 2023, the gross gain on any CSOP option and the net gain of any unvested (subject to employment condition only) and vested unapproved options. This is then expressed as a percentage of base salary (base pay for Spike Willcocks has been converted to Pounds Sterling from US Dollars at 1.2432).
3. The Chair and Non-Executive Directors are not awarded incentive schemes and are not subject to a shareholding requirement.
4. Spike Willcocks participated in the US Employee Share Purchase Plan (ESPP) for the offering period 1 January 2023 to 31 December 2023. 5,560 shares were purchased on 11 January 2024 with contributions made throughout the offering period. The purchase price was £1.77.

The shareholding as a percentage of salary relates to those awards not subject to ongoing performance conditions. The share price used is 208.2p being the closing price as at 31 December 2023.

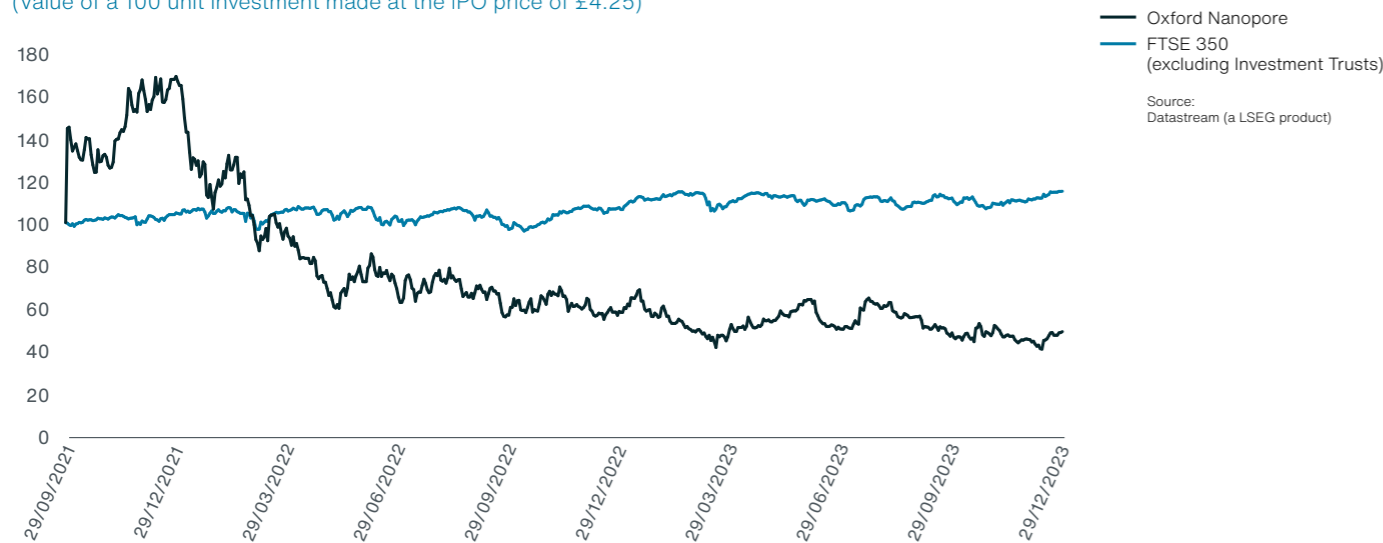
Directors' remuneration report continued

Performance graph against FTSE 350

The following chart shows the value of £100 invested in the Company (at the IPO share price of £4.25) compared with the value of £100 invested in the FTSE 350 Index in both cases for 2023. The FTSE 350 Index (excluding Investment Trusts) has been chosen as it provides the most appropriate and widely recognised index for benchmarking the Company's corporate performance.

Total Shareholder Return

(Value of a 100 unit investment made at the IPO price of £4.25)



CEO remuneration

The table below sets out the CEO's single figure of total remuneration for the year ended 31 December 2023 together with the percentage of maximum bonus awarded and long-term incentive awards that vested over the same period.

	2021	2022	2023
Total remuneration	£3,696,883	£29,212,417	£1,350,998
Annual bonus (as a % of maximum opportunity)	100%	45.25%	27.73%
Performance Shares vesting (as a % of maximum opportunity)	N/A	51.07%	N/A

Percentage change in Directors' remuneration

The table below shows the annual percentage change in base salary, benefits and bonus for all Directors compared with the average percentage change for UK-based employees. Where a Director does not have comparable data for FY22 they have been excluded from the table. Over time, the percentage change over a five-year rolling period will be disclosed.

Percentage Change in Directors' remuneration

	% change in salary 22/23	% change in benefits 22/23	% change in annual bonus 22/23	% change in salary 21/22	% change in benefits 21/22	% change in bonus 21/22
Gordon Sanghera	3.00%	(1.56%)	(36.27%)	27.8%	(82.4)%	(12.53)%
Tim Cowper	3.00%	(0.46%)	(36.27%)	37.7%	(42.7)%	(5.67)%
Clive Brown	7.50%	(0.46%)	(32.59%)	22.3%	(40.7)%	(15.38)%
Spike Willcocks	1.48%	(8.66%)	(35.94%)	29.5%	(1.00)%	(9.38)%
Duncan Tatton-Brown	-	-	-	-	-	-
Dr Guy Harmelin	2.69%	-	-	9.8%	-	-
Adrian Henna	2.09%	-	-	0%	-	-
Wendy Becker	2.75%	-	-	21%	-	-
John O'Higgins	2.69%	-	-	9.8%	-	-
Sarah Gordon Wild	2.69%	-	-	8.8%	-	-
Average of UK employees	8.27%	(1.58%)	(18.96%)	7.9%	(82.4)%	40.67%

- The percentage change in all salaries reflects the salary and NED fee adjustments which were effective 1 April 2023.
- The percentage decrease in benefits from 2022 to 2023 reflects the reduction benefit premiums achieved at the 2023 renewals.
- Bonuses for the Executive Directors reduced in 2023 compared to 2022. The overall performance outcome for 2023 was 27.73% of the maximum bonus opportunity compared to 45.25% for 2022. Details of the achievement against the specific targets can be found on page 123.
- The average bonus for UK employees for 2023 was £8,883.04. This was a reduction of 18.96% on the average for 2022 of £10,961.69 and reflects corporate performance outcome.
- Fees for 2023 have been annualised for Sarah Gordon Wild and Duncan Tatton-Brown to allow a comparison to 2022. Sarah resigned on 19 December 2023 and Duncan was appointed on 1 August 2022.

CEO pay ratio

Financial year	Calculation Methodology	Element	P25	P50	P75	CEO
2021	A	CEO Pay ratio	97:1	65:1	42:1	
		Total Pay and benefits	£10,752	£16,031	£24,704	£1,037,779
		Salary	£6,873	£10,042	£16,656	£193,650
2022	A	CEO Pay ratio	698:1	509:1	329:1	
		Total Pay and benefits	£41,874	£57,415	£88,773	£29,212,417
		CEO Pay ratio excluding legacy awards	38:1	28:1	18:1	
		Total Pay and Benefits excluding legacy awards	£41,874	£57,415	£88,773	£1,588,143
		Salary	£36,000	£50,000	£70,768	£800,000
2023	A	CEO Pay ratio	31:1	22:1	14:1	
		Total pay and benefits	£43,776	£60,350	£96,247	£1,343,614
		Salary	£36,000	£55,418	£74,000	£832,000

The Company has chosen to use Option A as defined by the relevant regulations, as Oxford Nanopore recognises that this is the most statistically accurate method for calculating the ratio. For 2021, the above covers the period from admission on 5 October 2021 to 31 December 2021. For the CEO and each UK employee employed on 31 December 2023 the Single Total Figure of Remuneration comprises the summation of base pay and benefits received for the period 1 January to 31 December 2023, including the value of any SIP-free and matching shares, income derived from LTIPs, employer pension contributions or cash equivalent and includes the full-year bonus for FY23. Base pay has been included on a full-time equivalent basis. For 2023, no legacy LTIPs have vested. Compared to the previous reporting year 2022, the CEO pay ratio has decreased at each quartile: this reflects the smaller bonus payment received by the CEO for the financial year ending 31 December 2023. The bonus for the Executive Team is weighted 100% to company performance compared to a weighting of 70:30 corporate/individual performance for the rest of the workforce. In addition, salaries at the respective percentiles have increased reflecting the recruitment of experienced talent into the organisation, specifically within our commercial and innovation teams.

Directors' remuneration report continued

Relative importance of spend on pay

The table below shows the Group's expenditure on employee pay (wages and salaries) compared to distributions to shareholders for the year ended 31 December 2023, compared to the year ended 31 December 2022.

Relative importance of spend on pay

£'000	FY23 (£000)	FY22 (£000)	% change
Employee Costs	99,111	81,613	21%
Distribution to Shareholders	-	-	0%

Payments for loss of office and/or payments to former Directors (audited)

No payments for loss of office, nor payments to former Directors were made from 1 January to 31 December 2023.

Dilution limits

It is the Company's intention to use newly issued shares to satisfy awards made under all executive and employee share plans. The Company's share plans comply with the IA guidance on dilution limits and the position at 31 December 2023 was:

Dilution limits

Limit of 5% in any ten years under all executive share plan	Actual 1.47%
Limit of 10% in any ten years under all share plans	Actual 1.64%

Statement of shareholding voting

The advisory vote on the Directors' Remuneration Report received sufficient shareholder support at the 2023 AGM. The table below shows the votes cast by shareholders:

Statement of shareholding voting

	Remuneration Policy (2022 AGM)		Remuneration report (2023 AGM)	
	Votes	%	Votes	%
Votes in favour	589,737,541	99.70	592,811,165	99.56
Votes against	1,777,387	0.3	2,623,223	0.44
Votes withheld	35,944,210	-	3,300,996	-

Executive Directors' service contracts

The three UK-based Executive Directors are employed under rolling contracts of employment with Oxford Nanopore Technologies plc. The US-based Executive Director is employed under a rolling contract of employment with Oxford Nanopore Technologies, Inc. Each Executive Director's service agreement is effective from the date of admission to trading on the Main Market of the London Stock Exchange with a notice period of 12 months from the Company and the Executive Director.

The Executive Directors' Service Agreements are available for inspection at the Company's registered office.

Non-Executive Directors' letters of appointment

All Non-Executive Directors, including the Chair, are on three-year terms which are expected to be extended up to a total of nine years. The dates of initial appointment to the Board are shown in the table below. The appointments continue on a rolling basis until terminated by either party on three written months' notice.

	Date of appointment	Date of Expiry of Initial Term
Duncan Tatton-Brown	1 August 2022	31 July 2025
Wendy Becker	24 June 2021	23 June 2024
Dr Guy Harmelin	17 September 2020	16 September 2021 – extended
Adrian Hennah	24 June 2021	24 June 2024
John O'Higgins	19 September 2019	18 September 2022 – extended
Kate Priestman	13 July 2023	12 July 2026
Dr Heather Preston	19 December 2023	18 December 2026
Dr Sarah Fortune	19 December 2023	18 December 2026

Sarah Gordon Wild served on the Board of Directors under an appointment letter originally dated 1 January 2015 (and extended on 1 January 2018) and retired from the Board on 19 December 2023.

The Chair of the Board and the NEDs are subject to confidentiality undertakings without limitation in time, and a non-compete restrictive covenant for the duration of their appointments and for nine months after the termination of their appointments.

Summary of the Directors' Remuneration Policy

The Policy was approved by shareholders at the 2022 AGM and will operate for three years. The design of the Policy is intended to meet the following objectives: Clarity; Simplicity; Risk; Predictability; Proportionality; and Alignment to Culture.

The table below summarises the Policy and explains how each element operates and how it links to the corporate strategy. A full copy of the Policy may be inspected on the Company's website (on pages 112 to 116 of the Company's 2021 annual report and accounts).

Base Salary

Purpose and link to strategy	<ul style="list-style-type: none"> To support the attraction and retention of the best global talent with the capability to deliver Oxford Nanopore's strategy.
Operation	<ul style="list-style-type: none"> Base salaries will normally be reviewed annually or following a change in responsibilities with changes usually taking effect from 1 April. The Remuneration Committee will consider a number of factors when setting base salaries including (but not limited to): <ul style="list-style-type: none"> Pay increases for other employees across the Group. Where increases are awarded in excess of the wider employee population, rationale for this will be provided in the relevant year's Directors' Remuneration Report. The individual's performance, skills and responsibilities. Base salaries at companies of a similar size, international scope, in similar sectors and geographical locations as Oxford Nanopore, with roles typically benchmarked against these.
Maximum potential value	<ul style="list-style-type: none"> There is no monetary maximum salary level but salary increases will normally be in line with increases awarded to other employees across the Group. The Committee retains the discretion to increase salaries above this rate where appropriate, for example where there is a change in role or responsibility, or the need to align an Executive Director's salary to market level over time. The current base salaries for the Executive Directors are set out on page 122.
Performance metrics	<ul style="list-style-type: none"> Not applicable. Individual performance, in addition to the overall performance of the Group, is however considered as part of the annual review process.

Benefits

Purpose and link to strategy	<ul style="list-style-type: none"> To provide market-competitive and cost-effective benefits to enable the attraction and retention of the best global talent.
Operation	<ul style="list-style-type: none"> The benefits package may include insurance coverage, such as life, medical, dental, income protection, accidental death and disability insurance, and other benefits provided more widely across the Group from time to time. A full annual health check may also be included. The Committee has the discretion to offer additional allowances, or benefits, to Executive Directors, if considered appropriate and reasonable. These may include travel allowances, the provision of a company car or car allowance, relocation expenses, housing allowances and school fees where a Director has to relocate from his/her home location as part of their appointment.
Maximum potential value	<ul style="list-style-type: none"> As the cost of benefits will depend on an individual's personal circumstances, there is no specific monetary maximum although it is not expected to exceed what the Committee considers a normal market level.
Performance metrics	<ul style="list-style-type: none"> Not applicable

Post-retirement provision	
Purpose and link to strategy	<ul style="list-style-type: none"> To provide cost-effective retirement plans to support the attraction and retention of the best global talent.
Operation	<ul style="list-style-type: none"> Provision of market-competitive pension arrangements, or a cash alternative based on a percentage of base salary. The approach to pension arrangements for the Executive Directors is in line with the wider workforce.
Maximum potential value	<ul style="list-style-type: none"> In the UK, Executive Directors are eligible to participate in the Group's defined contribution pension scheme, with a maximum Company contribution aligned with that of the wider workforce, currently 6% of base salary (but subject to periodic review), which they may opt to receive as a cash allowance in lieu of employer pension contributions. Executive Directors based in the US will be offered participation in the US Section 401(k) defined contribution plan, with the Company matching contributions up to, currently, a maximum of 6% of salary (subject to periodic review).
Performance Metrics	<ul style="list-style-type: none"> Not applicable.
Annual Bonus Plan	
Purpose and link to strategy	<ul style="list-style-type: none"> To incentivise and reward the achievement of annual financial and non-financial corporate targets in line with the Company's short-term financial and strategic objectives. To align with shareholders' and wider stakeholders' interests.
Operation	<ul style="list-style-type: none"> Executive Directors are eligible to participate in the Annual Bonus Plan ("ABP") at the discretion of the Committee. Measures and stretching targets are determined in respect of each financial year of the Company by the Committee and may vary to ensure alignment with the Company's business plan and strategy. The level of award is determined with reference to the Company's overall financial and strategic performance and is paid out after the end of the relevant financial year. At least one third of any bonus earned will be deferred into an award of shares under the Deferred Bonus Plan (DBP) with a holding period of at least one year for 50% of the award, and at least two years for the remaining 50% of the award. Awards granted under the DBP may incorporate the right to receive an amount of cash or shares equal in value to the dividends that are paid on the shares that vest during the holding period. This amount may assume re-investment of dividends. The Committee has discretion to adjust the level of payment if it is not deemed to reflect appropriately the individual's contribution, the Company's overall business performance and such other factors as the Committee considers appropriate. Any discretionary adjustments will be detailed in the relevant year's Directors' Remuneration Report. Malus and/or clawback provisions apply as set out on pages 118 and 119 of the 2021 annual report and accounts. Bonus awards are non-pensionable and are payable at the Committee's discretion.
Maximum potential value	<ul style="list-style-type: none"> The maximum opportunity is 200% of base salary in respect of any financial year for outstanding performance. For threshold performance, up to 50% of base salary may be earned, with up to 100% of base salary earned for on-target performance.
Performance metrics	<ul style="list-style-type: none"> The Committee will determine the performance measures and targets each year taking into account the Company's key strategic objectives at that time. Performance measures may include financial, strategic, operational, ESG and/or personal objectives. At least 60% will be linked to financial measures. The performance measures for FY23 are set out on page 123.

Long-Term Incentives	
Purpose	<ul style="list-style-type: none"> To incentivise and reward the delivery of long-term shareholder value through the achievement of long-term financial and strategic objectives. To align with shareholders' interests and to create a long-term mindset.
Operation	<ul style="list-style-type: none"> Executive Directors are eligible to participate in the Oxford Nanopore Technologies plc Long-Term Incentive Plan 2021 (the "PLC LTIP"). Awards will normally vest after a period of at least three years, subject to the achievement of the relevant performance conditions and continued employment. The Committee will then also normally impose a further post-vesting holding period of two years. The level of vesting is determined by the Committee after the performance period, taking into account the degree to which the performance conditions have been met. In determining the final vesting outcome, the Committee may also consider the underlying performance of the business, as well as the value created for shareholders and any other factors it considers relevant. The Committee has discretion to adjust the formulaic outcomes of awards (within the Policy limits) to ensure alignment of pay with the underlying performance of the business over the performance period. Any adjustments would be explained to shareholders. Awards granted under the PLC LTIP may incorporate the right to receive an amount of cash or shares equal in value to the dividends that are paid on the shares that vest during the vesting period and the holding period. This amount may assume re-investment of dividends. Malus and/or clawback provisions apply as set out on pages 118 and 119 of the 2021 annual report and accounts.
Maximum potential value	<ul style="list-style-type: none"> The maximum annual award is 300% of base salary in respect of any financial year. There is a threshold vesting level of no more than 25% of maximum, with pro rata vesting up to 100% at maximum.
Performance metrics	<ul style="list-style-type: none"> Performance measures and stretching targets will be determined annually by the Committee for each new award to align with the Company's longer-term strategic priorities at that time. The measures that may be considered include financial and shareholder-value metrics, in addition to strategic non-financial measures. At least 50% will be linked to financial (including TSR) measures. Details of the measures, weightings, and targets applicable for FY23 are provided on page 123.

Employee Share Plans	
Purpose and link to strategy	<ul style="list-style-type: none"> To encourage wider share ownership through locally "tax-approved" plans (such as an Employee Stock Purchase Plan in the United States). To align with shareholders' interests.
Operation	<ul style="list-style-type: none"> Executive Directors are eligible to participate in all-employee share plans offered by the Group on the same basis as is offered to the Group's other eligible employees. The Company operates tax-efficient all-employee share plans in various jurisdictions.
Maximum potential value	<ul style="list-style-type: none"> Limits for all employee share plans are set by the relevant local tax authorities. The Company may choose to set its own lower limits.
Performance metrics	<ul style="list-style-type: none"> Not applicable.
Shareholding Requirements	
Purpose	<ul style="list-style-type: none"> To ensure alignment between the interests of Executive Directors and shareholders. To create a long-term mindset.
Operation	<ul style="list-style-type: none"> Shareholding guidelines are in place whereby Executive Directors are expected to build and maintain over time a shareholding in the Company. Executive Directors have five years from the date of their appointment to the Board in which to build up their shareholding. Unvested shares not subject to performance conditions (e.g. deferred share-based awards and vested LTIP awards subject to a holding period) will count towards the shareholding requirement (assuming shares have been sold to settle tax). Executive Directors will normally be required to continue to hold 100% of the in-employment shareholding requirement (or, if lower, their actual shareholding on cessation) for two years after leaving the Company unless the Committee determines, by exception, that it is not appropriate to so require. Details of the Executive Directors' current shareholding are provided in the Directors' Remuneration Report.
Maximum potential value	<ul style="list-style-type: none"> The shareholding requirement is 300% of base salary.
Performance metrics	<ul style="list-style-type: none"> Not applicable.

Policy for Chair and Non-Executive Directors ("NEDs")

The following table summarises the fee policy for the Chair and NEDs.

Fees	
Purpose	<ul style="list-style-type: none"> To provide a competitive fee to support the attraction and retention of high-quality NEDs with skills and experience relevant to the Company.
Operation	<ul style="list-style-type: none"> Fees are determined annually based on the responsibility and time commitment required, and with reference to appropriate market comparisons carried out by non-conflicted members of the Board. Fees for the Chair are set by the Committee. NEDs are paid a base fee for membership of the Board, with additional fees being paid for the role of Chair or membership of a Board Committee, to reflect their additional responsibilities and the workload required. The Company has the discretion to pay an additional fee to NEDs, should the Company require significant additional time commitment in exceptional or unforeseen circumstances. Any such fees will be time limited in nature. Fees are normally paid in cash. NEDs are not eligible to participate in the Company's pension or incentive arrangements. NEDs do not currently receive any benefits but may do if considered appropriate and consistent with roles at other listed companies. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed. Any tax due on travel and accommodation benefits may be paid by the Company. The Chair of the Board and the NEDs have the benefit of the Company's directors' and officers' liability insurance policy.

This Directors' remuneration report was approved by the Board and signed in its behalf by

Wendy Becker

Chair of the Remuneration Committee

18 March 2024

The Directors present their report, together with the audited financial statements for Oxford Nanopore Technologies plc and its subsidiary companies, for the year ended 31 December 2023.

The Directors' report, together with the Strategic Report on pages 10 to 87, represent the management report. The Strategic Report contains matters required to be disclosed in the Directors' report, in accordance with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code 2018. The Corporate Governance Report on pages 88 to 135 is incorporated into the Directors' Report by reference.

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Directors

The following Directors currently hold office or did so during 2023:

Duncan Tatton-Brown (Chair)

Clive Brown (resigned on 29 February 2024)

Tim Cowper

Wendy Becker

Dr Sarah Fortune (appointed on 19 December 2023)

Sarah Gordon Wild (resigned on 19 December 2023)

Dr Guy Harmelin

Adrian Hennah

Nick Keher (appointed on 22 January 2024)

John O'Higgins

Dr Heather Preston (appointed on 19 December 2023)

Kate Priestman (appointed on 13 July 2023)

Dr Gordon Sanghera

Dr Spike Willcocks

Biographical details of each Director are set out on pages 94 to 98 and details of the Directors' interests in the shares of the Company are detailed on page 127. Details of share awards granted to Executive Directors under the Company's share schemes during the reporting period are in the Directors' remuneration report on pages 124 to 126.

The powers of the Directors are determined by the Company's Articles of Association and the legislation and regulations in force in the UK, together with any specific authorities that may be given to the Directors by the Company's shareholders, such as in relation to the allotment of shares. The rules governing the appointment and retirement of Directors are set out in the Company's Articles of Association, the Companies Act and other related legislation.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2023. The Company does not currently have a formal dividend policy.

Branches outside of the UK

The Group's subsidiaries, including subsidiaries located outside of the UK, are set out on page 199 of the financial statements.

Share capital and related matters

The Company has a Standard Listing on the London Stock Exchange. The Company has four share classes as set out below:

Share Class	Number of shares as at 31 December 2023
Ordinary Shares	859,224,047
A limited anti-takeover share ("A LAT Share")	1
B limited anti-takeover share ("B LAT Share")	1
C limited anti-takeover share ("C LAT Share")	1

Ordinary Shares

The ordinary shares of £0.0001 each ("Ordinary Shares") rank equally for voting purposes. On a show of hands each holder of Ordinary Shares has one vote and, on a poll, each Ordinary Shareholder has one vote per Ordinary Share held.

Each Ordinary Share ranks equally for any dividend declared. Each Ordinary Share ranks equally for any distributions made on a winding up of the Company. Each Ordinary Share ranks equally in the right to receive a relative proportion of shares in the case of a capitalisation of reserves.

There are no restrictions on the free transferability of the Ordinary Shares.

LAT Shares

The Articles contain provisions for three classes of "limited anti-takeover" shares, each of £1.00 each in the capital of the Company: the A LAT Share, the B LAT Share and the C LAT Share being, collectively, the LAT Shares. The rights attaching to the LAT Shares are set out below.

The Active LAT Share is determined as follows:

- The Active LAT Share shall be the A LAT Share unless, for any reason, Dr Gordon Sanghera ceases to be a director or employee of any company in the Group (including by reason of death) or is given, or gives, notice of the same (a "GS Disqualifying Event");

- If a GS Disqualifying Event occurs, then the Active LAT Share shall be the B LAT Share unless, for any reason, Dr James Willcocks ceases to be a director or employee of any company in the Group (including by reason of death) or is given, or gives, notice of the same (a "JW Disqualifying Event");
- If a GS Disqualifying Event and a JW Disqualifying Event have occurred, then the Active LAT Share shall be the C LAT Share unless, for any reason, Clive Brown ceases to be a director or employee of any company in the Group (including by reason of death) or is given, or gives, notice of the same (a "CB Disqualifying Event");
- If, at any time, each of a GS Disqualifying Event, a JW Disqualifying Event and a CB Disqualifying Event have occurred then, from the last of those events to occur, there shall no longer be any Active LAT Share; and
- The holder of a LAT Share will have the right to attend and speak at any general meeting of the Company. However, no LAT Share will carry any separate voting rights (other than in respect of a separate class meeting of the LAT Shares or any class of them (as a separate class)) until a Change of Control of the Company.

Immediately on a Change of Control of the Company, the Active LAT Share will automatically carry such number of votes on any resolution put to the shareholders at a general meeting as shall be necessary to ensure the effective passing of such shareholder resolution if those votes are cast by the holder of the Active LAT Share in favour of, or to ensure the defeat of, such shareholder resolution if those votes are cast by the holder of the Active LAT Share against such shareholder resolution.

For the purposes of this summary, a Change of Control will broadly arise if there is an acquisition by any person of an interest in Ordinary Shares which (when taken together with the Ordinary Shares in which that person and any persons acting in concert with them are interested) carry more than 50% of the voting rights exercisable by the shareholders on a poll in a general meeting (excluding those attributable to the Active LAT Share). In circumstances where an offer is made for the Ordinary Shares, a Change of Control will occur: (a) on a scheme of arrangement under Part 26 of the Companies Act 2006 at the point at which the scheme of arrangement becomes effective; and (b) on a takeover offer under Part 28 of the Companies Act 2006, at the point at which the takeover offer becomes unconditional in all respects.

No LAT Share will entitle any holder to receive any dividend or other distribution of the Company whether out of profits or on the winding up of the Company or otherwise.

LAT Shares are not capable of transfer (unless pursuant to a purchase or cancellation by the Company of any LAT Shares following the sunset period (as set out below)) and the broader transfer provisions under the Articles applicable to the Ordinary Shares will not apply.

The rights attributable to a LAT Share will cease (and that LAT Share will be capable of being repurchased or cancelled by the Company) on the earlier of: (a) the date falling three years after the date of the issue of that LAT Share; (b) the transfer of that LAT Share to any person; and (c) a GS Disqualifying Event, JW Disqualifying Event or CB Disqualifying Event (as relevant).

The rights attached to the LAT Shares (or any class of them) shall not be capable of being varied or abrogated in any respect whatsoever without the prior written consent of the holder of each affected class of the LAT Shares.

The LAT Shares cease to carry any rights after the date three years following the issue of the LAT Shares in October 2021.

Substantial shareholdings

The Company received notice of the following interest of 3% or more in its Ordinary Shares as at 31 December 2023 and 29 February 2024:

Shareholder	Percentage of ordinary shares as at 31 December 2023	Percentage of ordinary shares as at 29 February 2024
IP Group	9.70%	9.70%
Baillie Gifford ¹	6.94%	8.28%
Tencent Holdings	7.35%	7.34%
bioMérieux SA	6.87%	6.87%
G42	5.16%	5.16%
Oracle	4.11%	4.11%
GIC	4.60%	3.93%
Lansdowne Partners ²	3.02%	Below 3

1. Not all underlying clients delegate authority to Baillie Gifford to vote the shares it manages on their behalf.

2. Funds affiliated with Lansdowne Partners (UK) LLP.

Significant agreements

The Company entered into an agreement with bioMérieux on 19 October 2023, pursuant to which bioMérieux agreed to subscribe for 29,025,326 ordinary shares (which equated to 3.5% of Oxford Nanopore's voting rights as at 13 October 2023) in the Company at a subscription price of 238.08p per share (the "Subscription").

As part of the Subscription, subject to certain customary exceptions, bioMérieux agreed to the following undertakings:

- For a period of five years, not acquire or agree to acquire any interests in Oxford Nanopore's shares which would result in it and its affiliates having an interest exceeding 9.9% of the issued share capital of Oxford Nanopore (provided that this restriction shall be suspended for so long as Oxford Nanopore is in an offer period (included in the Definitions of the City Code on Takeovers and Mergers (the "Code")), and in the case of an offer period which is commenced by an announcement under Rule 2.4 of the Code, for a one-month period after the cessation of such offer period);
- Not dispose of any shares in Oxford Nanopore for 12 months, subject to certain limited exceptions; and
- Comply with certain orderly marketing obligations for a period of four years after expiry of the 12-month lock-up period, subject to certain limited exceptions.

The Company does not have any significant agreements that take effect, alter or terminate upon a change of control.

Save for the Subscription, the Company does not have any agreements between holders of securities that may restrict transfer of securities or voting rights.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that the provisions of the Group's share plans may allow options and awards granted to Directors and employees to vest on completion of a takeover offer.

Employees with disabilities

The Company is an equal opportunities employer and is committed to recruiting people from diverse backgrounds including people with disabilities. Any person who identifies as having a disability is given fair consideration for a vacancy against the requirements of the role and, where possible, the Company makes reasonable accommodations for employees who identify as having a disability. All employees are giving the same training, development, and job opportunities.

Should any employee experience any situation where they become disabled during their employment, the Company would ensure all efforts are made to retrain and adjust employees' environments and/or working patterns where possible to allow them to continue to maximise their potential.

Articles of Association

The Company's Articles may be amended by special resolution at a general meeting of the shareholders.

Insurance and indemnities

During the past year, the Company has maintained liability insurance in respect of its Directors. The Company renewed and increased its liability insurance during 2023. The Company has provided a qualifying third-party indemnity to each Director as permitted by section 234 of the Companies Act 2006 ("CA 2006") and by the Articles, which remain in force at the date of this report.

Political expenditure and donations

Although it is the Company's policy not to incur political expenditure, as a result of the broad definitions in the CA 2006, normal business activities of the Group such as funding conferences, which may not be considered political donations or expenditure in the normal sense, may possibly fall within the restrictions of the CA 2006. The Company obtained shareholder approval in June 2023 at the Company's AGM, in line with best practice, to authorise the Company to make political payments up to a maximum aggregate of £100,000. The Company intends to propose the same resolution for approval at the 2024 AGM.

The Group did not make any political donations during 2023.

Disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all reasonable steps that they ought to have taken as a Director of the Company to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Directors confirm that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next 12 months from the date of the accounts and accordingly they continue to adopt the going concern basis in preparing the financial statements. The Company's viability statement is on pages 86-87.

The Directors' Report, which has been prepared in accordance with the requirements of the CA 2006, has been approved by the Board and signed on its behalf by:

Hannah Coote

Company Secretary

18 March 2024

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that, to the best of their knowledge:

- The Group financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole;
- The Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

By order of the Board.

Dr Gordon Sanghera

Director

18 March 2024

Tim Cowper

Director

18 March 2024

Independent Auditor's Report to the members of Oxford Nanopore Technologies plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Oxford Nanopore Technologies plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

Group

- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 35

Company

- the Company statement of financial position;
- the Company statement of changes in equity;
- the Company statement of cash flows; and
- the related notes 1 to 19

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Company for the year are disclosed in note 9 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> Revenue recognition – accuracy and cut-off IFRS 2: Share-based payments and employer social security taxes provision valuation; and Inventory provisioning
Materiality	The materiality that we used for the Group financial statements was £3.3m which was determined on the basis of revenue. This is a change in methodology from prior year and is considered in more detail in section 6 below.
Scoping	We selected two components where we performed a full scope audit of the component's financial information. These two components comprise 99% of revenue, 95% of operating expenses and 99% of net assets.
Significant changes in our approach	We have made no significant changes in our audit approach in the year.

4. Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of management's assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key forecasting assumptions used to make the assessment, and evaluation of the Directors' plans for future actions in relation to going concern;
- Performance of testing over the integrity and mechanical accuracy of the going concern model by recalculating the cash headroom available in each of the scenarios prepared by management and approved by the Directors;
- Performance of our own sensitivity analysis based upon evidence, including consideration of market data, and latest third-party economic forecasts, along with the FY24 results to date; and
- Assessment of the appropriateness of the going concern disclosures made in the financial statements.

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

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue Recognition – Accuracy and Cut-off

Key audit matter description	The Group generates revenue primarily through the manufacture and sale of DNA and RNA sequencing products. Products are either sold on a stand-alone basis or as part of a larger bundle of goods and services. In cases where revenue relates to the sale of bundled goods and services including multiple performance obligations, management is required to allocate the total bundle price between the different performance obligations, such that the appropriate revenue is recognised either at a point in time or over time depending on the goods or service provided to the customer. This considers the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> . During 2023, the Group recognised £169.7 million of revenue (2022: £198.6 million). The decrease in revenue is in part associated with the non-recurring revenue of £51.8 million generated in 2022 from the conclusion of the Group's Covid-19 testing contract with the Department of Health and Social Care (see Note 6(a)). The Group has a significant individual sales contract where the combinations of goods and services included differ to the standard offerings of the Group. We have identified performance obligations and the allocation of the transaction price to those obligations within the specific significant contract, along with the contract amendment in the year as a key audit matter and fraud risk. Determining the revenue recognition profile for such contracts is complex and requires management judgement, and as such increases the risk of error. Revenue could be misstated if the various performance obligations are not properly identified, and if the transaction price is inappropriately allocated between these obligations because of management estimates. Further to this, the process for recording revenue on such contracts involves manual calculations and postings, which also increases the risk of revenue being recorded inaccurately. In addition, where goods are shipped to customers around the year-end date, this can create the need for judgement in determining whether the Group had completed the relevant performance obligation within the year. As a result, there is a cut-off risk that revenue is not recognised in the correct year and is also considered to form part of the key audit matter with respect to revenue recognition. Further details on the Group's accounting policy for revenue recognition can be found in note 3 on page 155, and discussed within the Audit and Risk Committee report on page 113.
How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> We obtained an understanding of management's process and tested relevant controls over the timing of revenue recognition at year-end. We also obtained an understanding of the relevant controls over the recognition of revenue from the significant individual contract. We challenged management's assessment of the accounting for the significant sales contract in the year. We have determined the contract that is significant through the total contract price, judgements involved in determining whether performance obligations are met, and revenue recognised in the year for the contract. This included considering corroborative and contradictory evidence in cases where management had made judgements or estimates in determining the performance obligations and allocation of the total contract price to each of these obligations. We performed sensitivity analysis over the key assumptions made by management. We selected samples of transactions recorded in revenue and assessed whether revenue recorded was in line with an appropriate allocation of revenue to the performance obligations for the relevant contract. We selected samples from a population of transactions before and after the year end to assess whether revenue has been recognised in the correct period and at the appropriate transaction price.
Key observations	We concluded that revenue is being recognised appropriately and in line with the requirements of IFRS 15.

Independent Auditor's Report to the members of Oxford Nanopore Technologies plc continued

5.2. IFRS 2: Share based payments and employer social security tax provision valuation

Key audit matter description	<p>In June 2021, the Group issued a number of share options to the Executive Directors of the Group. These include:</p> <ul style="list-style-type: none"> • Conditional retention equity awards of up to 6.5% of the company's equity, which is subject to achievement of a number of performance conditions linked to the Group's revenue and share price; and • Limited anti-takeover ("LAT") non-voting shares issued to the Group's Executive Directors. <p>These share options have a vesting period of 3-5 years, and accordingly the charge is recorded over the vesting period, including a charge in 2023. The Group has recognised a charge of £35.1 million (2022: £70.0 million) in relation to these, and other, share based payments in the year.</p> <p>Management prepared a calculation of the charge required under IFRS 2 Share-based payment considering the expected value of the shares and the likelihood of performance conditions being achieved. For options with a share price linked condition, these assumptions are determined at the point of granting the options and these are then not revised over the vesting period. For options with a revenue linked condition, at the end of the reporting period, management are required to reassess the likelihood of vesting based on their latest best estimate of future revenue forecasts.</p> <p>Additionally, management have recorded a provision as at 31 December 2023 of £9.9m (2022: £10.8m) for employer social security taxes which will be due at the point of exercise of the share options. This provision is recorded in line with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and requires estimates to be made about the likelihood of vesting and the social security taxes payable at the point of exercise.</p> <p>The key audit matter relates to management's estimate of the valuation and judgemental accounting treatment of the share options issued in June 2021 and the associated employer social security taxes provision. The valuation is estimated through a model which requires a number of assumptions, including the likelihood of vesting. Some of the inputs used are not observable in the market and are based on estimates derived from available data.</p> <p>Further details are included in note 27 to the financial statements in relation to share-based payments. Additionally, details on the Group's accounting policy for share-based payments can be found in note 3 on page 161, whilst it is identified as one of the key sources of estimation uncertainty within note 4 on page 162, and discussed within the Audit and Risk Committee report on page 113.</p>
How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> • We obtained an understanding of the relevant controls over the recognition of the share-based payment charge and the social security tax provision including the controls over the review of underlying calculations and valuations. • We inspected the share plan rules and evidence of plan approval, including signed and approved Remuneration Committee minutes and evidence of shareholder approval. • We challenged, with reference to supporting and contradictory information, management's assessment of the accounting for the share options and employer social security taxes provision. • Where relevant, we worked with our specialists to assess the appropriateness of the approach adopted, and the models used to value the share-based payments granted during the period and certain key assumptions used in the IFRS 2 calculation. • We obtained the forecasts used in estimating the vesting of the revenue linked options, which we agreed to the board approved forecasts. We challenged the appropriateness of the forecasts with reference to current and historical performance, sales contracts signed to date and external communications made by the Group to investors. • We recalculated the amounts recorded in the year based on the inputs and assumptions.
Key observations	<p>We concluded that the charge recorded in relation to the share-based payments in the year is appropriate. The assumptions used in the valuation are within an acceptable range and the charge recorded in the income statement is in line with the requirements of IFRS 2. We also concluded that the valuation of the employer social security tax provision is appropriate and consistent with the requirements of IAS 37.</p>

5.3. Inventory Provisioning

Key audit matter description	<p>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 as at the year-end is £101.5 million (2022: £87.7 million). In line with the requirements of IAS 2 Inventories, inventory is stated at the lower of cost and net realisable value.</p> <p>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.</p> <p>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.</p> <p>Management makes assumptions around the net realisable value of each category of inventory. These estimates are then applied to the inventory balance, to record a provision in cases where the net realisable value is below cost.</p> <p>Given the uncertainty and judgement required by management, we have identified inventory provisioning as a key audit matter.</p> <p>Further details are included in note 19 to the financial statements in relation to inventory. Additionally, details on the Group's accounting policy for inventory can be found in note 3 on page 160, whilst it is identified as one of the key sources of estimation uncertainty within note 4 on page 162, and discussed within the Audit and Risk Committee report on page 113.</p>
How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> • We obtained an understanding around management's process for estimating the inventory provision balance and the relevant controls over management's determination of the inventory provisioning estimates. • We challenged the key estimates, made by management in the calculation of the inventory provision, including with reference to forecast sales and considering any potentially contradictory evidence which would indicate the net realisable value of inventory was below the cost. • For a sample of items, we challenged both the finance and supply chain teams on management's intended use of those items. • Although not directly part of the key audit matter, to audit the gross stock balance, we attended stocktakes at key locations which held significant levels of inventory, and performed confirmation procedures where stock was held at third party locations. This included observing the condition of inventory and assessing the expected use of the stock. Additionally, we evaluated the cost of gross stock before any provisions were recorded.
Key observations	<p>We concluded that the inventory provision recorded by management is appropriate such that inventory is stated at the lower of cost and net realisable value in line with the requirements of IAS 2.</p>

Independent Auditor's Report to the members of Oxford Nanopore Technologies plc continued

6. Our application of materiality

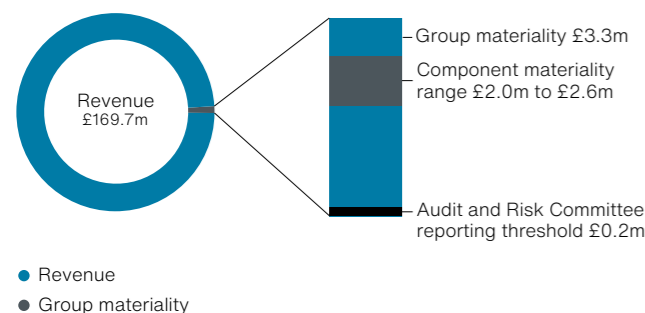
6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Company financial statements
Materiality	£3,300,000 (2022: £3,300,000)	£2,640,000 (2022: £2,700,000)
Basis for determining materiality	2% of Revenue. For the year ended 31 December 2022, our materiality was determined through consideration of revenue, operating expenses (with certain adjustments for share based payment charges and employer social security taxes provision release) and net assets. Using our professional judgement we have determined that for the year ended 31 December 2023 that revenue is the key benchmark and determined Group materiality to remain £3.3 million.	We determined materiality in a manner consistent with the approach to the Group financial statements, however capped this at 80% (2022: 82%) of Group materiality in order to address the risk of aggregation when combined with other components of the Group.

Rationale for the benchmark applied Revenue reflects the manner in which business performance is reported and assessed by external users of the financial statements, particularly for a loss-making company. Recurring revenues of the Group continue to grow and are a key metric for users. As outlined, the benchmark to determine materiality has shifted from consideration of a number of benchmarks to be based primarily on revenue. We also considered other secondary benchmarks as part of determining materiality. We have used our professional judgement in determining that revenue is the key metric for users.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we primarily considered our risk assessment together with the Group's overall control environment, the history of aggregated uncorrected prior period adjustments and our assessment of the competence of key management and accounting personnel.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £165,000 (2022: £165,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

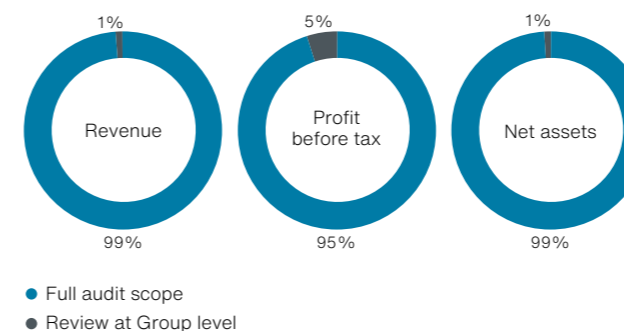
7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The nature of the Group's structure means that the Company acts as the main trading company for the Group's UK operations. As such, the Company was subject to a full scope audit. Additionally, the Group's operating company for the USA was also subject to a full scope audit.

The charts below show the coverage on each of consolidated Revenue, Operating Expenses and Net Assets based on this scoping.

All procedures were completed by the Group engagement team. We did not engage component auditors.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no risks of material misstatement of the aggregated financial information of the remaining components not subject to audit.



7.2. Our consideration of the control environment

We obtained an understanding of controls over revenue, the financial close and reporting and management's review of judgements and estimates. We have engaged with our IT specialists to obtain an understanding over management's IT systems, and we have tested and relied on controls in addressing the risk of material misstatement over the cut-off of revenue.

7.3. Our consideration of climate-related risks

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements. The Group has set out in the Strategic Report its reporting with respect to its greenhouse gas emissions (GHGs), in addition to future plans to reduce the GHG emissions resulting from the Group's business.

As a part of our audit, we have performed a risk assessment, including enquiries of management, to understand how the impacts of climate change, including the physical or transition risks of climate change, may affect the financial statements and our audit. There was no impact of this work on our key audit matters.

We have engaged with our environmental, social and corporate governance (ESG) specialists to assess the climate related disclosures within the financial statements, and considered whether they are materially consistent with the wider financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the members of Oxford Nanopore Technologies plc continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the legal function including the Group's General Counsel, the Directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, IT, ESG and financial instruments specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the accuracy and cut-off of revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified 'Revenue Recognition – Accuracy and Cut-off' as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and legal counsel (both in-house and external) concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 138;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 115;
- the Directors' statement on fair, balanced and understandable set out on page 114;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 114;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 114; and
- the section describing the work of the Audit and Risk Committee set out on page 111.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in this regard.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors in 2010 to audit the financial statements for the year ending 31 December 2010 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 13 years, covering the years ending 31 December 2010 to 31 December 2023. The year ending 31 December 2023 is our third year as Auditors of the Company since it completed its Initial Public Offering during 2021.

15.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Sukhbinder Kooner (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

18 March 2024

Capital Markets Day

Financial Statements

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Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	Note	2023 £000	2022 Restated * £000
Revenue	5	169,668	198,603
Cost of sales		(79,187)	(74,793)
Gross profit		90,481	123,810
Research and development expenses *		(103,842)	(69,186)
Selling, general and administrative expenses *		(155,248)	(153,103)
Loss from operations		(168,609)	(98,479)
Finance income	12	18,853	5,941
Finance expense	12	(2,206)	(1,628)
Other gains and losses	13	2,278	13,186
Share of loss in associate	18	(228)	(238)
Write-back/(impairment) of investment in associate	18	144	(2,193)
Loss before tax	7	(149,768)	(83,411)
Taxation	14	(4,739)	(7,614)
Loss for the year		(154,507)	(91,025)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value movements on investment bonds	13	4,024	936
Exchange (losses)/gains arising on translation of foreign operations		(3,880)	4,021
Taxation	14	(1,240)	-
Other comprehensive income for the year, net of tax		(1,096)	4,957
Total comprehensive loss		(155,603)	(86,068)
	Note	2023 Pence	2022 Pence
Loss per share	8	19	11

* See note 11 for details regarding the restatement of comparatives.

The notes on pages 154 to 191 form part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2023

	Note	2023 £000	2022 Restated * £000
Assets			
Non-current assets			
Property, plant and equipment	16	49,890	37,294
Intangible assets	15	32,910	30,039
Investment in associate	18	742	826
Right-of-use assets	17	32,526	25,906
Other financial assets	21	208,325	84,144
Deferred tax assets	14	5,486	7,681
		329,879	185,890
Current assets			
Inventory	19	101,548	87,698
Trade and other receivables	20	61,475	62,905
Current tax assets	14	1,030	-
R&D tax credit recoverable	14	12,819	9,148
Other financial assets	21	49,514	119,411
Derivative financial assets	22	261	2,060
Cash and cash equivalents	28	220,536	356,778
		447,183	638,000
Total assets		777,062	823,890
Liabilities			
Non-current liabilities			
Lease liabilities *	25	37,333	30,042
Share-based payment liabilities		141	108
Provisions	24	6,538	8,645
		44,012	38,795
Current liabilities			
Trade and other payables	23	78,447	80,249
Current tax liabilities	14	-	1,639
Lease liabilities *	25	4,322	4,056
Derivative financial liabilities	22	-	962
Provisions	24	6,430	4,633
		89,199	91,539
Total liabilities		133,211	130,334
Net assets		643,851	693,556
Issued capital and reserves attributable to owners of the parent			
Share capital	26	86	83
Share premium reserve	26	698,553	627,557
Share-based payment reserve	27	203,099	168,200
Translation reserve		(173)	3,707
Accumulated deficit		(257,714)	(105,991)
Total equity		643,851	693,556

* See note 11 for details regarding the restatement of comparatives.

The financial statements on pages 150 to 191 were approved and authorised for issue by the Board of Directors on 18 March 2024 and were signed on its behalf by:

G. Sanghera
Director

The notes on pages 154 to 191 form part of these financial statements.

Consolidated Statement of Changes in Equity

as at 31 December 2023

	Share capital £000	Share premium £000	Share-based payment reserve £000	Translation reserve £000	Accumulated deficit £000	Total equity £000
At 1 January 2022	82	623,760	96,350	(314)	(15,902)	703,976
Loss for the year	-	-	-	-	(91,025)	(91,025)
Exchange gain on translation of foreign operations	-	-	-	4,021	-	4,021
Fair value movements on investment bonds	-	-	-	-	936	936
Comprehensive gain/(loss) for the year	-	-	-	4,021	(90,089)	(86,068)
Issue of share capital	1	3,796	-	-	-	3,797
Cost of share issue	-	1	-	-	-	1
Employee share-based payments	-	-	71,165	-	-	71,165
Tax in relation to share-based payments	-	-	685	-	-	685
Total contributions by and distributions to owners	1	3,797	71,850	-	-	75,648
At 31 December 2022	83	627,557	168,200	3,707	(105,991)	693,556
Loss for the year	-	-	-	-	(154,507)	(154,507)
Other comprehensive income	-	-	-	(3,880)	2,784	(1,096)
Comprehensive loss for the year	-	-	-	(3,880)	(151,723)	(155,603)
Issue of share capital	3	71,562	-	-	-	71,565
Cost of share issue	-	(566)	-	-	-	(566)
Employee share-based payments	-	-	34,995	-	-	34,995
Tax in relation to share-based payments	-	-	(96)	-	-	(96)
Total contributions by and distributions to owners	3	70,996	34,899	-	-	105,898
At 31 December 2023	86	698,553	203,099	(173)	(257,714)	643,851
Note	26	26	27			

The notes on pages 154 to 191 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 £000	2022 Restated * £000
Net cash outflow from operating activities *	28	(137,302)	(63,826)
Investing activities			
Purchase of property, plant and equipment *		(5,906)	(8,632)
Proceeds from sale of property	16	-	42,500
Capitalisation of development costs	15	(19,522)	(19,163)
Purchases of IP licences		(1,862)	-
Investment in associate		(3,000)	-
Interest received		13,898	3,443
Purchase of other financial assets		(150,000)	(129,962)
Proceeds from sale of other financial assets		104,598	60,459
Net cash outflow from investing activities		(61,794)	(51,355)
Financing activities			
Proceeds from issue of shares		71,597	3,751
Costs of share issue		(366)	(2,378)
Principal elements of lease payments		(4,291)	(4,111)
Repayment of bank borrowings		-	(9,500)
Interest paid		(1)	(221)
Interest paid on leases		(2,205)	(1,256)
Net cash inflow/(outflow) from financing activities		64,734	(13,715)
Net decrease in cash and cash equivalents before foreign exchange movements		(134,362)	(128,896)
Effect of foreign exchange rate movements		(1,880)	(2,166)
Cash and cash equivalents at beginning of year		356,778	487,840
Cash and cash equivalents at end of year	28	220,536	356,778

* See note 11 for details regarding the restatement of comparatives.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

1. General information

Oxford Nanopore Technologies plc (the Company) is a public limited company incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The Company's registered office is at Gosling Building, Edmund Halley Road, Oxford Science Park, Oxford, Oxfordshire, OX4 4DQ. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). The Group is primarily involved in researching, developing, manufacturing and commercialising a novel generation of deoxyribonucleic acid (DNA) or ribonucleic acid (RNA) sequencing technology that provides rich data, is fast, accessible and easy to use, and which allows the real-time analysis of DNA or RNA. This enables our customers to perform scientific/biomedical research in a range of areas, including human genetics, cancer research, outbreak surveillance, environmental analysis, pathogens/antimicrobial resistance, microbiome analysis and crop science. These emerging uses may include applications in healthcare, agriculture, biopharma production, food/water supply chain surveillance, and education or consumer markets; anywhere where DNA information can tell a user about a sample: for example its identity, whether it is changing, healthy or diseased.

The Company is the parent entity and the ultimate parent company of the Group.

The financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates, and are rounded to the nearest thousand pounds. Foreign operations are included in accordance with the policies set out in the accounting policies.

2. Adoption of new and revised standards

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 17 (including the June 2020 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 8	Definition of Accounting Estimates

New and revised IFRS standards in issue but not yet effective

At the date of authorisation of the consolidated financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

3. Significant accounting policies

3.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

3.2 Going concern

As at 31 December 2023, the Group held £472.1 million in cash, cash equivalents and other liquid investments (note 35).

The going concern assessment period is the twelve months to the end of March 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 the end of March 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, the pandemic, heightened geopolitical tension; particularly between the United States of America and the People's Republic of China and the war in Ukraine. In particular, the impact of key business risks on revenue, profit and cash flow are as follows:

- Reduced revenues due to customer, 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 financial statements. On the basis of these reviews, the Directors consider it remains appropriate for the going concern basis to be adopted in preparing these financial statements.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3.4 Revenue recognition

The Group manufactures and sells a range of DNA and RNA sequencing products and also provides a range of technical training and consultancy services to customers. Products are either sold on a stand-alone basis or as part of a larger bundle of goods and services.

Revenue is recognised when control of the products has transferred, typically being when the products are delivered to the customer at the location specified during the sales ordering process. Revenue from providing services is recognised in the period in which the services are rendered because the customer receives and uses the benefits simultaneously.

Revenue from the sale of bundled goods and services include multiple performance obligations which are separately recognised. For example, a bundled contract might include the lease of a sequencing device, software licences required to operate the device, sequencing consumables and technical training services. Each deliverable is accounted for as a separate performance obligation and the transaction price for the bundle is allocated to each performance obligation based on the stand-alone selling prices of each deliverable observed on the Group's online store. In instances where there is no directly observable stand-alone selling price, management estimate this based on an expected cost plus margin approach or by using the closest market comparable as a basis. As each performance obligation in the bundle is satisfied, revenue is recognised either at the point in time when the consumables are delivered or, in the case of the lease of the sequencing device or provision of software licence, recognised over the period to which they relate.

Notes for the Consolidated Financial Statements continued

3. Significant accounting policies continued

In the case of bundled goods and services contracts, customers either pay for the whole contract in advance of delivery of all the goods and services on the contract or are invoiced as the goods and services are delivered. If the transaction price allocated to the goods delivered or services rendered by the Group exceeds the payment received from a customer, a contract asset is recognised. If the payment exceeds the transaction price allocated to the goods delivered or services rendered by the Group, a contract liability is recognised. In the case of non-bundled goods and services contracts, payment of the transaction price is typically due when the customer receives the goods or services.

For bill-and-hold arrangements in respect of the supply and delivery of goods, revenue is recognised when the customer has obtained control of the goods. Control is deemed to have transferred when the goods have been delivered to the specified delivery location. Under bill-and-hold arrangements it is deemed appropriate to recognise revenue provided the customer has requested the bill-and-hold arrangement for substantive purposes, for example, because it lacks the physical space/facilities to store the goods. In addition, the goods must be able to be identified as belonging to the customer and cannot be used to satisfy orders for other customers, meaning that the customer can redirect or determine how the goods are used or where the goods are delivered to.

Consistent with the terms of agreement with distributors, revenue from distributors is recognised upon transfer of control over the goods to a third party. Typically this occurs when title passes to the customer, either on shipment or on receipt of goods by the customer, depending on local trading terms. The nature of the agreements are such that the Group's customer is deemed to be the distributor, and therefore the Group recognises revenue as principal in the transaction with the distributor. The distributor subsequently controls the products before making sales to end users, however bears inventory risk and has discretion for specific commercial arrangements with the end users of the products. On this basis revenue is recorded by the Group at the point control of the products is passed to the distributors. The agreements do not contain a clause for the Group to repurchase the goods from the distributors. For the year ended 31 December 2023, the Group's revenue from distributor sales amounted to £22.6 million (2022: £18.1 million), representing 13.3% (2022: 9.1%) of the total Group's total revenue for the year.

Revenue includes royalty income from collaboration agreements, where the Group has out-licensed certain rights associated with products. These agreements cover the development, manufacturing and/or commercialisation of products with third parties. The income generated from these agreements is defined as revenue, as out-licensing and collaboration agreements are considered to form part of the Group's ordinary activities. Income from the agreements may take the form of upfront fees, milestone payments and/or royalties. For the year ended December 2023, the Group earned £0.6 million (2022: £0.2 million) revenue from collaboration and royalty agreements, representing 0.4% (2022: 0.1%) of the Group's total revenue for the year.

3.5 Alternative performance measures

Alternative performance measures are used by the Directors and management to monitor business performance internally and exclude certain cash and non cash items which they believe are not reflective of the normal day-to-day operating activities of the Group. The Directors believe that disclosing such non-IFRS measures enables a reader to isolate and evaluate the impact of such items on results and allows for a fuller understanding of performance from year to year. Alternative performance measures may not be directly comparable with other similarly titled measures used by other companies. A detailed reconciliation between reported and adjusted measures is presented in note 35.

Share-based compensation is an important aspect of the compensation of our employees and executives, but management believes it is useful to specifically exclude the Founder LTIP and employer's social security taxes on pre-IPO share awards from adjusted profit measures to better understand the long term performance of the core business.

The share-based compensation expenses of the other LTIPs and share award schemes are not treated as adjusting items.

3.6 Leased assets

The Group as a lessee

The Group leases various offices and buildings. Rental contracts are typically made for fixed periods of 12 months to 21 years and may include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventory.

Right-of-use assets are depreciated over the shorter period of lease term and Useful Economic Life (UEL) of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, plant and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included within "operating expenses" in the statement of comprehensive income.

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss arising relates to the rights transferred to the buyer.

The Group as a lessor

The Group leases some of its devices to customers. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. See note 5 for income from leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.7 Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 29); and
- Exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Notes for the Consolidated Financial Statements continued

3. Significant accounting policies continued

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

3.8 Employee benefits

(i) Retirement costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.9 Taxation

The tax expense represents the sum of current and deferred taxes.

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit or loss before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting period date.

A current tax provision is recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. Provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

The Group is entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The credit is paid in arrears once tax returns have been filed. An estimate of the tax credit expected to be received is recognised in the statement of comprehensive income above the line of profit or loss before tax. A notional tax charge on the credit is recognised within the taxation line in the statement of comprehensive income, and the corresponding net asset is included within current assets in the consolidated statement of financial position until such time as it is received.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In considering the recoverability of deferred tax assets, the Group assesses the likelihood of their being recovered within a reasonably foreseeable timeframe, being typically a period of between three to five years, taking into account the future expected profit profile and business model of each relevant company or country, and any potential legislative restrictions on use.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted, or substantively enacted, at the reporting date.

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

Current and deferred tax

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.10 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected UEL. It is provided at the following rates:

Leasehold land	over lease period straight line
Buildings	over 40 years straight line
Leasehold improvements	over the shorter of the UEL and the term of the lease
Plant and machinery	3-10 years straight line
Office equipment	3 years straight line
Assets subject to operating leases	2-3 years straight line

Assets under construction are not depreciated.

The UELs, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.11 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(i) Patents and licences

Patents and licences are measured initially at purchase cost and are amortised on a straight-line basis over the expected duration of the patent or licence.

(ii) Capitalised development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The Group regularly assesses the development expenditures against the criteria for development costs to be recognised as an asset, as set out in IAS 38 "Intangible Assets". The amortisation periods for internally generated assets incurred by the Group are:

Development of Core Technology Platform	3 years
Development of Sequencing Kits	2 years

Impairment of intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes for the Consolidated Financial Statements continued

3. Significant accounting policies continued

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.12 Inventory

Inventory is stated at the lower of cost, calculated as standard cost based on average cost, and net realisable value.

Cost comprises direct materials and, when applicable, direct labour cost and those overheads that have been incurred in bringing the inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion. The net realisable value of inventory expected to be used as part of Research and development is £nil.

3.13 Financial instruments

Financial assets, other than those at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), are assessed for indicators of impairment at each balance sheet date. In accordance with IFRS 9 impairment of financial assets is based on an expected credit loss (ECL) model. The ECL model requires the Group to account for the ECLs and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected; IFRS 9 also requires current and future events to be considered when making an impairment assessment.

The Group applies the IFRS 9 simplified approach to the measurement of the ECLs which uses a lifetime ECL for all trade receivables. The ECL on these trade receivables is estimated using a provision matrix for collective assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, to the extent that these are expected to have an effect on recovery of trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics where relevant, and the days past due. The ECL percentage rates of default applied to trade receivables grouped by days past due are based on the payment profiles of sales over a selected period and the corresponding historical default (non-payment which resulted in the debt being written off) experienced in relation to these sales. The percentage rates of default are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables where applicable.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Assets that are held at fair value through other comprehensive income are those that are held to collect contractual cash flows on the repayment of principal and interest and which are held to recognise a capital gain through the sale of the asset. Movements in the carrying amount are recognised in other comprehensive income except for the recognition of impairment, interest income and foreign exchange gains or losses which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income is included in finance income using the effective interest rate method.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

3.14 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3.15 Trade and other receivables

Trade receivables are recognised at cost less allowances for expected credit losses with specific adjustments. They arise principally through the provision of goods and services to customers. The provision is based on the Group's expected credit loss.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks and other short-term highly liquid investments with a maturity of three months or less at the date of acquisition.

Cash is not held for the purpose of investment in its own right and the primary goal of investment strategies is capital preservation. Cash not required for short-term working capital requirements is invested in either investment bonds or short-term treasury deposits ("other financial assets"). To the extent that it is reasonable, deposits are spread between banks that have been approved by the Directors. Cash required to meet short-term working capital requirements as they arise is maintained in instant access accounts at one or more approved banks.

3.17 Trade and other payables

Trade payables are non-interest bearing and are stated at cost which equates to their fair value.

3.18 Other financial assets

Other financial assets comprise unlisted investments, short-term deposits, and investment bonds held with banks that do not meet the IAS 7 definition of a cash equivalent.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.20 Share-based payments

Where share options and other equity instruments are awarded to employees, the fair value of the instrument at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Notes for the Consolidated Financial Statements continued

4. Critical accounting judgements and sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 statements.

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 year and accordingly all amounts in relation to the development phase of those projects have been capitalised as an intangible asset during the year. All other spend on R&D projects has been recognised within R&D expenses in the income statement during the year.

Management does 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, 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 31 December 2023 was £30.8 million (2022: £29.7 million).

Estimates

Key sources of estimation uncertainty

i. 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 31 December 2023 was £101.5 million (2022: £87.7 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 net realisable value had increased by 5%, then the value of inventory would have increased by £1.5 million and the revised stock value would have been £103.0 million (2022: £1.2 million and £88.9 million respectively). If the net realisable value had decreased by 5%, then the value of inventory would have decreased by £1.5 million and the revised stock value would have been £100.0 million (2022: £1.2 million and £86.5 million respectively).

ii. Share-based payments

Details of the share-based payment schemes operated by the Group are disclosed in note 27. In June 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 makes 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 to 31 December 2024 decreased by 10%, the Group recognised total expenses of £35.0 million relating to equity settled share-based payment transactions would decrease by £2.7 million.

In addition, the Founder LTIP awards in issue give rise to an associated employer's social security liability. Management updates 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. Half of the Founder LTIP awards are linked to a share price condition, which is a market-based performance condition incorporated into the fair value calculation and to which no subsequent adjustments can be made from an IFRS 2 charge perspective. However, management has 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 calculates the average expected vesting based on a large number of randomly generated projections of the Company's future share price. At 31 December 2023, the expected vesting of the share price linked awards was estimated at 50.8% (2022: 56.3%).

Other sources of estimation uncertainty

iii. Internally generated intangible assets research and development expenditure (R&D)

Estimates are made in determining the capitalisation of costs in relation to the development phase of R&D projects. Management capitalises development costs in respect of 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 in 2023 amounted to £19.5 million (2022: £19.2 million). If the estimated time spent on these projects had varied by up to 5% then the development costs capitalised in 2023 would have been in the range £18.5 million to £20.5 million (2022: £18.2 million to £20.2 million).

iv. 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 the contract.

5. Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following categories and geographical regions:

	2023 £000	2022 £000
Geographical region		
Americas	61,542	48,300
EMEA	74,037	115,498
APAC	34,089	34,805
Total revenue	169,668	198,603

	2023 £000	2022 £000
Category		
Sale of goods	141,907	177,672
Rendering of services	17,445	9,902
Lease income	10,316	11,029
Total revenue	169,668	198,603

	2023 £000	2022 £000
Timing of revenue recognition		
At a point in time	141,907	177,672
Over time	27,761	20,931
Total revenue	169,668	198,603

Notes 20 and 23 disclose assets and liabilities the Group has recognised in relation to contracts with customers.

Revenue recognised in relation to contract liabilities:

	2023 £000	2022 £000
Revenue recognised that was included in the contract liability balance at the beginning of the year	15,848	17,670

Notes for the Consolidated Financial Statements continued

6. Segment information

Products and services from which reportable segments derive their revenues are set out below.

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 segment measure of profit evaluated by the CODM is Adjusted EBITDA, as this is considered to give the most appropriate information in respect of profitability of the individual segments.

The Directors consider that the Group reportable segments in accordance with IFRS 8 Operating Segments are as set out below:

Reportable segments	Description
Life Science Research Tools (LSRT)	Oxford Nanopore's core business, generating revenue from providing products and services for research use, including research and development expenditure and corporate expenditure.
COVID Testing	Revenue from providing products for SAR-Cov-2 testing. No revenues were expected in this segment after 2022, and none were reported in the current year. We do not expect this segment to continue after this year's results.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

(a) Information about major customers

In the year there were no individual customers representing more than 10% of the Group's total revenue. In 2022, the Group had one major customer, the Department of Health and Social Care (DHSC). Revenue from this customer was £51.8 million, which represented 26.0% of Group revenue and was reported within the COVID testing segment.

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment.

	LSRT £000	COVID Testing £000	2023 £000	LSRT £000	COVID Testing £000	2022 £000
Revenue						
Americas	61,542	-	61,542	48,300	-	48,300
EMEA	74,037	-	74,037	63,710	51,788	115,498
APAC	34,089	-	34,089	34,805	-	34,805
Total revenue	169,668	-	169,668	146,815	51,788	198,603

(b) Adjusted EBITDA

	LSRT £000	COVID Testing £000	2023 £000	LSRT £000	COVID Testing £000	2022 £000
(Loss)/profit after tax	(154,507)	-	(154,507)	(128,824)	37,799	(91,025)
Tax expense	4,739	-	4,739	7,614	-	7,614
Finance income	(18,853)	-	(18,853)	(5,941)	-	(5,941)
Finance expense	1	-	1	221	-	221
Interest on lease	2,205	-	2,205	1,382	25	1,407
Depreciation and amortisation	41,627	-	41,627	31,799	72	31,871
Share-based payments (Founder LTIP)	20,886	-	20,886	53,182	-	53,182
Employer's social security taxes on Founder LTIP and pre-IPO share awards	(888)	-	(888)	(21,634)	-	(21,634)
Gain on sale of property	-	-	-	(18,620)	-	(18,620)
Settlement of COVID-19 testing contract	-	-	-	-	(37,896)	(37,896)
(Write-back)/impairment of investment in associate	(144)	-	(144)	2,193	-	2,193
Adjusted EBITDA	(104,934)	-	(104,934)	(78,628)	-	(78,628)

Adjusted EBITDA is defined as loss for the year before income tax expense, finance income, loan interest, interest on lease, depreciation and amortisation, 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; iii) impairment of investment in associate; iv) gain on sale of property; and v) settlement of the COVID-19 testing contract.

Adjusted EBITDA is used as a key profit measure because it shows the results of core operations exclusive of income or charges that are not considered to represent the underlying operational performance.

(c) Supplementary information

	LSRT £000	COVID Testing £000	2023 £000	LSRT £000	COVID Testing £000	2022 £000
Depreciation of property, plant and equipment	18,105	-	18,105	15,968	-	15,968
Depreciation of right-of-use assets	5,031	-	5,031	4,403	72	4,475
Amortisation of internally generated intangible assets	18,419	-	18,419	11,378	-	11,378
Amortisation of acquired intangible assets	72	-	72	50	-	50
Additions to non-current assets*	68,259	-	68,259	57,775	-	57,775

Segment assets

Investment in associate	742	-	742	826	-	826
Acquired intangible assets	2,136	-	2,136	346	-	346
Other segment assets**	276,213	-	276,213	243,496	-	243,496
Total segment assets	279,091	-	279,091	244,668	-	244,668
Deferred tax assets			5,486			7,681
R&D tax credit recoverable			12,819			9,148
Current tax asset			1,030			-
Derivative financial assets			261			2,060
Other financial assets			257,839			203,555
Cash and cash equivalents			220,536			356,778
Total assets			777,062			823,890

Segment liabilities

Total segment liabilities	(133,211)	-	(133,211)	(127,733)	-	(127,733)
Derivative financial liabilities			-			(962)
Current tax liabilities			-			(1,639)
Total liabilities			(133,211)			(130,334)

Net assets

			643,851			693,556
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* Additions to non-current assets include all non-current assets except for investments, and deferred tax assets.

**Other segment assets include inventory, trade and other receivables and non-current assets except for investments, acquired intangible assets, other financial assets and deferred tax assets.

The Group's non-current assets, excluding deferred tax assets, by geographical location are detailed below:

	LSRT £000	COVID Testing £000	2023 £000	LSRT £000	COVID Testing £000	2022 £000
Americas	13,130	-	13,130	11,255	-	11,255
EMEA	310,208	-	310,208	166,572	-	166,572
APAC	1,055	-	1,055	382	-	382
	324,393	-	324,393	178,209	-	178,209

Notes for the Consolidated Financial Statements continued

7. Loss before tax

	2023 £000	2022 £000
This is after charging/(crediting):		
Non-staff research and development costs	35,671	32,651
Amortisation of intangible assets	18,491	11,428
Depreciation of property, plant and equipment	18,105	15,968
Depreciation of right-of-use assets	5,031	4,475
Loss/(gain) on disposal of property, plant and equipment	3,663	(16,740)
Cost of inventory	49,162	42,559
Write-down of inventory	9,839	6,045
Short-term lease costs	928	602
Impairment of intangible assets	-	736
(Write-back)/impairment of investment in associate	(144)	2,193
Net foreign exchange gain	(1,385)	(2,490)

All amounts relate to continuing operations.

8. Loss per share

	2023 Pence	2022 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	19	11
	2023 £000	2022 £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	(154,507)	(91,025)
	2023 Number	2022 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	833,960,358	823,742,709

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 years ended 31 December 2023 and 31 December 2022. These options could potentially dilute basic earnings per share in the future. Details relating to share options are set out in note 27.

9. Auditor's remuneration

During the year, the Group obtained the following services from the Group's auditors:

	2023 £000	2022 £000
Audit of the Group's financial statements	500	465
Audit of the Group's subsidiary financial statements	70	129
Assurance-related non-audit services	90	89
	660	683

10. Staff costs

Employee benefit expenses (including directors) comprise:

	2023 £000	2022 £000
Wages and salaries	99,111	81,613
Social security costs	10,361	8,671
Pension costs	4,113	3,183
Share-based payment expenses	35,076	70,009
Social security credits (share awards)	(168)	(21,222)
Other staff costs	3,032	1,834
	151,525	144,088

Directors and key management personnel

Directors and key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed in the section of the annual report labelled Board of Directors.

Director and key management personnel compensation consisted of:

	2023 £000	2022 £000
Salaries, bonuses and benefits in kind	6,367	7,260
Amounts paid as directors' fees	735	655
Share-based payment expenses	-	86,097
	7,102	94,012

The share-based payment charge comprises the value of awards that have vested relating to the Share Price Performance Condition and the Revenue Condition awards. The value for 2023 is £nil as the small number of awards that were approved as vested by the Committee in 2023 related to a performance condition met in 2022, and therefore were included in the 2022 figures.

The value shown in 2022 is based on the closing price on the vesting dates of 28 January 2022 and 12 October 2022. In addition, a further performance condition was met in respect of the shares allocated to the Revenue Condition based on the full year revenue outcome for 2022. The value of these shares was included using the average share price for the 3 months to 31 December 2022.

Further information on the remuneration of the Directors is given in the sections of the annual report on remuneration labelled as audited in the Directors' Remuneration Report.

Employee numbers

The monthly average number of employees was as follows:

	2023 Number	2022 Number
Research and development	464	380
Production	156	149
Sales, general and administration	513	393
	1,133	922

Notes for the Consolidated Financial Statements continued

14. Taxation

(a) Income tax recognised in statement of comprehensive income

Income tax recognised in profit and loss

	2023 £000	2022 £000
Current tax		
Notional tax on R&D expenditure credit	2,446	1,187
Prior year adjustment in respect of notional tax on R&D expenditure credit	(48)	159
Prior year adjustment in respect of current tax	(822)	519
Tax payable on foreign subsidiary	2,949	6,059
Total current tax	4,525	7,924
Deferred tax		
Origination and reversal of temporary differences	214	(310)
Total deferred tax	214	(310)
Total tax	4,739	7,614

Income tax recognised in OCI

	2023 £000	2022 £000
Deferred tax on investment bonds	1,240	-
Total tax	1,240	-

Current tax balances have been calculated at the rates enacted for the period. The effective rate of Corporation Tax is -3.16% (2022: -9.13%) of the loss before tax for the Group.

The reasons for the difference between the actual tax charge for the year and the standard rate of Corporation Tax in the United Kingdom applied to losses for the year are as follows:

	2023 £000	2022 £000
Loss for the year	(154,507)	(91,025)
Income tax expense	4,739	7,614
Loss before income taxes	(149,768)	(83,411)
Tax rate in the UK for period as a percentage of losses at 23.5% (2022: 19.0%)	(35,196)	(15,848)
R&D incentives	2,067	813
Adjustment in respect of overseas tax rates	410	1,104
Adjustments to tax charge in respect of prior years	133	62
Impact of share options	6,634	12,337
Movement on unrecognised deferred tax	29,775	7,845
Other timing differences	(1,160)	287
Expenses not deductible for tax purposes	2,076	1,014
Total tax expense	4,739	7,614

(b) Current tax asset/(liability)

	2023 £000	2022 £000
Corporation Tax asset/(liability)	1,030	(1,639)
	1,030	(1,639)

(c) Deferred tax assets

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. £5.2 million (2022: £7.4 million) of the net deferred tax asset relates to the US subsidiary, which is profitable.

In respect of share-based payments, to the extent that the tax deduction (or future estimated tax deduction) exceeds the amount of the related cumulative IFRS 2 expense, the excess of the associated current or deferred tax has been recognised in equity and not in the consolidated statement of comprehensive income. For current tax this increases the charge to the consolidated statement of comprehensive income by £0.2 million (2022: £0.1 million). For deferred tax this increases the credit to the consolidated statement of comprehensive income by £0.3 million (2022: reduction of £0.5 million).

A deferred tax asset (DTA) of £7.7 million (2022: £9.4 million) 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 as a result of taxable profits forecast in future years.

A deferred tax asset has been recognised in relation to the Company of £8.1 million (2022: £5.9 million), being the amount equal to the deferred tax liability in the same entity.

Recognised deferred tax balances are made up as follows:

Recognised deferred tax assets and liabilities

	2023 £000	2022 £000
Deferred tax assets		
Provisions	1,498	2,487
Losses	8,127	5,912
Share awards	6,052	6,360
Share awards (equity)	180	543
Total recognised deferred tax assets	15,857	15,302
Deferred tax liabilities		
Accelerated capital allowances	(2,276)	(1,741)
Investment bond unrealised gain	(1,240)	-
Intangibles	(6,855)	(5,880)
Total recognised deferred tax liabilities	(10,371)	(7,621)
Net recognised deferred tax asset	5,486	7,681

Notes for the Consolidated Financial Statements continued

14. Taxation continued

(c) Deferred tax assets continued

Reconciliation of deferred tax

	2023 £000	2022 £000
Balance at 1 January	7,681	6,077
Prior year adjustments	(1,002)	616
Charge to the statement of comprehensive income	(449)	(306)
(Charge)/credit to equity	(341)	523
Foreign exchange movements	(403)	771
At 31 December	5,486	7,681

Deferred tax assets and liabilities have been offset where the group has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

A DTA of £189.7 million (2022: £156.2 million) has not been recognised due to uncertainty that the asset will be utilised in the foreseeable future due to the absence of sufficient taxable profits. This DTA relates to the UK (2022: UK). This includes a deferred tax asset of £155.0 million (2022: £128.3 million) in relation to UK tax losses. The losses and deductible temporary differences are expected to be available indefinitely.

Unrecognised deferred tax assets

	2023		2022	
	Gross amount £000	Tax effected £000	Gross amount £000	Tax effected £000
Losses	619,990	154,998	513,111	128,278
Provisions	17,451	4,363	11,050	2,762
Share awards	71,338	17,834	71,454	17,863
Share awards (equity)	4,327	1,082	14,503	3,626
Accelerated capital allowances	27,476	6,869	5,924	1,481
RDEC	18,177	4,544	8,584	2,146
Total unrecognised deferred tax assets	758,759	189,690	624,626	156,156

(d) R&D tax credit recoverable

In the statement of comprehensive income the R&D expenditure credit (RDEC) is recognised in the loss before tax and a notional tax charge is recognised in the tax expense. The net asset is recognised within current assets in the statement of financial position. The current asset is made up as follows:

	2023 £000	2022 £000
At 1 January	9,148	14,274
Adjustment to R&D tax credit in respect of previous years	(203)	678
Cash receipt	(4,088)	(10,864)
R&D tax credit for the year	10,408	6,247
Notional tax charge on R&D tax credit for the year	(2,446)	(1,187)
At 31 December	12,819	9,148

15. Intangible assets

	Capitalised development costs £000	Patents and licences £000	Total £000
Cost			
At 1 January 2022	38,464	446	38,910
Additions	19,163	-	19,163
Foreign exchange movements	36	-	36
At 31 December 2022	57,663	446	58,109
Additions	19,522	1,862	21,384
Foreign exchange movements	(22)	-	(22)
At 31 December 2023	77,163	2,308	79,471

Accumulated amortisation and impairment

At 1 January 2022	15,856	50	15,906
Charge for the year	11,378	50	11,428
Impairment	736	-	736
At 31 December 2022	27,970	100	28,070
Charge for the year	18,419	72	18,491
At 31 December 2023	46,389	172	46,561

Net book value

At 31 December 2022	29,693	346	30,039
At 31 December 2023	30,774	2,136	32,910

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated as a realised loss until recognised as an amortisation or impairment charge in the statement of comprehensive income.

Notes for the Consolidated Financial Statements continued

16. Property, plant and equipment

	Land & buildings £000	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 1 January 2022	15,057	8,908	19,557	1,982	30,075	13,762	89,341
Additions	-	350	1,249	6,897	12,627	1,985	23,108
Disposals	(15,057)	(1,607)	(317)	(691)	(3,921)	(87)	(21,680)
Transfers between classes	-	2,822	2,059	(5,356)	-	475	-
Foreign exchange movements	-	20	49	-	1,064	130	1,263
At 31 December 2022	-	10,493	22,597	2,832	39,845	16,265	92,032
Additions	-	161	679	4,828	25,600	3,583	34,851
Disposals	-	-	(63)	-	(9,785)	(4)	(9,852)
Transfers between classes	-	1,106	4,982	(6,162)	-	74	-
Foreign exchange movements	-	(27)	(26)	-	(902)	(88)	(1,043)
At 31 December 2023	-	11,733	28,169	1,498	54,758	19,830	115,988
Accumulated depreciation and impairment							
At 1 January 2022	1,231	3,939	11,158	-	15,866	9,915	42,109
Charge for the year	149	1,276	3,112	-	9,086	2,345	15,968
Disposals	(1,380)	(640)	(114)	-	(2,036)	(46)	(4,216)
Impairments	-	28	117	-	-	-	145
Foreign exchange movements	-	5	41	-	588	98	732
At 31 December 2022	-	4,608	14,314	-	23,504	12,312	54,738
Charge for the year	-	1,609	3,477	-	10,213	2,806	18,105
Disposals	-	-	(63)	-	(6,122)	(4)	(6,189)
Foreign exchange movements	-	(8)	(22)	-	(462)	(64)	(556)
At 31 December 2023	-	6,209	17,706	-	27,133	15,050	66,098
Net book value							
At 31 December 2022	-	5,885	8,283	2,832	16,341	3,953	37,294
At 31 December 2023	-	5,524	10,463	1,498	27,625	4,780	49,890

The Group leases some of its devices to customers. Lease payments in relation to these devices are received in full either in advance or on shipping of the device, meaning that there are no undiscounted future lease payments expected to be received on these devices.

On 8 July 2022, the Company sold its interest in the Gosling Building (the Property) to The Oxford Science Park (Properties) Limited (TOSP) for £42.5 million. TOSP immediately granted to the Company an occupational lease of the Property for ten years at a rent of £1.8 million per annum (for which a right-of-use asset and related lease liability were recognised). Overall, in 2022 the transaction resulted in a reduction in net property, plant and equipment of £15.6 million, and a gain on disposal of £18.6 million.

17. Right-of-use assets

	Total £000
Cost	
At 1 January 2022	20,302
Additions	15,504
Disposals	(973)
Foreign exchange movements	586
At 31 December 2022	35,419
Additions	12,024
Disposals	(1,336)
Foreign exchange movements	(332)
At 31 December 2023	45,775
Accumulated depreciation	
At 1 January 2022	5,615
Charge for the year	4,475
Disposals	(782)
Foreign exchange movements	205
At 31 December 2022	9,513
Charge for the year	5,031
Disposals	(1,142)
Foreign exchange movements	(153)
At 31 December 2023	13,249
Net book value	
At 31 December 2022	25,906
At 31 December 2023	32,526

Notes for the Consolidated Financial Statements continued

18. Investment in associate

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

Name of associate	Principal activities	Country of incorporation	Proportion of ownership held as at 31 December – %	
			2023	2022
Veiovia Limited	Technology Development	UK	26.1	26.1

The carrying value is calculated as follows:

	2023 £000	2022 £000
Investment cost	4,548	4,548
Share of loss	(530)	(302)
Impairment	(3,276)	(3,420)
Carrying value of the interest in the associate	742	826

Reconciliation of investment in associate

	2023 £000	2022 £000
At 1 January	826	257
Further investment	-	3,000
	826	3,257
Share of loss	(228)	(238)
Decrease/(increase) in impairment of investment	144	(2,193)
At 31 December	742	826

The associate is accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3. It is held directly by the Company.

- Pursuant to a shareholder agreement, the Company has the right to cast 24.9% of the votes of Veiovia Limited (2022: 24.9%).
- The Company 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.
- For the purposes of applying the equity method of accounting, the financial statements of Veiovia Limited for the year ended 31 December 2023 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 reflect the recoverable amount.
- Veiovia Limited's registered office is The University of York, Biology B/A/039, Wentworth Way, York, UK, YO10 5DD.

19. Inventory

	2023 £000	2022 £000
Raw materials	50,888	41,852
Work in progress	39,154	34,960
Finished goods	11,506	10,886
	101,548	87,698

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

The cost of inventory recognised as an expense includes £9.8 million (2022: £6.0 million) in respect of write-downs of inventory to net realisable value. There were no reversals of write-downs in either year.

20. Trade and other receivables

	2023 £000	2022 £000
Trade receivables	33,626	38,097
Contract assets	204	3,084
Accrued income and other debtors	7,750	4,724
Accrued interest income	746	1,065
Other taxes	6,351	5,262
Prepayments	12,798	10,673
	61,475	62,905

Contract assets relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date for goods and services provided. They are transferred to receivables when the rights become unconditional. This usually occurs when an invoice is issued to the customer.

The ageing of trade receivables and the loss allowance calculated using the Group's provision matrix was as follows:

	Not past due £000	30-60 days £000	61-90 days £000	91+ days £000	Total £000
At 31 December 2023	28,495	2,238	1,036	2,804	34,573
Loss allowance	(227)	(87)	(55)	(578)	(947)
	28,268	2,151	981	2,226	33,626
At 31 December 2022	28,654	3,390	2,696	5,971	40,711
Loss allowance	(930)	(262)	(315)	(1,107)	(2,614)
	27,724	3,128	2,381	4,864	38,097

Notes for the Consolidated Financial Statements continued

20. Trade and other receivables continued

The following table shows the movement in lifetime Expected Credit Loss that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	£000
At 1 January 2022	2,955
Net charges and releases to statement of comprehensive income	(464)
Foreign exchange movement	123
At 31 December 2022	2,614
Net charges and releases to statement of comprehensive income	(1,425)
Foreign exchange movement	(242)
At 31 December 2023	947

21. Other financial assets

	2023 £000	2022 £000
Treasury deposits	-	101,274
Investment bonds	256,534	100,898
Other financial assets	1,305	1,383
	257,839	203,555

These items were analysed as follows:

	2023 £000	2022 £000
Current	49,514	119,411
Non-current	208,325	84,144
	257,839	203,555

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

22. Derivative financial assets and liabilities

	2023 £000	2022 £000
Derivative financial assets		
Foreign currency forward contracts	261	2,060
	261	2,060
Derivative financial liabilities		
Foreign currency forward contracts	-	962
	-	962

23. Trade and other payables

	2023 £000	2022 £000
Trade payables	25,184	23,103
Share-based payments	504	460
Payroll taxation and social security	4,507	2,585
Accruals	33,096	33,801
Contract liabilities	15,156	20,300
	78,447	80,249

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases by the Group is 50 days (2022: 59 days).

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair value.

Contract liabilities primarily relate to performance obligations on customer contracts which were not satisfied at 31 December. In 2023 they decreased by £5.1 million (2022: decrease of £1.3 million). Management expects that most of the transaction price allocated to unsatisfied performance obligations as at 31 December 2023 will be recognised as revenue during the following year.

24. Loans and provisions

Loans

There were no extant loans on 31 December of the current or prior year.

On 8 July 2022, the Company completed the sale of its interest in the Gosling Building to The Oxford Science Park (Properties) Limited for £42.5 million. On completion of the sale, the term loan facility of £9.5 million with Barclays Bank plc was fully repaid. The average interest rate charged in 2022 was 3.51%.

Provisions

	Dilapidation provisions £000	Employer taxes £000	Other £000	Total provisions £000
At 31 December 2022	2,346	10,772	160	13,278
Movement in provision for the year	52	(168)	590	474
Payments	-	(736)	(69)	(805)
Foreign exchange movements	(14)	45	(10)	21
At 31 December 2023	2,384	9,913	671	12,968
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
Current	-	4,473	160	4,633
Non-current	2,346	6,299	-	8,645
At 31 December 2022	2,346	10,772	160	13,278

The dilapidation provision relates 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 in between two and 21 years.

Employer social security taxes relates to the expected employer taxes on share-based payments. This is expected to be utilised 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.

Notes for the Consolidated Financial Statements continued

25. Lease liabilities

	2023 £000	2022 Restated* £000
Current *	4,322	4,056
Non-current *	37,333	30,042
Lease liabilities included in the statement of financial position	41,655	34,098

	2023 £000	2022 £000
Maturity analysis - contractual undiscounted cash flows		
Up to one year	6,865	6,459
Two to five years	28,057	22,996
Greater than five years	21,358	17,705
Total undiscounted lease liabilities at 31 December	56,280	47,160

* See note 11 for details regarding the restatement of comparatives.

Information on the associated right-of-use assets is included in note 17.

26. Share capital and share premium

Share capital comprised the following:

	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
At 31 December 2022			
Share class			
Ordinary Shares (fully paid)	£0.0001	825,570,509	82,557
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
			82,560

In the course of 2023, 4,628,212 ordinary shares (2022: 4,012,862) were issued in respect of employee share schemes. This resulted in an increase in the share premium reserve of £2.5 million (2022: 3.8 million).

Also during the year, the Company issued 29,025,326 ordinary shares to bioMérieux SA. This resulted in a net increase in the share premium reserve of £68.5 million.

27. Share-based payment reserve

	2023 £000	2022 £000
At 1 January	168,200	96,350
Equity settled share-based payment transactions	34,995	71,165
Tax in relation to share-based payment transactions	(96)	685
At 31 December	203,099	168,200

Share-based payment transactions

	2023 £000	2022 £000
Expense arising from share-based payment transactions:		
Included in research & development expenses	5,897	6,883
Included in selling, general & administrative expenses	29,179	63,126
	35,076	70,009
Equity settled share-based payment transactions	34,995	71,165
Cash settled share-based payment transactions	81	(1,156)
	35,076	70,009

The Group operates a number of share schemes. Awards are normally granted to employees to acquire shares but in some circumstances may be settled in cash. The schemes are as follows:

- Oxford Nanopore Technologies Limited Share Option Plan
- Oxford Nanopore Technologies Limited Share Option Plan 2018
- Oxford Nanopore Technologies Limited Long-Term Incentive Plan 2021 (Founder LTIP)
- Oxford Nanopore Technologies plc Long-Term Incentive Plan 2021 (plc LTIP)
- Oxford Nanopore Technologies Deferred Bonus Plan 2021
- Oxford Nanopore Technologies Share Incentive Plan 2021
- Oxford Nanopore Technologies 2021 Employee Stock Purchase Plan

Share options

Options under each scheme have been aggregated. Share options have been awarded under two equity-settled share-based remuneration schemes: the Oxford Nanopore Technologies Share Option Scheme and the Oxford Nanopore Technologies Limited Share Option Plan 2018. The contractual life of all options is ten years.

Oxford Nanopore Technologies Limited Share Option Plan 2018

This plan replaced the Oxford Nanopore Technologies Share Option Scheme and closed to new members following the Company's admission to the London Stock Exchange in 2021. All unexercised awards will have expired by 2031.

All employees were eligible to be awarded approved share options, with the exception of employees in some foreign subsidiaries. These employees were instead eligible to be remunerated under a local phantom bonus scheme. Awards granted to participants were subject to either service conditions or both service and market performance conditions. Options were not normally able to be exercised before the third anniversary of the date of grant.

Notes for the Consolidated Financial Statements continued

27. Share-based payment reserve continued

The movement in share options outstanding is summarised in the following table:

	2023		2022	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
At 1 January	50,839,486	181	55,450,832	176
Forfeited	(283,700)	176	(821,783)	240
Exercised	(3,525,969)	60	(3,789,563)	99
Outstanding at 31 December	47,029,817	190	50,839,486	181
Exercisable at 31 December	43,794,843	182	40,403,625	155

Share options outstanding at the end of the year have the following expiry and exercise prices:

	Grant year	Expiry year	Exercise price (pence)	2023 Number	2022 Number
Oxford Nanopore Technologies Limited Share Option Scheme	2008 - 2018	2024 - 2028	73 - 140	13,700,109	16,517,490
Oxford Nanopore Technologies Limited Share Option Plan 2018	2019 - 2021	2029 - 2031	104 - 350	33,329,708	34,321,996
				47,029,817	50,839,486

The weighted average share price at the date of exercise for share options exercised during the year was £2.28 (31 December 2022: £3.65). The options outstanding at 31 December 2023 had a weighted average exercise price of £1.90 (31 December 2022 £1.81), and a weighted average remaining contractual life of 5.3 years (2022: 6.0 years).

Valuation models

Oxford Nanopore Technologies Limited Share Option Plan 2018

There were no options granted during the current or prior years. The fair value of share options granted during the prior year was determined using the Monte Carlo Simulation model and Black Scholes model dependent on the performance vesting conditions.

Black Scholes: The following assumptions were used in the Black Scholes model in calculating the fair values of the options granted:

Range of share prices	£2.65 - £3.50
Range of exercise prices	£2.12 - £3.50
Expected volatility range	47% - 50%
Expected life	6.5 years
Risk-free rate range	0% - 0.4%
Expected dividend yields	Nil

The volatility assumption has been derived as the median volatility over a five-year period of a bespoke comparator group. For options granted during 2021, the expected life assumption of six and a half years assumes exercise will occur halfway through the total exercisable period, being the midpoint of years three and ten. The risk-free interest rate used reflects the UK Government five-year Gilt rate as reported by the Bank of England.

The weighted average fair value of options granted during the period determined using the Black Scholes model at the grant date was £nil (2022: £nil) per option.

Monte Carlo Simulations The inputs into the Monte Carlo Simulation model for options issued were as follows:

Weighted average share price	£2.65
Weighted average exercise price	£2.12
Expected volatility	48%
Expected life	2.5 years
Risk-free rate	0%
Expected dividend yields	Nil

The Monte Carlo Simulation model has been used to value the portion of the awards which have a market performance vesting condition (achievement of a target company valuation). The model incorporates a discount factor reflecting this performance condition into the fair value of this portion of the award. The weighted average fair value of options granted during the year determined using the Monte Carlo Simulation model at the grant date was £nil (2022: £nil) per option.

The volatility assumption has been derived as the median volatility over a five-year period of a bespoke comparator group. For options granted during 2021, the expected life represents the term until expected vesting and exercise. The risk-free interest rate used reflects the UK Government five-year Gilt rate as reported by the Bank of England.

Long term incentive plans

Oxford Nanopore Technologies Limited Long Term Incentive Plan 2021 (Founder LTIP):

This was a one-off discretionary share plan, under which the Company granted awards over 6.5% of the Company's Ordinary Share capital (at the date of grant) to the Executive Directors. The Founder LTIP awards are free to the recipient. The plan was approved by the board on 22 June 2021. Awards were granted as conditional awards of Ordinary Shares (Conditional Awards) subject to achievement of performance obligations tied to revenue and share price and is subject to holding periods.

There were no awards granted during the current or prior years and all remained outstanding as at 31 December 2023 with a weighted average remaining contractual life of four years.

Valuation models

The inputs into the valuation models for Founder LTIP awards were as follows:

	Monte Carlo	Black Scholes
Share price at grant	£3.50	£3.50
Share price	£4.50	n/a
Expected volatility	50.14%	50.14%
Expected term	2.16 years	5 years
Risk-free rate	0.4%	0.4%
Expected dividend yields	Nil	Nil

The volatility assumption has been derived as the median volatility over a five-year period of a bespoke comparator group. The risk-free interest rate used reflects the UK Government five-year Gilt rate as reported by the Bank of England.

The weighted average fair value of Founder LTIP awards granted, determined using the Black Scholes model at the grant date, was £3.22 per award.

The weighted average fair value of Founder LTIP awards granted, determined using the Monte Carlo simulation model at the grant date, was £2.18 per award.

Notes for the Consolidated Financial Statements continued

28. Notes to the cash flow statements

	2023 £000	2022 £000
Cash and cash equivalents	220,536	356,778

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.

	2023 £000	2022 £000
Loss before tax	(149,768)	(83,411)
Depreciation on property, plant and equipment	18,105	15,968
Depreciation on right-of-use assets	5,031	4,475
Amortisation on intangible assets	18,491	11,428
Loss on disposal of property, plant and equipment and right-of-use assets	3,854	1,880
Research and development expense tax credit	(10,157)	(7,084)
Foreign exchange movements	(519)	5,556
Interest on leases	2,205	1,407
Bank interest income	(18,853)	(5,941)
Bank interest expense	1	221
Movements on investment bonds	337	-
Movements on derivatives	836	(1,203)
(Write-back)/impairment of investment	(144)	2,193
Impairment of operating assets	-	1,173
Share of losses in associate	228	238
Gain on sale of property	-	(18,620)
Employee share benefit costs including employer's social security taxes	34,908	48,784
Operating cash flows before movements in working capital	(95,445)	(22,936)
Increase in receivables	118	(7,402)
Increase in inventory and assets subject to operating leases *	(43,060)	(39,156)
Increase in payables	1,502	4,434
Cash used in operations	(136,885)	(65,060)
R&D tax credit received	4,088	10,864
Foreign tax paid	(4,505)	(9,630)
Net cash outflow from operating activities	(137,302)	(63,826)

* See note 11 for details regarding the restatement of comparatives.

(i) Non cash transactions

Additions to right-of-use assets during the year of £12.0 million (2022: £15.5 million) were financed by new leases.

(ii) Changes in liabilities arising from financing activities

The table below details change in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loan £000	Lease liabilities £000	Total £000
At 1 January 2022	9,500	15,304	24,804
Non-cash changes			
New leases	-	22,523	22,523
Lease surrendered	-	(191)	(191)
Interest	-	1,407	1,407
Foreign exchange movements	-	422	422
Cash changes			
Bank loan repaid	(9,500)	-	(9,500)
Principal repaid	-	(4,111)	(4,111)
Interest paid	-	(1,256)	(1,256)
At 31 December 2022	-	34,098	34,098
Non-cash changes			
New leases	-	12,024	12,024
Interest	-	2,205	2,205
Foreign exchange movements	-	(176)	(176)
Cash changes			
Principal repaid	-	(4,291)	(4,291)
Interest paid	-	(2,205)	(2,205)
At 31 December 2023	-	41,655	41,655

Notes for the Consolidated Financial Statements continued

29. Financial instruments – risk management

(i) Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics
- The carrying amount of financial instruments
- The fair value of financial instruments (except financial instruments when carrying amount approximates their fair value)

	Amortised cost £000	FVTPL £000	FVTOCI £000	Total carrying value £000	Fair value £000
31 December 2023					
Financial assets					
Cash and cash equivalents	220,536	-	-	220,536	220,536
Trade and other receivables	42,326	-	-	42,326	42,326
Investment bonds	-	-	256,534	256,534	256,534
Other financial assets	-	1,305	-	1,305	1,305
Derivative financial assets	-	261	-	261	261
Financial liabilities					
Trade and other payables	(73,436)	-	-	(73,436)	(73,436)

	Amortised cost £000	FVTPL £000	FVTOCI £000	Total carrying value £000	Fair value £000
31 December 2022					
Financial assets					
Cash and cash equivalents	356,778	-	-	356,778	356,778
Trade and other receivables	46,970	-	-	46,970	46,970
Treasury deposits	101,274	-	-	101,274	101,274
Investment bonds	-	-	100,898	100,898	100,898
Other financial assets	-	1,383	-	1,383	1,383
Derivative financial assets	-	2,060	-	2,060	2,060
Financial liabilities					
Trade and other payables	(77,204)	-	-	(77,204)	(77,204)
Derivative financial liabilities	-	(962)	-	(962)	(962)

The following summarises the method and assumptions used in estimating the fair value of financial instruments reflected in the table.

Trade payables and receivables generally have a remaining life of less than one year so their value recorded in the balance sheet is considered to be a reasonable approximation of fair value.

Treasury deposits are short-term deposits held with banks that do not meet the IAS 7 definition of a cash equivalent, as well as investment grade quoted bonds classified as fair value through other comprehensive income. See note 13.

The assets shown above have been classified based on three categories depending on the inputs used in the valuation technique. The categories used are as follows:

- Level 1: quoted prices for identical instruments;
- Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: inputs which are not based on observable market data.

	Level 1	Level 2	Level 3	Total
Investment bonds	256,534	-	-	256,534
Derivative financial instruments	261	-	-	261
Other financial assets	-	-	1,305	1,305
At 31 December 2023	256,795	-	1,305	258,100

	Level 1	Level 2	Level 3	Total
Investment bonds	100,898	-	-	100,898
Derivative financial instruments	1,098	-	-	1,098
Other financial assets	-	-	1,383	1,383
At 31 December 2022	101,996	-	1,383	103,379

Fixed forward contracts

Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

During the year, the portfolio of forward contracts matured, and were either fulfilled, cashed out or exchanged. One forward contract remains unsettled, with a settlement date of 10 May 2024.

Fixed forward contracts are included in the balance sheet as follows:

	2023 £000	2022 £000
Derivative financial assets		
Foreign currency forward contracts	261	2,060
	261	2,060
Derivative financial liabilities		
Foreign currency forward contracts	-	962
	-	962

(ii) Financial risk management objectives and policies.

Overview

The Group has exposure to liquidity, credit and market risks from its use of financial instruments. This note sets out the Group's key policies and processes for managing these risks.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has sufficient cash to fund its operations.

At 31 December 2023, the Group had the following financing arrangements:

	2023 £000	2022 £000
Maturity analysis		
Expiring within one year	6,865	6,459
Expiring beyond one year	49,415	40,701
	56,280	47,160

The amounts disclosed in this table are for lease liabilities, based on contractual undiscounted cash flows.

The Directors consider that except for lease liabilities, all of the Group's financial liabilities at the year end and prior year end have maturity dates of less than 12 months from the balance sheet date.

Management monitors rolling forecasts of the Group's financing arrangements (comprising the lease liabilities above) and cash and cash equivalents (note 28) on the basis of expected cash flows.

Notes for the Consolidated Financial Statements continued

29. Financial instruments – risk management continued

(ii) Financial risk management objectives and policies continued

Credit risk

Credit risk is the risk of financial loss to the Group if a deposit taker should fail. Maturities are staggered whenever possible to spread exposure to interest rate movement. Although the Board accepts that this policy neither protects the Group from the risk of receiving rates below the current market rates nor eliminates the cash flow risk associated with interest receipts, it considers that it achieves an appropriate balance of exposure to these risks.

At year end, the Group placed £468 million (2022: £542 million) deposits with several reputable financial institutions to minimise its credit risk. £441 million (2022: £310 million) of this is placed in institutions with an S&P grade of A (Moody's A1/A2), with the remainder all being placed at S&P grade BBB (Moody's Baa2) or higher institutions in line with the Group's treasury policy.

Additional credit risk exists on trade receivables, which is managed by a centralised accounts receivable process including credit checks on initial order acceptance.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced and will remain at the same level for the foreseeable future. Trade receivables consist of a large number of customers, spread across diverse geographical areas.

Of the trade receivables balance at the end of the year, £4.5 million (2022: £4.9 million) was due from the Group's largest customer, G42.

At 31 December 2023, an amount of £0.9 million (2022: £2.6 million) measured at an amount equal to lifetime expected credit losses was estimated as a loss allowance in accordance with IFRS 9 (see note 20).

The credit risk on liquid funds are measured at an amount equal to lifetime expected credit losses. The credit risk is considered as limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's costs or the value of its holdings in financial instruments.

Investment bonds offer fixed coupon interest rates and are subject to variations in market value arising due to movements in the prevailing base interest rate. The Group mitigates this by holding a wide range of bonds in various jurisdictions.

Interest rate risk also arises on returns on short-term fixed interest deposits which will vary with movements in underlying bank interest rates.

The Group's principal market risk exposure is to movements in foreign exchange rates.

Foreign currency risk

Foreign exchange risk arises because the Group from time to time enters into transactions denominated in a currency other than Pounds Sterling. Where it is considered that the risk to the Group is significant, it will enter into a matching forward contract with a reputable bank or hold deposits of the currency in cash.

Derivatives are only used for economic hedging purposes and not as speculative investments.

In addition, significant amounts of dollars were held during the year. In the year ended 31 December 2023 approximately 25% (2022: 17%) of the Group's annual expenditures was denominated in US Dollars and approximately 11% (2022: 13%) of the Group's expenditure was denominated in Euro. A significant portion of the Group's revenue is denominated in US Dollars.

In 2023 the ONT Group's Euro requirements were no longer covered by its currency receipts, as a result, spot Euro purchases were required on an adhoc basis. These occasional Euro shortfalls were identified as part of the weekly cash forecasting. Appropriate currency cover was obtained from a variety of FX brokers driven by pricing, selling Pounds Sterling.

Exchange rate exposures are managed within approved policy parameters. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2023 £000	2022 £000	2023 £000	2022 £000
Financial assets and liabilities	57,841	54,778	(32,367)	(25,886)

Sensitivity analysis

A 5% strengthening/weakening of the US Dollar relative to Pounds Sterling at 31 December 2023 would have impacted profit or loss and Group equity by £1.2 million (2022: £1.1 million).

The interest yield on investments in Money Markets is variable between funds. During the year ended 31 December 2023, the investment, evenly split between eight different funds, returned an average yield of 4.6% (2022: 1.48%). Treasury deposits were all matured in the current year.

The Group has considered its sensitivity to interest rate fluctuations and does not believe that a change in interest rates would have a material risk impact on the Group financial statements.

Capital management

The Group defines the capital that it manages as the Group's total equity. The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to strive to provide returns to investors;
- To provide an adequate return to investors based on the level of risk undertaken;
- To have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefits;
- To maintain sufficient financial resources to mitigate against risks and unforeseen events.

The Debt to Equity ratio of the Group is 6.5% (2022: 4.9%).

Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts). Equity includes all capital and reserves of the Group that are managed as capital.

30. 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.

As at 31 December 2023, 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 year, a reversal of impairment of £0.1 million has been recognised.

The Company paid academic research costs in 2023 of £0.6 million (2022: £0.5 million) to the University of Oxford, which is related to the Company by the shared directorship of W Becker.

31. Retirement benefit plan

The Group operates a defined contribution pension scheme for the benefit of its employees. Most of the employees who contribute to the Group's pension scheme do so via salary sacrifice.

The total expense recognised in the consolidated income statement of £3.8 million (2022: £3.2 million) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme. As at 31 December 2023, contributions of £0.7 million (2022: £0.5 million) due in respect of the current reporting period had not been paid over to the plans.

32. Commitments

	2023 £000	2022 £000
Within one year	4,530	1,768
In the second to fifth years inclusive	2,295	721
	6,825	2,489

Commitments relate to agreements with third parties, universities and research institutions. The amounts are not risk-adjusted or discounted.

33. Events after the reporting date

The Group performed a review of events subsequent to the balance sheet date through to the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

34. Controlling party

There is no ultimate controlling party of the Group as ownership is split between the Company's shareholders. The most significant shareholders at 31 December 2023 were as follows: IP Group (10%), Tencent Holdings (7%), Baillie Gifford (7%), bioMérieux SA (7%), G42 (5%) and GIC Asset Management (5%).

Notes for the Consolidated Financial Statements continued

35. Alternative performance measures

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

- **Underlying LSRT revenue growth:** LSRT revenue growth excluding EGP and COVID sequencing revenue – in order to understand ongoing performance of the core business, management considers it appropriate to exclude revenues from contracts that are not expected to recur. We also report underlying LSRT revenue performance within each of our customer groups and franchises;
- **Underlying LSRT revenue growth on a constant currency basis:** LSRT revenue growth excluding EGP and COVID sequencing revenue, on a constant currency basis;
- **Underlying LSRT gross margin:** LSRT gross margin excluding EGP, write off of COVID sequencing kits and legacy devices, and impact of the compute upgrade on large PromethION devices;
- **Adjusted research and development expenses:** research and development expenses after adjusting for employer's social security taxes on pre-IPO share awards;
- **Adjusted R&D expenses and capitalised development costs:** adjusted research and development expenses, excluding amortisation and adding capitalised of development costs;
- **Adjusted selling, general and administrative expenses:** selling, general and administrative expenses after adjusting for share-based payments expense (Founder LTIP) and employer's social security taxes on Founder LTIP and pre-IPO share awards;
- **EBITDA:** loss for the year before income tax expense, finance income, loan interest, interest on leases, depreciation and amortisation;
- **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; iii) impairment of investment in associate; iv) gain on sale of property; and v) settlement of the COVID-19 testing contract; and
- **Cash and cash equivalents and other liquid investments:** cash and cash equivalents 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 bonds in which a fixed sum is invested in an asset-backed fund, and treasury deposits, which comprise deposits held with banks that do not meet the IAS 7 definition of a cash equivalent.

The following table presents the adjusted underlying LSRT revenue growth:

	2023 £000	2022 £000
LSRT Revenue	169,668	146,815
Adjusting Items:		
EGP revenue	(11,956)	(13,172)
COVID sequencing revenue	(7,966)	(26,112)
Underlying LSRT revenue	149,746	107,531
Growth	+39.3%	+36.4%
Impact of foreign exchange	(140)	(5,370)
Underlying LSRT revenue on a constant currency basis	149,606	102,161
Growth	+39.1%	+29.6%

The following table presents the adjusted underlying LSRT gross margin:

	2023	2022
LSRT gross margin	53.3%	56.3%
Adjusting Items:		
EGP contract	2.3%	1.7%
Write off of COVID sequencing kits and legacy devices	2.3%	-
Impact of compute upgrade on large PromethION devices	0.9%	-
Underlying LSRT gross margin	58.8%	58.0%

The following table presents the adjusted research and development expenses:

	2023 £000	2022 £000
Research and development expenses	103,842	69,186
Adjusting Items:		
Employer's social security taxes on pre-IPO share awards	604	9,890
Adjusted research and development expenses	104,446	79,076
Amortisation of capitalised development costs	(18,419)	(11,400)
Capitalised development costs	19,522	19,163
Adjusted R&D expenses and capitalised development costs	105,549	86,839

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

	2023 £000	2022 £000
Selling, general and administrative expenses	155,248	153,103
Adjusting Items:		
Share-based payment expense on Founder Long Term Incentive Plan (LTIP)	(20,886)	(53,182)
Employer's social security taxes on Founder LTIP and pre-IPO share awards	285	11,743
Adjusted selling, general and administrative expenses	134,647	111,664

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

	2023 £000	2022 £000
Loss for the year	(154,507)	(91,025)
Taxation	4,739	7,614
Finance income	(18,853)	(5,941)
Interest expense	1	221
Interest on lease	2,205	1,407
Depreciation and amortisation	41,627	31,871
EBITDA	(124,788)	(55,853)
Share-based payments (Founder LTIP)	20,886	53,182
Employer's social security credit on Founder LTIP and pre-IPO share-based awards	(888)	(21,634)
Gain on sale of property	-	(18,620)
Settlement of COVID-19 testing contract	-	(37,896)
(Write-back)/impairment of investment in associate	(144)	2,193
Adjusted EBITDA	(104,934)	(78,628)

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

	2023 £000	2022 £000
Cash and cash equivalents	220,536	356,778
Treasury deposits	-	101,274
Investment bonds	256,534	100,898
Less: fair value movements on investment bonds	(4,960)	(936)
Cash, cash equivalents and other liquid investments	472,110	558,014

Company Statement of Financial Position

as at 31 December 2023

	Note	2023 £000	2022 Restated* £000
Assets			
Non-current assets			
Property, plant and equipment	4	39,056	30,379
Intangible assets	3	31,878	29,077
Right-of-use assets	5	29,571	21,983
Investments in subsidiaries	6	4,904	44,108
Investment in associate	7	742	826
Other financial assets	10	208,325	84,144
		314,476	210,517
Current assets			
Inventory	8	98,743	86,295
Trade and other receivables	9	68,145	53,381
R&D Tax credit recoverable	11	12,819	9,148
Other financial assets	10	48,209	118,028
Derivative financial assets	12	261	2,060
Cash and cash equivalents	18	215,587	348,106
		443,764	617,018
Total assets		758,240	827,535
Liabilities			
Non-current liabilities			
Lease liabilities *	15	35,838	27,524
Share-based payment liabilities	17	141	108
Provisions	14	6,102	8,084
		42,081	35,716
Current liabilities			
Trade and other payables	13	68,428	97,330
Lease liabilities *	15	2,763	2,627
Derivative financial liabilities	12	-	962
Provisions	14	5,767	4,317
		76,958	105,236
Total liabilities		119,039	140,952
Net assets		639,201	686,583
Issued capital and reserves attributable to owners of the Company			
Share capital	16	86	83
Share premium reserve	16	698,553	627,557
Share-based payment reserve	17	203,099	168,200
Accumulated deficit		(262,537)	(109,257)
Total equity		639,201	686,583

* See note 19 for details regarding the restatement of comparatives.

As permitted by section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been included in these financial statements. The Company's loss for the year was £156.1 million (2022: £89.6 million).

The financial statements on pages 192 to 205 were approved and authorised for issue by the Board of Directors on 18 March 2024 and were signed on its behalf by:

G. Sanghera

Director

The notes on pages 195 to 205 form part of these financial statements.

Company Statement of Changes in Equity

as at 31 December 2023

	Share capital £000	Share premium £000	Share-based payment reserve £000	Accumulated deficit £000	Total equity £000
At 1 January 2022	82	623,760	96,350	(20,604)	699,588
Loss for the year	-	-	-	(89,589)	(89,589)
Fair value movements on investment bonds	-	-	-	936	936
Comprehensive loss for the year	-	-	-	(88,653)	(88,653)
Issue of share capital	1	3,796	-	-	3,797
Cost of share issue	-	1	-	-	1
Employee share-based payments	-	-	71,165	-	71,165
Tax in relation to share-based payments	-	-	685	-	685
Total contributions by and distributions to owners	1	3,797	71,850	-	75,648
At 31 December 2022	83	627,557	168,200	(109,257)	686,583
Loss for the year	-	-	-	(156,064)	(156,064)
Other comprehensive income	-	-	-	2,784	2,784
Comprehensive loss for the year	-	-	-	(153,280)	(153,280)
Issue of share capital	3	71,562	-	-	71,565
Cost of share issue	-	(566)	-	-	(566)
Employee share-based payments	-	-	34,995	-	34,995
Tax in relation to share-based payments	-	-	(96)	-	(96)
Total contributions by and distributions to owners	3	70,996	34,899	-	105,898
At 31 December 2023	86	698,553	203,099	(262,537)	639,201
Note	16	16	17		

Company Statement of Cash flows

for the year ended 31 December 2023

	Note	2023 £000	2022 Restated* £000
Net cash outflow from operating activities *	18	(136,398)	(65,447)
Investing activities			
Purchase of property, plant and equipment *		(5,591)	(8,058)
Proceeds from sale of property	4	-	42,500
Capitalisation of development costs	3	(19,522)	(18,237)
Purchases of IP licences		(820)	-
Investment in associate		(3,000)	-
Investment in subsidiaries		(1,236)	(10)
Interest received		13,797	3,429
Purchase of other financial assets		(150,000)	(129,962)
Proceeds from sale of other financial assets		104,598	60,459
Net cash outflow from investing activities		(61,774)	(49,879)
Financing activities			
Proceeds from issue of shares		71,597	3,751
Costs of share issue		(366)	(2,378)
Principal elements of lease payments		(2,602)	(2,729)
Repayment of bank borrowings		-	(9,500)
Interest paid		(1)	(219)
Interest paid on leases		(2,070)	(1,088)
Net cash inflow/(outflow) from financing activities		66,558	(12,163)
Net decrease in cash and cash equivalents before foreign exchange movements		(131,614)	(127,489)
Effect of foreign exchange rate movements		(905)	(2,997)
Cash and cash equivalents at beginning of year		348,106	478,592
Cash and cash equivalents at end of year	18	215,587	348,106

* See note 19 for details regarding the restatement of comparatives.

Notes to the Company Financial Statements

1. Accounting policies

The principal accounting policies adopted, key estimates and judgements are set out within the consolidated financial statements, notes 3 and 4.

2. Staff costs

Employee benefit expenses (including directors) comprise:

	2023 £000	2022 £000
Wages and salaries	66,034	57,015
Social security costs	7,443	6,824
Pension costs	3,006	2,398
Share-based payment expenses	25,722	51,675
Social security credit (share awards)	(141)	(19,283)
Other staff costs	1,077	632
	103,141	99,261

Directors and key management personnel

Directors and key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Directors of the Company listed in the section of the annual report labelled Board of Directors.

Director and key management personnel compensation consisted of:

	2023 £000	2022 £000
Salaries, bonuses and benefits in kind	5,352	4,416
Amounts paid as Directors' fees	730	655
Share-based payment expenses	-	59,628
	6,082	64,699

The share-based payment charge comprises the value of awards that have vested relating to the Share Price Performance Condition and the Revenue Condition awards. The value for 2023 is £nil as the small number of awards that were approved as vested by the Committee in 2023 related to a performance condition met in 2022, and therefore were included in the 2022 figures.

The value shown in 2022 is based on the closing price on the vesting dates of 28 January 2022 and 12 October 2022. In addition, a further performance condition was met in respect of the shares allocated to the Revenue Condition based on the full year revenue outcome for 2022. The value of these shares was included using the average share price for the 3 months to 31 December 2022.

Further information on the remuneration of the Directors is given in the sections of the annual report on remuneration labelled as audited in the Directors' Remuneration Report.

Employee numbers

The monthly average number of employees was as follows:

	2023 Number	2022 Number
Research & development	424	354
Production	155	148
Sales, general & administration	280	239
	859	741

Notes to the Company Financial Statements continued

3. Intangible assets

	Capitalised development costs £000	Patents and licences £000	Total £000
Cost			
At 1 January 2022	38,464	446	38,910
Additions from internal development	18,237	-	18,237
At 31 December 2022	56,701	446	57,147
Additions	19,523	820	20,343
Transfer of assets	940	-	940
At 31 December 2023	77,164	1,266	78,430
Accumulated amortisation and impairment			
At 1 January 2022	15,856	50	15,906
Charge for the year	11,378	50	11,428
Impairment	736	-	736
At 31 December 2022	27,970	100	28,070
Charge for the year	18,419	63	18,482
At 31 December 2023	46,389	163	46,552
Net book value			
At 31 December 2022	28,731	346	29,077
At 31 December 2023	30,775	1,103	31,878

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated as a realised loss until recognised as an amortisation or impairment charge in the statement of comprehensive income.

4. Property, plant and equipment

	Land & buildings £000	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 1 January 2022	15,057	8,857	19,193	1,983	22,222	12,703	80,015
Additions	-	-	1,197	6,894	7,690	1,800	17,581
Disposals	(15,057)	(1,607)	(317)	(691)	(3,169)	(87)	(20,928)
Transfers between classes	-	2,822	2,059	(5,356)	-	475	-
At 31 December 2022	-	10,072	22,132	2,830	26,743	14,891	76,668
Additions	-	12	585	4,829	16,980	3,255	25,661
Disposals	-	-	(63)	-	(7,330)	(4)	(7,397)
Transfers between classes	-	1,106	4,982	(6,162)	-	74	-
At 31 December 2023	-	11,190	27,636	1,497	36,393	18,216	94,932
Accumulated depreciation and impairment							
At 1 January 2022	1,230	3,926	10,852	-	11,323	9,163	36,494
Charge for the year	149	1,187	3,066	-	6,992	2,180	13,574
Disposals	(1,379)	(641)	(114)	-	(1,744)	(46)	(3,924)
Impairments	-	28	117	-	-	-	145
At 31 December 2022	-	4,500	13,921	-	16,571	11,297	46,289
Charge for the year	-	1,513	3,428	-	6,973	2,580	14,494
Disposals	-	-	(63)	-	(4,840)	(4)	(4,907)
At 31 December 2023	-	6,013	17,286	-	18,704	13,873	55,876
Net book value							
At 31 December 2022	-	5,572	8,211	2,830	10,172	3,594	30,379
At 31 December 2023	-	5,177	10,350	1,497	17,689	4,343	39,056

The Company leases some of its devices to customers. Lease payments in relation to these devices are received in full either in advance or on shipping of the device, meaning that there are no undiscounted future lease payments expected to be received on these devices.

On 8 July 2022, the Company sold its interest in the Gosling Building (the Property) to The Oxford Science Park (Properties) Limited (TOSP) for £42.5 million. TOSP immediately granted to the Company an occupational lease of the Property for ten years at a rent of £1.8 million per annum (for which a right-of-use asset and related lease liability were recognised). Overall, in 2022 the transaction resulted in a reduction in net property, plant and equipment of £15.6 million, and a gain on disposal of £18.6 million.

Notes to the Company Financial Statements continued

5. Right-of-use assets

	Total £000
Cost	
At 1 January 2022	15,467
Additions	13,267
Disposals	(383)
At 31 December 2022	28,351
Additions	11,052
Disposals	(1,178)
At 31 December 2023	38,225
Accumulated depreciation	
At 1 January 2021	3,766
Charge for the year	2,833
Disposals	(231)
At 31 December 2022	6,368
Charge for the year	3,273
Disposals	(987)
At 31 December 2023	8,654
Net book value	
At 31 December 2022	21,983
At 31 December 2023	29,571

6. Investment in subsidiaries

Name	Registered office	Country of incorporation	Principal activity
Oxford Nanopore Diagnostics Limited	Gosling Building, Edmund Halley Road, Oxford Science Park, OX4 4DQ	UK	R&D
Oxford Nanopore Technologies, Inc.	1209 Orange Street, Wilmington, Delaware, 19801, County of New Castle	USA	R&D and Limited risk distributor
Oxford Nanolabs Limited	Gosling Building, Edmund Halley Road, Oxford Science Park, OX4 4DQ	UK	Dormant
The Genome Foundry Limited	Gosling Building, Edmund Halley Road, Oxford Science Park, OX4 4DQ	UK	Dormant
Metrichor Limited	Gosling Building, Edmund Halley Road, Oxford Science Park, OX4 4DQ	UK	R&D support
KK Oxford Nanopore Technologies	Tokyo Club Building 11F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013	Japan	Sales and marketing support
Nanopore Technologies Hong Kong Limited	Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay	Hong Kong	Holding company
Nanopore Technologies (Shanghai) Co., Limited	Room 2208, Tower 1, Grand Gateway 66, No. 1 Hongqiao Road, Xuhui District, 200030, Shanghai	China	Sales and marketing support
Oxford Nanopore Technologies Singapore PTE. Ltd	6001 Beach Road, #11-08 Golden Mile Tower, Singapore 199589	Singapore	Sales and marketing support
Oxford Nanopore Technologies B.V.	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	The Netherlands	Sales and marketing support
Oxford Nanopore Technologies Australia PTY Ltd	Level 10, 171 Clarence Street, Sydney, NSW 2000	Australia	Limited risk distributor
Oxford Nanopore Technologies Denmark ApS	c/o Crowe Rygårds Allé 104, 2009 Hellerup	Denmark	Sales and marketing support
Oxford Nanopore Technologies SARL	22 Rue de Londres, 75009 Paris 9	France	Sales and marketing support
Oxford Nanopore Technologies GmbH	Augustenstr. 10, c/o Dr. Kleeberg & Partner GmbH, 80333 München	Germany	Sales and marketing support
Oxford Nanopore Technologies Gulf Limited	Office No. 303 A, Level 3, Incubator Building, Masdar City, Abu Dhabi	United Arab Emirates	Sales and marketing support
Oxford Nanopore Technologies Holdings Limited	Gosling Building, Edmund Halley Road, Oxford Science Park, OX4 4DQ	UK	Holding company
Oxford Nanopore Technologies Holdings 2 Limited	Gosling Building, Edmund Halley Road, Oxford Science Park, OX4 4DQ	UK	Holding company
Oxford Nanopore Technologies Canada Limited	333 Bay Street, Suite 2400, Toronto, Ontario, Canada, M5H 2T6	Canada	Sales and marketing support
Oxford Nanopore Technologies S.R.L.	Viale Abruzzi, 94, 20131 Milano MI, Italy	Italy	Limited risk distributor
Northern Nanopore Instruments Inc.	333 Bay Street, Suite 2400, Toronto, Ontario, Canada, M5H 2T6	Canada	R&D; sales and marketing support
Oxford Nanopore Technologies India Private Limited	501 & 502, Eros Corporate Tower, New Delhi-110019, India	India	Sales and marketing support

All the Company's subsidiary undertakings are effectively 100% held and have been consolidated in the Group financial statements.

All subsidiaries are directly held by the Company, except for the following:

- Oxford Nanopore Technologies Canada Limited and Oxford Nanopore Technologies S.R.L. are subsidiaries held by Oxford Nanopore Technologies Holdings Limited;
- Oxford Nanopore Technologies India Private Limited is a subsidiary 99% held by Oxford Nanopore Technologies Holdings 2 Limited and 1% by Oxford Nanopore Technologies Holdings Limited;
- Northern Nanopore Instruments Inc. (which was acquired on 2 November 2023) is a subsidiary of Oxford Nanopore Technologies Canada Limited;
- Nanopore Technologies (Shanghai) Co. Limited is a subsidiary of Nanopore Technologies Hong Kong Limited;
- Nanopore Technologies (Shanghai) Co. Limited has a branch in Beijing – Nanopore Technologies (Shanghai) Co., Beijing Branch.

Metrichor Limited (company registration number 08534345) is exempt from the requirements under the Companies Act 2006 relating to the audit of the Financial Statements under section 479A of that Act. The Company has provided a parent company guarantee over the liabilities of this subsidiary company, pursuant to section 479C of the Companies Act 2006.

Notes to the Company Financial Statements continued

6. Investment in subsidiaries continued

	2023 £000	2022 £000
At 1 January	44,108	25,083
Equity-settled instruments granted to employees of subsidiaries	9,356	19,015
Intra-group recharge	(49,796)	-
Additions in the year	1,236	10
At 31 December	4,904	44,108

Certain subsidiaries have refunded the Company for historical amounts in relation to equity settled share-based payment awards.

7. Investment in associate

See note 18 of the consolidated financial statements for information on investment in associate.

8. Inventory

	2023 £000	2022 £000
Raw materials	50,885	41,848
Work in progress	39,148	34,938
Finished goods	8,710	9,509
	98,743	86,295

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

9. Trade and other receivables

	2023 £000	2022 £000
Trade receivables	24,653	27,986
Contract assets	54	2,992
Accrued income and other debtors	5,423	3,543
Accrued interest income	738	1,065
Other taxes	6,306	4,945
Prepayments	12,322	10,551
Intercompany	18,649	2,299
	68,145	53,381

Contract assets relate to the Company's rights to consideration for goods and services provided but not billed at the reporting date for goods and services provided. They are transferred to receivables when the rights become unconditional. This usually occurs when an invoice is issued to the customer.

The Company has assessed the intercompany receivables position at 31 December 2023, and no impairment is considered necessary.

The ageing of trade receivables and the loss allowance calculated using the Company's provision matrix was as follows:

	Not past due £000	30-60 days £000	61-90 days £000	91+ days £000	Total £000
At 31 December 2023	20,786	1,532	899	2,120	25,337
Loss allowance	(165)	(60)	(49)	(410)	(684)
	20,621	1,472	850	1,710	24,653
At 31 December 2022	19,581	3,162	2,299	4,853	29,895
Loss allowance	(628)	(227)	(247)	(807)	(1,909)
	18,953	2,935	2,052	4,046	27,986

The following table shows the movement in lifetime Expected Credit Loss that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	£000
At 1 January 2022	1,789
Net charges and releases to statement of comprehensive income	120
At 31 December 2022	1,909
Net charges and releases to statement of comprehensive income	(1,225)
At 31 December 2023	684

10. Other financial assets

	2023 £000	2022 £000
Treasury deposits	-	101,274
Investment bonds	256,534	100,898
	256,534	202,172

These items were analysed as follows:

	2023 £000	2022 £000
Current	48,209	118,028
Non-current	208,325	84,144
	256,534	202,172

Notes to the Company Financial Statements continued

11. Taxation

Deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. UK deferred tax assets and liabilities have been calculated at the substantively enacted Corporation Tax of 25% applicable from 1 April 2023.

A deferred tax liability of £8.1 million (2022: £5.9 million) has been recognised on intangibles of £6.9 million (2022: £5.9 million) and investment bond gain £1.2 million (2022: £nil). A matching deferred tax asset of £8.1 million (2022: £5.9 million) arising on losses has been recognised on the basis that the deferred tax liability relates to the same taxation authority and is expected to reverse in periods into which a tax loss arising from the deferred tax asset can be carried forward.

Unrecognised deferred tax assets

	2023		2022	
	Gross amount £000	Tax effected £000	Gross amount £000	Tax effected £000
Losses	619,990	154,998	513,111	128,278
Provisions	16,952	4,238	11,050	2,762
Share Awards	70,381	17,595	71,454	17,863
Share Awards (Equity)	4,327	1,082	14,503	3,626
Accelerated Capital Allowances	27,476	6,869	5,924	1,481
RDEC	18,177	4,544	8,584	2,146
Total unrecognised deferred tax asset	757,303	189,326	624,626	156,156

R&D tax credit recoverable

See note 14 of the consolidated financial statements for information on R&D tax credit recoverable.

12. Derivative financial assets and liabilities

See note 22 of the consolidated financial statements for information on derivative financial instruments.

13. Trade and other payables

	2023 £000	2022 £000
Trade payables	23,608	21,196
Share-based payments	504	460
Payroll taxation and social security	3,119	2,384
Accruals	25,392	28,203
Contract liabilities	10,685	14,076
Intercompany	5,120	31,011
	68,428	97,330

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair value.

Contract liabilities primarily relate to the performance obligations on customer contracts which were not satisfied at 31 December.

14. Loans and provisions

Loans

There were no extant loans throughout 2023, or on 31 December of the prior year. The average interest rate charged in 2022 was 3.51%, on a loan that was repaid on 8 July 2022.

	Dilapidation provisions 2023 £000	Employer taxes 2023 £000	Other 2023 £000	Total provisions 2023 £000
Provisions				
At 31 December 2022	2,043	10,358	–	12,401
Movement in provision for the year	51	(176)	290	165
Payments	–	(697)	–	(697)
At 31 December 2023	2,094	9,485	290	11,869
Current				
Current	–	5,477	290	5,767
Non-current	2,094	4,008	–	6,102
At 31 December 2023	2,094	9,485	290	11,869
Non-current				
Current	–	4,317	–	4,317
Non-current	2,043	6,041	–	8,084
At 31 December 2022	2,043	10,358	–	12,401

The dilapidation provision relates to the leased properties, representing an obligation to restore the premises to their original condition at the time the Company vacates the related properties. The provision is non-current and expected to be utilised between two and 21 years.

Employer's social security taxes relate to the expected employer's 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 the end of each year. The provision is accrued over the vesting period to build up to the required liability at the point it is ultimately due.

15. Lease liabilities

	2023 £000	2022 Restated * £000
Current *	2,763	2,627
Non-current *	35,838	27,524
Lease liabilities included in the statement of financial position	38,601	30,151

	2023 £000	2022 £000
Maturity analysis contractual undiscounted cash flows		
Up to one year	5,015	4,907
One to five years	26,495	20,218
Greater than five years	21,358	17,705
Total undiscounted lease liabilities at 31 December	52,868	42,830

* See note 19 for details regarding the restatement of comparatives.

Information on the associated right-of-use assets is included in note 5.

16. Share capital and share premium

See note 26 of the consolidated financial statements for information on share capital.

Notes to the Company Financial Statements continued

17. Share-based payment reserves

See note 27 of the consolidated financial statements for information on share-based payments.

18. Notes to the cash flow statements

	2023 £000	2022 £000
Cash and cash equivalents	215,587	348,106

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.

	2023 £000	2022 £000
Loss before tax	(154,905)	(88,244)
Depreciation of property, plant and equipment	14,493	13,574
Depreciation of right-of-use assets	3,273	2,833
Amortisation of intangible assets	18,482	11,428
Research and development expense tax credit	(10,157)	(7,084)
Loss on disposal of property, plant and equipment and right-of-use-assets	2,681	1,419
Foreign exchange movements	(1,507)	4,825
Interest on leases	2,069	1,240
Bank interest income	(18,743)	(5,927)
Interest expense	574	219
Movements on investment bonds	337	-
Movements on derivatives	836	(1,203)
(Write-back)/impairment of investment	(144)	2,193
Employee share benefit costs including employer's social security taxes	25,575	32,392
Share of losses in associate	228	238
Gain on sale of property	-	(18,620)
Impairment of operating assets	-	1,173
Operating cash flows before movements in working capital	(116,908)	(49,544)
Increase in receivables	890	(6,955)
Increase in inventory and assets subject to operating leases *	(32,518)	(34,454)
Increase in payables	8,050	14,642
Cash used in operations	(140,486)	(76,311)
R&D tax credit received	4,088	10,864
Net cash outflow from operating activities	(136,398)	(65,447)

* See note 19 for details regarding the restatement of comparatives.

19. Restatements

(a) Restatement of current and non-current lease liabilities

In 2023, the Company identified a misclassification of £11.0 million of non-current lease liabilities incorrectly presented as current lease liabilities in the financial statements for the year ended 31 December 2022. The misclassification has been corrected by restating the 2022 current and non-current lease liabilities line items within the 2023 financial statements as shown below. There is no effect on the total liabilities of the Company.

	2022 £000	Increase/ (decrease) £000	2022 Restated £000
Non-current liabilities			
Lease liabilities	16,531	10,993	27,524
Current liabilities			
Lease liabilities	13,620	(10,993)	2,627
Total liabilities	140,952	-	140,952

(b) 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 (£9.5 million) had been incorrectly classified in the cashflow statement within the 2022 financial statements as cash used within investing activities. Following a review of relevant accounting requirements, the Company has restated these 2022 cash outflows to be presented as cash used in operations in the 2023 financial statements. The presentation of the cash flow in 2023 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 Company.

	2022 £000	Increase/ (decrease) £000	2022 Restated £000
Cash used in operations			
Increase in inventory	(24,964)	(9,490)	(34,454)
Total cash used in operations	(66,821)	(9,490)	(76,311)
Net cash outflow from investing activities			
Purchase of property, plant and equipment	(17,548)	9,490	(8,058)
Total cash outflow from investing activities	(59,369)	9,490	(49,879)
Total cash outflow	(127,489)	-	(127,489)

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Alternative Performance Measures (APMs) and other non-statutory measures

The Group tracks a number of performance measures (KPIs) including Alternative Performance Measures (APMs) in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measures calculated and presented in accordance with IFRS or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board.

These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial statements relating to the Group, which are prepared in accordance with IFRS. The Group believes that these APMs are useful indicators of its performance. However, they may not be comparable with similarly titled measures reported by other companies due to differences in the way they are calculated.

Metric	Definition	Rationale	APM	KPI
Revenue	Revenue per financial statements	Helps evaluate growth trends, establish budgets and assess operational performance	No	No
LSRT revenue growth	LSRT revenue growth excluding EGP and COVID sequencing revenue, expressed as a percentage	Helps evaluate growth trends, establish budgets and assess operational performance	No	Yes
Underlying LSRT revenue growth on a constant currency basis	LSRT revenue growth excluding EGP and COVID sequencing revenue on a constant currency basis, expressed as a percentage	Helps evaluate growth trends, establish budgets and assess operational performance	Yes	No
COVID-19 testing revenue growth	COVID-19 testing Revenue per Group's operating segment in current year compared to prior year, expressed as a percentage	Helps evaluate growth trends, establish budgets and assess operational performance	No	No
Gross profit	Revenue less cost of sales. Cost of sales is disclosed in the consolidated statement of comprehensive income	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	No	No
Gross margin %	Gross profit divided by Revenue	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	Yes	No
LSRT Gross margin %	LSRT Gross profit divided by LSRT revenue	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies	Yes	Yes
EBITDA	Earnings for the year before income tax expense, finance income, loan interest, interest on leases, expense, depreciation of right of use assets, depreciation and amortisation	EBITDA is used as 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	Yes	No
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; iii) impairment of investment in associate iv) gain on sale of property; and v) settlement of the COVID-19 testing contract.	Adjusted EBITDA is used as 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	Yes	Yes

Alternative Performance Measures (APMs) and other non-statutory measures continued

Metric	Definition	Rationale	APM	KPI
Number of publications	The cumulative number of peer reviewed scientific publications identified through databases, including Google Scholar and PubMed, that include nanopore sequencing. Excluding review articles, book chapters, editorials, protocols, and conference proceedings. English language only.	Publications are a key indicator of the breadth and diversity of the use of nanopore sequencing in the scientific community	Yes	Yes
Active customer accounts	Active customer accounts are customers that have generated revenue in the prior 12 month period	Increasing customer numbers is a key driver of revenue and a reflection of our ability to execute effectively	Yes	No
Women in senior leadership roles	The proportion of women in leadership roles globally, including women on the Board, Operating Committee and direct reports to members of the Operating Committee (excluding admin support)	Nurturing a diverse and inclusive culture drives our growth as a business.	Yes	Yes
Adjusted research and development expenses	Research and development expenses adjusted for employer's social security taxes on pre-IPO shares	Adjusted research and development is a measure that shows the underlying R&D expenditure	Yes	No
Adjusted R&D expenses and capitalised development costs	Adjusted research and development expenses after removing amortisation and further adjusting for capitalising of development costs	Adjusted research and development and capitalised development costs is an additional measure that shows the underlying R&D expenditure	Yes	No
Adjusted selling, general and administrative expenses	Selling, general and administrative expenses after adjusting for share-based payments expense (Founder LTIP) and employer's social security taxes on Founder LTIP and pre-IPO share awards	Adjusted research and development is a measure that shows the underlying selling, general and administrative expenses	Yes	No
Cash and cash equivalents and other liquid investments	The 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, treasury deposits which comprise deposits held with banks that do not meet the IAS 7 definition of a cash equivalent and investment bonds	Cash, cash equivalents and other liquid investments is a measure that shows the underlying cash reserves	Yes	No

Glossary

Term	Definition	Term	Definition
ABP	Annual Bonus Plan	GDPR	General Data Protection Regulation
AEM	All-Employee Meetings	GHG	Greenhouse gas
AGM	Annual General Meeting	GISAID	Global Initiative on Sharing Avian Influenza Data
AI	Artificial intelligence	GPUs	Graphics processing units
APAC	Asia Pacific region	HLA	Human Leukocyte Antigen
APMs	Alternative Performance Measures	HR	Human Resources
ASIC	Application-specific integrated circuit	H&S	Health & Safety
B2C	Business to consumer	IASB	International Accounting Standards Board
BCP	Business Continuity Plan	IFRS	International Financial Reporting Standards
BPS	Basis points	INDEL	Insertion or detection of nucleotides
CAGR	Compound annual growth rate	IP	Intellectual Property
CARD	Center for Alzheimer's and Related Dementias	IPO	Initial public offering
CDC	Centers for Disease Control and Prevention	ISO	International Organization for Standardization
CEO	Chief Executive Officer	IT	Information Technology
CFO	Chief Financial Officer	KPIs	Key Performance Indicators
CNS	Central nervous system	LAT	Limited Anti-Takeover
CODM	Chief Operating decision maker	LSRT	Life Science Research Tools
COO	Chief Operating Officer	LTIP	Long Term Incentive Plan
CSO	Chief Strategy Officer	MAP	MinION Access Programme
CTC	Configuration Test Cells	MHFA	Mental Health First Aid
CTI&PO	Chief Technology, Innovation and Product Officer	NASDAQ	National Association of Securities Dealers Automated Quotations
DHSC	Department of Health and Social Care	NEDs	Non-Executive Directors
DNA	Deoxyribonucleic acid	NGS	Next Generation Sequencing
DPO	Data Protection Officer	NomCo	Nomination Committee
DR-TB	Drug-resistant tuberculosis	NCM	Nanopore Community Meetings
DTA	Deferred tax asset	NIH	National Institutes of Health
DTC	Direct-to-consumer	NZE	Net Zero Emissions
EAP	Employee Assistance Programme	OCI	Other comprehensive income
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation	OND	Oxford Nanopore Diagnostics
ECL	Expected credit loss	OpCo	Operating Committee
ED&I	Equality, Diversity & Inclusion	PCR	Polymerase chain reaction
EGP	Emirati Genome Program	PRUs	Principal Risks and Uncertainties
EHS	Environment, Health & Safety	QC	Quality controlled
EMEA	Europe, the Middle East, Africa and India	QMS	Quality Management System
ERM	Environmental Resources Management	R&D	Research & Development
ESG	Environmental, social and governance	RemCo	Remuneration Committee
FAS	Field Application Scientist	RDEC	Research and Development Expenditure Credit
FCA	Financial Conduct Authority	RRIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences
FPGAs	Field Programmable Gate Arrays	RNA	Ribonucleic acid
FPP	Financial Position and Prospects	SASB	Sustainable Accounting Standards Board
FRC	Financial Reporting Council	SBTi	Science Based Targets initiative
FTC	Federal Trade Commission	SBS	Sequencing by synthesis
FTE	Full-Time Equivalent	SDGs	Sustainable Development Goals
FTSE	Financial Times Stock Exchange	SEC	Securities and Exchange Commission
FVOCI	Fair value through other comprehensive income	SFM	Short Fragment Mode
Gb	Gigabyte		

Glossary continued

Term	Definition
SG&A	Selling, general and administrative expenses
SIP	Share Incentive Plan
SKU	Stock-keeping unit
SMEs	Small and medium-sized enterprises
SNP	Single Nucleotide Polymorphism
SNV	Single nucleotide variant
SSD	Solid-state drives
STEM	Science, technology, engineering, and mathematics
STEPS	The Stated Policies Scenario
STR	Short tandem repeat
SV	Structural variant
SVP	Senior Vice President
TAM	Total Addressable Market
TB	Tuberculosis
TCFD	Task Force on Climate-related Financial Disclosures
TOSP	The Oxford Science Park
TSR	Total Shareholder Return
UAE	United Arab Emirates
UCSF	University of California San Francisco
UEL	Useful Economic Life
UN	United Nations
Underlying revenue	LSRT revenue excluding revenue from the EGP and COVID sequencing
USD	United States Dollars
ViA	Values in Action
VP	Vice President
WHO	World Health Organization

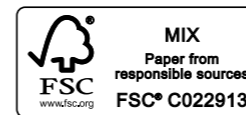
Company information

Directors	Wendy Becker Nicholas Keher Timothy Cowper Sarah Gordon Wild Dr Guy Harmelin Adrian Hennah John O'Higgins Dr Gurdial (Gordon) Sanghera Duncan Tatton-Brown Heather Preston Sarah Fortune Katherine (Kate) Priestman Dr James (Spike) Willcocks	Independent auditors	Deloitte LLP 2 New Street Square London EC4A 3BZ
Company secretary	Hannah Coote	Solicitors	Slaughter & May One Bunhill Row London EC1Y 8YY
Registered number	05386273	Brokers	J. P. Morgan Securities plc 25 Bank Street London EC1Y 8YY Citigroup Global Markets Limited Citigroup Centre Canada Square Canary Wharf London E14 5LB
Registered office	Gosling Building Edmund Halley Road Oxford Science Park Oxford Oxfordshire OX4 4DQ	Registrar	Equiniti Limited Aspect House Spencer Road Lancing BN99 6DA

Forward-looking statements

This report 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, the COVID-19 pandemic, delays in our receipt of components or our delivery of products to our customers, suspensions of large projects and/or acceleration of large products or accelerated adoption of pathogen surveillance. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements.

Notes



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Oxford Headquarters

Gosling Building
Edmund Halley Road
Oxford Science Park
OX4 4DQ, UK