

13 September 2022

Oxford Nanopore Technologies plc

Interim results for the six months ended 30 June 2022

Strong growth in core LSRT business; re-affirming full year guidance

Oxford Nanopore Technologies plc (LSE: ONT) ("Oxford Nanopore" or the "Group"), the company behind a new generation of molecular sensing technology based on nanopores, today announces its interim results¹ for the six months ended 30 June 2022.

Summary financial performance

£ million Unless otherwise stated	HY 2022	HY 2021	Change reported
Revenue	122.3	59.0	+107%
Life Science Research Tools (LSRT) revenue	70.6	52.6	+34%
Non-recurring COVID-19 testing revenue ²	51.8	6.4	+709%
Gross profit	78.0	30.2	+158%
Gross margin	63.7%	51.2%	+12.5pts
LSRT Gross margin	54.8%	51.1%	+3.7pts
Adjusted EBITDA³	(34.6)	(19.2)	(15.4)
Loss for the period	(30.2)	(44.8)	14.6

Financial highlights; strong underlying revenue growth in core business

- LSRT revenue increased by 34% to £70.6 million, (HY2021: £52.6million), primarily driven by increasing customer numbers, across a breadth of applications and growth in consumables sales, which includes higher than anticipated contribution from COVID-19 sequencing.
- Excluding the impact of FX, revenue from COVID-19 sequencing and revenue from the Emirati Genome Program (EGP), LSRT revenue grew by approximately 30% year-on-year.
- Group revenue increased to £122.3 million (HY2021: £59.0 million), reflecting an £18.0 million increase in LSRT revenue and non-recurring revenue of £51.8 million following the conclusion of the Group's COVID-19 testing contract with the Department of Health and Social Care (DHSC), as previously announced.
- LSRT Gross profit margin increased to 54.8% (HY2021: 51.1%), predominantly driven by automation, recycling of electronic components and improvements in manufacturing techniques.
- Adjusted EBITDA loss of £(34.6) million (HY2021: £(19.2) million); higher LSRT Gross profit offset by increased operating expenses, reflecting investment in commercial and marketing teams, to support long term sustainable growth.
- Reduction in Loss for the period to £(30.2) million (HY2021: £(44.8) million), driven by the higher LSRT Gross profit, the settlement of the DHSC contract and the decrease in the provision for employers social security taxes on pre-IPO share awards, partly offset by higher operating expenses.

¹ Certain numerical figures included herein have been rounded. Therefore, discrepancies in between totals and the sums may occur due to such rounding.

² Non-recurring revenue following the conclusion of the COVID-19 testing contract with the DHSC.

³ Adjusted EBITDA is the EBITDA adjusted for i) Share-based payment expense on founder LTIP ii) Employers' social security taxes on pre-IPO awards, iii) Revenue and expenses associated with the settlement of the COVID-19 testing contract with the DHSC and iv) impairment of investment in associate – see note 4(b).

- Cash and cash equivalents and Treasury deposits of £602.6 million⁴, compared to £618.2 million as of 31 December 2021.

Business highlights

Continued innovation driving sustainable growth

- Introduction of “best of both” sequencing chemistry, combining the latest R10.4.1 flow cells with the latest Kit 14 to deliver high-accuracy, high-output sequencing data, achieving 99.6% accurate single molecule raw-read simplex data and 99.92% duplex data, with tunable runs for further flexibility and optimisation.
- First early access shipments of the palm-sized PromethION 2 (P2) solo device, a high output, low cost nanopore sequencer, designed to make high-throughput sequencing more accessible.
- Release of Remora, a tool to enable real time, high-accuracy epigenetic insights with nanopore sequencing, making Oxford Nanopore the most comprehensive technology for characterising methylation.
- Release of Short Fragment Mode to enable nanopore sequencing of fragments as short as 20 bases; only technology on the market capable of directly sequencing short to ultra-long reads in a single technology.

Continued growth in customers and scientific impact

- Continued increase in the user base and utilisation of nanopore sequencing in life science research; an increase of 990 active customer accounts in the period, taking total active accounts to more than 7,300⁵ at 30 June 2022.
- More than 3,500 papers published by the Nanopore community to date⁶ (31 December 2021: 2,466), highlighting applications across a number of scientific research areas including human, cancer, animal, plant, pathogen and environmental genomics.

Investment in people to support growth strategy

- Increased global headcount to more than 900 (31 December 2021: 803), including key hires in senior sales, marketing and support leadership.
- Duncan Tatton-Brown appointed as Non-executive Chairman, adding extensive experience as an executive and Non-Executive Director of FTSE companies.

Financial guidance

Trading year to date is in line with expectations and the Group continues to expect full year 2022 LSRT revenue to be in the range of £145 million to £160 million, reflecting growth and diversification of the user base.

Full year 2022 revenue guidance accounts for an expected tapering of COVID-19 sequencing revenue in the second half of 2022 and expected Emirati Genome Program (EGP) revenue of £15 million to £20 million, lower than previously anticipated.

All other guidance remains unchanged. Further details on page 7.

Gordon Sanghera, Chief Executive Officer, commented:

“Oxford Nanopore continues to make significant progress, with another period of strong growth in core revenue. We are seeing increasing demand around the world for our unique offering and are hugely proud of the new ground that our customers are breaking with the aid of our technology, in areas spanning population genomics, viral surveillance, neurological disorders, cancer and environmental conservation.

“This breadth underlines the scale of the opportunity we see ahead, as we seek to enable the analysis of anything, by anyone, anywhere. We have a clear strategy to achieve this mission and I’m delighted with what we’ve achieved over the last six months: we have continued to invest in innovation, further enhancing the performance and accessibility of our technology; we have further scaled our

⁴ Cash and cash equivalents of £471.6 million and Treasury deposits of £131.0 million.

⁵ Customers that have been active on a rolling 12-month basis to 30 June 2022.

⁶ Cumulative publications as at 6 September 2022

commercial team and manufacturing processes to meet growing demand and are pleased to see our focus on innovative and sustainable manufacturing driving increasing margins.

“While we remain mindful of the macroeconomic environment, this progress, coupled with our strong balance sheet, gives us confidence as we look ahead.”

Presentation of results

Management will host a conference call and webcast today at 12:00pm GMT/ 7:00am ET. For details, and to register, please visit <https://nanoporetech.com/about-us/investors/reports>. The webcast will be recorded and a replay will be available via the same link shortly after the presentation.

For further details please contact oxfordnanoporetechnologies@tulchangroup.com.

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About Oxford Nanopore Technologies plc:

Oxford Nanopore Technologies' goal is to bring the widest benefits to society through enabling the analysis of anything, by anyone, anywhere. The company has developed a new generation of nanopore-based sensing technology that is currently used for real-time, high-performance, accessible, and scalable analysis of DNA and RNA. The technology is used in more than 120 countries, to understand the biology of humans, plants, animals, bacteria, viruses and environments as well as to understand diseases such as cancer. Oxford Nanopore's technology also has the potential to provide broad, high impact, rapid insights in a number of areas including healthcare, food and agriculture.

For more information please visit: www.nanoporetech.com

Forward-looking statements

This announcement contains certain forward-looking statements. For example, statements regarding expected revenue growth and profit margins are forward-looking statements. Phrases such as "aim", "plan", "expect", "intend", "anticipate", "believe", "estimate", "target", and similar expressions of a future or forward-looking nature should also be considered forward-looking statements. Forward-looking statements address our expected future business and financial performance and financial condition, and by definition address matters that are, to different degrees, uncertain. Our results could be affected by macroeconomic conditions, 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.

Business Review⁷

Performance summary

The Group delivered strong performance in the first half of 2022. Revenue in our core Life Science Research Tools (LSRT) business grew 34% year-on-year on a reported basis. Excluding the impact of FX, revenue from COVID-19 sequencing and revenue from the Emirati Genome Program (EGP), LSRT revenue grew by approximately 30%. This growth stems from our diverse user base, of over 7,300 active customer accounts, an increase of over 990 active customers⁸.

The continued increase in the user base and utilisation of nanopore sequencing was reflected in a 36% year-on-year increase in consumables revenue, which accounted for 67% of LSRT revenue in the period. From a customer group perspective, the S2 and S3 groups⁹ were other core drivers of LSRT revenue growth. S3 revenue, excluding EGP, increased by 94% year-on-year to £18.8 million and revenue from the S2 customer group increased by 36% year-on-year to £24.4 million.

Total revenue in the period increased to £122.3 million, reflecting growth in LSRT revenue and non-recurring revenue of £51.8 million following the conclusion of our COVID-19 testing contract with the Department of Health and Social Care (DHSC) in March 2022.

LSRT gross margin increased by 3.7pts year-on-year to 54.8%, predominantly driven by automation, improvements in manufacturing techniques and the recycling of electronic components in our hardware and consumables.

For LSRT at a regional level, we delivered 56% growth in the Americas and 34% growth in Europe, reflecting our increased commercial capacity in these regions. APAC¹⁰ revenue increased by 79%, driven by strong growth in China. UAE revenue declined by 33%, reflecting a £4.0 million decrease in revenue from the EGP, in part due to phasing of flow cell delivery in the fourth quarter of 2021, which was previously expected in the first quarter of 2022.

Loss for the period was £30.2 million, a decrease of £14.6 million compared to the prior half year period. At 30 June 2022, cash and cash equivalents and treasury deposits totalled £602.6 million, compared to £618.2 million at 31 December 2021.

Our mission

Our mission is to bring the widest benefits to society through enabling the analysis of anything, by anyone, anywhere. We believe that we can enable greater democratisation of access to biological information with our disruptive technology platform and highly differentiated business model.

The reach and application of our products continues to expand in places and ways not previously conceivable, addressing some of the most pressing local and global issues in human health and environmental sciences.

We continue to see a rapid increase in the number of publications citing our technology. More than 3,500 papers have been published by the Nanopore community to date¹¹, up from 2,466 at 31 December 2021. These publications highlight the diversity of research applications that our technology is currently supporting from environmental conservation projects to human genetics, neurological disorders, rare disease and cancer. These landmark publications lay a strong foundation for continued growth as users turn these discoveries into everyday tools.

⁷ In this section, all growth rates are year-on-year unless otherwise stated

⁸ Active customers are defined as customers that have been active over a 12-month period. The number of active customers for the rolling 12-month period ended 30 June 2022 was over 990 higher than the rolling 12-month period ended 31 December 2021.

⁹ S2 customers generate revenue between \$25,000 and \$250,000 per year per account and S3 customers generate revenue over \$250,000 per year per account.

¹⁰ Including China and Japan

¹¹ As at 6 September 2022

Execution against our strategy

Execution and delivery of our innovation pipeline

Our commitment to continuous innovation is central to our strategy for growth. In the first half of 2022 we continued to drive performance improvement through new product releases, including the early access release of Kit 14 and flow cells containing the new R10.4.1 nanopore. The move to R10.4.1 and Kit 14 chemistry combines the very high accuracy of Kit 12 and the high output of R9.4.1 flow cells and older chemistries, to deliver high-accuracy, high-output sequencing data. These upgrades allow users to achieve 99.6% accurate single molecule raw-read simplex data and 99.92% duplex data with tunable runs for further flexibility and optimisation.

In line with our mission to make DNA sequencing accessible to anyone, anywhere, we expanded our device range with the first early access shipments of the PromethION 2 (P2) solo device. The P2 solo is designed to make high-throughput sequencing more accessible to users with lower sample processing requirements. The P2 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 the first six months of the year, we released Short Fragment Mode (SFM) to enable nanopore sequencing of fragments as short as 20 bases. This latest release enables users to generate highly accurate information-rich data, in real time, on any molecule from 20 bases to millions of bases long, making Oxford Nanopore the only company capable of directly sequencing short to ultra-long reads in a single technology.

SFM will enable customers to deploy nanopore sequencing in exciting areas such as liquid biopsy research, while benefitting from our existing capabilities, such as: highly scalable outputs, amplification-bias free workflows and the detection of methylation without additional preparation.

During the period, we further enhanced our ability to deliver richer data with the release and integration of Remora, a tool to enable high-quality, real-time methylation analysis at no extra cost.

Methylation detection has traditionally been done using short-read bisulphite sequencing. Whilst this method led to the initial discovery of methylation sites, it also has limitations and increases the cost and complexity of sequencing, owing to the requirement to repeat the run for essential comparison. Additionally, bisulphite sequencing cannot easily differentiate between methylation types such as 5mC and 5hmC, or other types of modification.

In contrast, nanopore sequencing does not require additional, complex sample preparation and epigenetic modification analysis can be performed across the whole genome during the experiment, without the need for additional toxic chemistry. Using Remora, nanopore sequencing can also differentiate between modifications such as 5mC and 5hmC and other novel modifications, ensuring a complete methylation picture from a single experiment, significantly more methylation events than detected by bisulphite and with a simpler experimental process. Oxford Nanopore is now the most comprehensive technology for characterising methylation, achieving 99.8% accuracy for 5mC in CpG contexts.

Manufacturing scale-up to meet increasing demand

Our commitment to innovation extends to our in-house developed manufacturing processes. This production model delivers low-cost, high-volume manufacturing capabilities for our sequencing platforms, kits and flow cells. The production model is a mix of internally and/or externally manufactured components that are assembled, quality controlled (QC), packaged and shipped from our UK site.

We continue to invest in scaling-up the manufacturing operations and the supporting supply chain to ensure that production volumes can be scaled rapidly when required. In the first half of 2022, we separated our tech transfer operation from production, for greater resilience.

Like many businesses, we experienced strains on our supply chain this year, with increasing costs of product supplies, particularly generic electronic components. We continue to plan ahead to meet our future growth needs by working closely with suppliers and maintaining high levels of inventory.

Despite a challenging macroeconomic backdrop, LSRT gross margin increased to 54.8% in the period, reflecting increased automation, improvements in manufacturing techniques and the recycling of electronic components in our hardware and consumables.

Differentiated commercial strategy driving uptake and utilisation

We have developed a highly differentiated commercial model in order to ensure early adoption of our products. Our 'capital free' go-to-market strategy is designed to break down traditional barriers to entry. Customers are offered 'Starter Packs' of consumables, which come with the provision of the device at no extra cost, removing the need to purchase or rent equipment in order to start using the technology. We also offer a CapEx alternative for those customers who have funding for traditional systems and restrictive spending of this funding.

In the first half of 2022, revenue increased in all three of our customer groups (S1, S2 and S3), driven by the deployment and execution of our innovation pipeline and expanding commercial capacity. We continue to make good progress on the commitment we made to double our commercial team in the 18 months following the IPO. As at 30 June 2022, commercial team headcount had increased by approximately 60% since 30 June 2021.

Our S1 customers generate revenue up to \$25,000 per year per account. These are typically MinION users that are key to providing new insights in biology, exploiting the unique richness and rapidity of nanopore sequence data, or everyday users of sequencing technology for routine analyses. We drive sales in this customer group primarily through digital marketing. Customers in this group tend to purchase our technology, using our digital resources and e-commerce platform or, more recently, through our global distributor, Avantor. The total number of active customer accounts in this group reached 6,350 at 30 June 2022¹² (5,501 for FY2021). Revenue in S1 group increased by 16% in the first half of 2022, compared to the prior year period.

Our S2 customers generate between \$25,000 and \$250,000 per year per account and are predominantly GridION users. These customers are often experienced users of genomics technology, typically research teams or smaller university departments. In some cases, these customers have an existing sequencing platform and are taking their first steps into nanopore based sequencing, to add greater biological value to their projects or services. In other cases, these are accounts that do not have access to large capital budgets, typically sending samples out to service providers. These customers benefit from our affordable, plug- and-play platforms to generate real-time sequencing data as part of their workflow.

The S2 category was a key driver of revenue growth in the period. Total active customer accounts in this group reached 912 at 30 June 2022¹³ (782 for FY2021). Revenue in the S2 group increased by 36% in the first half of 2022, compared to the prior year period. Looking ahead, we expect our P2 devices to be a key growth driver for our S2 group, creating new user types for high-output sequencing.

Our S3 customers generate revenue greater than \$250,000 per year per account. These customers are typically the established large, centralised sequencing researchers and service providers. Our growth in this group is driven by our PromethION 24 and 48 devices. A key part of this market is Population Genomics where thousands of samples are sequenced for novel insights at scale. We have key partnerships with customers including G42 in the EGP, and other high-throughput human genomics projects including Genomics England with a cancer screening project, and National Institutes of Health (NIH) in the USA, which are using our information-rich data at scale for neurodegenerative screening.

The total number of active accounts in this group reached 69 at 30 June 2022¹⁴ (56 for FY2021). Revenue in the S3 group, excluding EGP, increased by 94% in the first half of 2022, compared to the prior year period. Strong underlying growth in a diverse range of S3 customers was offset by a £4.0

¹² Based on a rolling 12-month period

¹³ Based on a rolling 12-month period.

¹⁴ Based on a rolling 12-month period

million decline in revenue from the EGP compared to the prior year period. This was due in part to the phasing of flow cell delivery in the fourth quarter of 2021, previously expected in the first quarter of 2022.

Outlook and guidance

We remain focused on our mission 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.

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. In the near term, we remain strategically focused on driving growth in our core LSRT business and continue to expect our S2 and S3 customer groups to be key drivers of revenue growth in 2022 and 2023.

The current macroeconomic environment remains challenging and we continue to work closely with our key suppliers to mitigate future risks to supply.

Guidance

Trading year to date is in line with expectations and we continue to expect full year 2022 LSRT revenue to be in the range of £145 million to £160 million.

Full year 2022 LSRT revenue guidance accounts for an expected tapering of COVID-19 sequencing revenue in the second half of 2022 and expected EGP revenue of £15 million to £20 million, lower than previously anticipated. Full year 2022 revenue reflects the continued growth and diversification of the broader user base.

Over the medium term, we continue to anticipate revenue growth at a compound annual growth rate of more than 30% and gross margins greater than 65%.

In the shorter term, we remain vigilant regarding the current macroeconomic environment. For full year 2023 we continue to expect LSRT revenue to be in the range of £190 million to £220 million. Our full year 2023 gross margin target of greater than 60% also remains unchanged.

The Company is in a strong financial position, with £602.6 million of cash and cash equivalents and treasury deposits at 30 June 2022. We are still targeting a breakeven adjusted EBITDA by 2026.

Financial review¹⁵

Delivering top-line growth

In HY22, we delivered strong financial results, with £122.3 million of total revenue. This includes a 34% increase in our core LSRT revenue to £70.6 million (HY21: £52.6 million) and £51.8 million from COVID-19 testing (HY21: £6.4 million).

Results – at a glance

£million	HY22	HY21	Change
Revenue			
LSRT revenue	70.6	52.6	+34%
COVID-19 testing revenue	51.8	6.4	+709%
Total revenue	122.3	59.0	+107%
Gross profit	78.0	30.2	+158%
Gross margin (%)	63.7%	51.2%	+12.5pts
Adjusted operating loss	(45.9)	(31.0)	(14.9)
Adjusted EBITDA	(34.6)	(19.2)	(15.4)
Loss for the period	(30.2)	(44.8)	14.6

£million	30 June 2022	31 December 2021	Change
Cash and Cash Equivalents and Treasury deposits	602.6	618.2	(3)%

Revenue grew by 107% from £59.0m to £122.3m. The principal drivers of the growth related to:

- 34% growth in LSRT revenue from £52.6m to £70.6m, driven by both increasing customer numbers and growth in consumables sales; and
- The contractual settlement with the DHSC on 31 March 2022, in relation to a COVID-19 testing contract, resulting in £51.8 million of non-recurring COVID-19 testing revenue in the period.

All prices are available to view on our online store <https://store.nanoporetech.com>.

Revenue by LSRT customer group & operating segment is shown below:

£million	HY22	HY21	% Change
S1	14.0	12.1	+16%
S2	24.4	18.0	+36%
S3	24.6	19.5	+26%
Indirect	7.5	3.0	+150%
Total LSRT revenue	70.6	52.6	+34%
COVID-19 testing revenue	51.8	6.4	+709%
Total revenue	122.3	59.0	+107%

Our growth in LSRT revenue in the first half of 2022 reflects our continued strategy of growing the numbers of customers, as well as increasing the spend of customers in the larger S2 and S3 customer groups.

¹⁵ Certain numerical figures included herein have been rounded. Therefore, discrepancies in between totals and the sums may occur due to such rounding.

Looking at our S1 customers which comprise our core user base, total revenues for the period were £14.0 million, representing growth of 16%. These direct sales include the revenues from our new long term distribution partnership with Avantor.

The S2 customer group revenue in HY22 was £24.4 million, growth of 36% compared to HY21, broadly in line with the overall growth rate.

Revenue from our S3 customer group grew by 26% compared to HY21. This is despite a decline on EGP revenue from £9.8 million in HY21 to £5.8 million in HY22, in part to the phasing of flow cell delivery in the fourth quarter of 2021 previously expected in the first quarter of 2022. Excluding EGP, the revenue in HY22 was £18.8 million (HY21: £9.7 million), representing significant growth of 94%.

Indirect sales in the period grew significantly, representing sales through distributors in particular to certain parts of China, South Korea and India.

Geographical trends

The Group aims to make its technology available to a broad range of scientific users, and currently supports users in more than 120 countries. In some territories the Group works with distributors to achieve or enhance its own commercial presence.

In HY22, the Group experienced significant growth in all territories compared to HY21, except for the United Arab Emirates. The revenue in this region is dominated by the EGP, which as discussed above was £4.0 million lower in HY22 compared to HY21.

£million	HY22	HY21	% Change
Americas	23.3	14.9	+56%
Europe & United Kingdom	21.4	16.0	+34%
China	8.5	3.8	+124%
United Arab Emirates	6.9	10.3	-33%
Asia Pacific and Japan	7.8	5.3	+47%
Emerging markets	2.7	2.3	+17%
Total LSRT revenue	70.6	52.6	+34%

Our **Gross profit** increased to £78.0 million (HY21: £30.2 million), an increase of 158%, which has been positively impacted by the settlement with DHSC, net of impairment of associated inventory.

%	HY22	HY21	Change
LSRT Gross margin %	54.8%	51.1%	+3.7pts

LSRT gross margin improved from 51.1% in HY21, to 54.8% in HY22. This is in line with expectations and driven by automation, improvements in manufacturing techniques and recycling of electronic components in our hardware and consumables. LSRT Gross profit contribution in HY22 was £38.7 million, a growth of 44% from £26.9 million in HY21.

Our **Adjusted operating loss** increased to £(45.9) million from a loss of £(31.9) million in HY21.

£million	HY22 Reported	1	2	3	Sub total	HY22 Adjusted
Revenue	122.3	-	-	(51.8)	(51.8)	70.6
Gross profit	78.0	-	-	(39.3)	(39.3)	38.7
Research and development expenses	(25.2)	-	(9.4)	-	(9.4)	(34.6)
Selling, general and administrative expenses	(75.7)	35.4	(11.0)	1.4	25.8	(49.9)
Operating expenses	(100.9)	35.4	(20.4)	1.4	16.4	(84.5)
Loss from operations	(23.0)	35.4	(20.4)	(37.9)	(22.9)	(45.9)

£million	HY21 Reported	1	2	3	Sub total	HY21 Adjusted
Revenue	59.0	-	-	-	-	59.0
Gross profit	30.2	-	-	-	-	30.2
Research and development expenses	(30.6)	-	6.4	-	6.4	(24.2)
Selling, general and administrative expenses	(42.8)	0.9	4.0	-	4.9	(37.9)
Operating expenses	(73.4)	0.9	10.4	-	11.3	(62.1)
Loss from operations	(43.2)	0.9	10.4	-	11.3	(31.9)

Adjusting items include:

1. Share-based payment expense on founder Long Term Incentive Plan (LTIP)
2. Employers' social security taxes on pre-IPO share awards
3. Revenue and costs associated with the settlement of the COVID-19 testing contract with DHSC

Operating expenses increased by 37% to £100.9 million (HY21: £73.4 million). Excluding the adjusted items shown in the above table, the underlying operating expenses increased by 38% to £84.5 million (HY21: £61.2 million).

Impact of headcount

Average headcount (FTEs)	HY22	HY21	% Change
Research and development	358	267	+34%
Production	150	116	+29%
Selling, general & administration	358	260	+38%
Total	866	643	+35%

In HY22, the Group increased its average number of employees by 35% from HY21. This increase was across all departments and functions, but particularly in the commercial and marketing teams.

The Group invested in bringing onboard new research and development staff to support the research phase into early product release across its disruptive platform. Our research and development teams work on fundamental research for novel sensing applications, membrane chemistry, sequencing chemistry, nanopores, enzymes, algorithms, software electronics and arrays to deliver future platforms and improvement on current products. As a result, high calibre scientists and researchers have been attracted to join the company with the goal to realise Oxford Nanopore's vision.

As the Group's manufacturing expanded to cater for increased demand from a growing client base a significant number of staff were added to production, covering all manufacturing stages and processes. The ability of the Group's manufacturing facilities to support modular expansion made it easy to grow the production teams without facing any problems.

The largest increase in the Group's average headcount took place in the selling, general and administration functions including legal functions and corporate executives. The significant expansion of the commercial teams in key geographic regions supports the Group's business growth objectives

globally. In addition, the investment in in-field and customer support teams was necessary to maintain and increase customer loyalty and customer retention. The increased investment in IT and building facilities, including laboratories, was catalytic in supporting the Group's innovation engine.

Operational expenditure

The Group's total operating expenses increased by £27.5 million, or 37% from £73.4 million in HY21 to £100.9 million in HY22:

£million	HY22	HY21	% Change
Research and development expenses	25.2	30.6	(17)%
Selling, general & administrative expenses	75.7	42.8	+77%
Total operating expenses	100.9	73.4	+37%

The operating expenses as reported under IFRS are significantly impacted by the following:

- Share based payment charge on founder LTIPs
- Employers' social security taxes on pre-IPO share awards

We have adjusted for these items as well as operating costs associated with the settlement of the COVID-19 testing contract with the DHSC to show the underlying operating expenses of the business.

Research and development expenses

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

In HY22 total Adjusted Research and development expenditure plus capitalisation of development costs increased by 53% to £43.6 million, compared to HY21 (£28.5 million).

£million	HY22	HY21	% Change
Adjusted Research and development expenses ¹⁶	34.6	24.2	+43%
Capitalised development expenses	9.0	4.3	+109%
Total R&D and capitalised development expenses	43.6	28.5	+53%
Adjusting items:			
Employers' social security taxes on pre-IPO share awards	(9.4)	6.4	
Less:			
Capitalised development expenses	(9.0)	(4.3)	
Research and development expenses (as reported)	25.2	30.6	(18)%

This increase in Adjusted Research and development expenses was principally due:

- to a 34% increase in average headcount coupled with inflationary pressures of salaries; and
- an increase in materials and infrastructure costs associated with the increase in headcount e.g. IT spend, supporting long term sustainability.

The provision for Employers' social security taxes on pre-IPO shares decreased in HY22 because of a downward movement in the share price from 31 December 2021, resulting in a credit to the income statement of £9.4 million.

Capitalised development expenses increased by £4.7 million to £9.0 million in HY22, due primarily to significant work undertaken to support our key focus of achieving Q20+ accuracy as well as the development of our PromethION marathon flow cells.

¹⁶ See Adjusted operating loss table

Selling, general and administration costs

	HY22	HY21	% Change
Adjusted Selling, general and administrative expenses ¹⁷	49.9	37.9	+32%
Adjusting items:			
Share based payments expense on Founder LTIP	35.4	0.9	
Employers' social security taxes on pre-IPO share awards	(11.0)	4.0	
Expenses associated with the settlement of the COVID-19 testing contract with DHSC	1.4	-	
Selling, general and administrative expenses (as reported)	75.7	42.8	+77%

The Group's Adjusted Selling, general and administrative expenses increased by £12.0 million in HY22 to £49.9 million, principally due to:

- a 40% increase in average headcount of staff within the Group's sales, marketing and distribution functions and salary increases to align to listed company pay and inflationary pressure on salaries. This is in line with our plan to expand our global sales team;
- increasing sales, marketing and travel spend increase due to more face-to-face meetings;
- a 26% increase in average headcount of staff within the Group's HR, finance, central administration, legal, applied functions and certain corporate executives to support business growth and salary increases to align to listed company pay;
- an increase in infrastructure costs associated with the increase in headcount and the costs of being a public listed company;
- an increase in depreciation of £1.3 million to £5.6 million¹⁸ in HY22; and
- an increase in amortisation of £1.5 million to £6.1 million in HY22.

Total share-based payment charge included in Selling, general and administrative expenses increased by £36.4million in HY22 compared to HY21, primarily driven by an increase in the Founder LTIP charge (an increase of £34.5 million on HY21). The provision for Employers' social security taxes on pre-IPO shares decreased in HY22 because of a downward movement in the share price from 31 December 2021, resulting in a credit to the income statement of £11.0 million.

With the increasing levels of capitalised development expenses over the last few years, the subsequent amortisation charge has increased in HY22.

Adjusted EBITDA

£million	HY22	HY21
Loss for the period	(30.2)	(44.8)
Income tax expense	2.5	0.4
Finance income	(0.9)	(0.1)
Loan interest	0.1	0.1
Interest on lease	0.6	0.3
Depreciation and amortisation	16.1	12.0
EBITDA	(11.7)	(32.0)
Adjusting items:		
Share based payments expense on Founder LTIP	35.4	0.9
Employers' social security taxes on pre-IPO share awards	(20.4)	11.3
Settlement of COVID-19 testing contract	(37.9)	-
Impairment of investment in associate	-	0.5
Adjusted EBITDA	(34.6)	(19.2)

¹⁷ See Adjusted operating loss table.

¹⁸ NB Depreciation on assets held under operating leases is included in Cost of sales.

Adjusted EBITDA losses increased from £19.2 million to £34.6 million. This was primarily driven by increasing operational expenses associated with the increase in headcount and the expenses of being a public listed company, partly offset by an increase in LSRT gross profit.

Exchange gains and losses

As the Group receives a significant amount of revenue in US Dollars, we seek to reduce the exposure of the Group to fluctuations in currency by entering into a range of derivative forward contracts. During the period, the US Dollar rate increased in strength resulting in a derivative contract loss of £4.8 million (HY2021: loss of £0.2 million), presented in Other gains and losses. In the same period, assets held by the group in US Dollars strengthened in value when translated into GBP, resulting in unrealised exchange gains of £4.3 million (HY2021: loss of £0.1 million).

Balance sheet

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

- As a result of the sale and leaseback of our UK Headquarters on 8 July 2022, the Gosling Building, the asset (£15.6 million) has been reclassified from Property, Plant and Equipment to Assets held for resale within Current Assets. The loan associated with this property has also been reclassified to a current liability – see below for more details;
- Right of Use assets has increased by £8.6 million (with a similar increase in lease liabilities - £8.7 million) as a result of new properties added to the property portfolio;
- Inventory of £73.1 million at 30 June 2022 has increased by £10.0 million from £63.1 million at 31 December 2021. In particular, raw materials inventory increased by £7.4 million, as result of our policy to increase our holding of key components; and
- Provisions of £15.0 million at 30 June 2022 (31 December 2021: £35.4 million), which primarily relates to a reduction of the provision for employer social security taxes on share awards of £21.0 million, following the decrease in the share price from the end of 2021.

Cash flow

- Cash and cash equivalents of £471.6 million and treasury deposits of £131.0 million, decreased by £15.5 million over HY22, due to operating losses partially offset by increased LSRT gross profit and cash proceeds from the DHSC settlement.

Manufacturing & operations

In order to achieve our scaling up goals, we have focussed on continuous improvement ensuring that our platform can be manufactured at high volume and low cost.

As a result, we invested further in extending our manufacturing operations and the surrounding supply chain, with the aim of improving manufacturing automation, manufacturing processes and design. We will continue to bring manufacturing in-house over time to increase margins and to reduce associated risks and costs.

In the first half of 2022 the Group managed to expand production despite a challenging situation in the current macro-economic environment. We continue to work closely with our suppliers to mitigate future risks to supply.

Events after the reporting date

On 8 July 2022, Oxford Nanopore completed the sale of its interest in the Gosling Building (the "Property") to The Oxford Science Park (Properties) Limited ("TOSP") for £42.5 million. On completion of the sale, TOSP has immediately granted Oxford Nanopore an occupational lease of the Property for 10 years; at a rent of £1.8 million per annum. The transaction is expected to have resulted in a reduction in PPE by approximately £15.6 million and gain on sale of rights transferred amounting to £18.6 million. The bank loan of £9.5m was discharged and a right-of-use asset and related lease liability recognised.

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		6 months to June 2022 £000	<i>6 months to June 2021 £000</i>
Revenue	4	122,348	58,951
Cost of sales		(44,394)	(28,747)
Gross profit		77,954	30,204
Research and development expenses		(25,216)	(30,602)
Selling, general and administrative expenses		(75,702)	(42,844)
Loss from operations	6	(22,964)	(43,242)
Finance income		900	60
Finance expense		(685)	(473)
Other gains and losses		(4,877)	(749)
Loss before tax		(27,626)	(44,404)
Tax expense	8	(2,549)	(426)
Loss for the year		(30,175)	(44,830)
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange gains / (losses) arising on translation on foreign operations		4,251	(96)
Other comprehensive income / (loss) for the period, net of tax		4,251	(96)
Total comprehensive loss		(25,924)	(44,926)
		2022 Pence	<i>2021 Pence</i>
Loss per share	7	4	<i>6</i>

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 £000	31 December 2021 £000
Assets			
Non-current assets			
Property, plant and equipment	9	32,389	47,232
Intangible assets	10	25,099	23,004
Investments in associates	11	234	257
Right-of-use assets		23,306	14,687
Deferred tax assets	8	7,992	6,077
		89,020	91,257
Current assets			
Inventories	12	73,095	63,071
Trade and other receivables		54,921	54,796
R&D tax credit recoverable	8	5,637	14,274
Assets held for sale	18	15,579	-
Cash and cash equivalents		471,648	487,840
Other financial assets	13	132,389	130,628
		753,269	750,609
Total assets		842,289	841,866

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	30 June 2022 £000	31 December 2021 £000
Liabilities			
Non-current liabilities			
Loans		-	9,500
Lease liabilities		19,733	12,694
Share-based payment liabilities		-	312
Provisions	14	7,948	10,339
		<u>27,681</u>	<u>32,845</u>
Current liabilities			
Liabilities directly attributable to assets held for sale	18	9,500	-
Trade and other payables		63,496	72,872
Current tax liabilities	8	691	4,418
Lease liabilities		4,223	2,610
Derivative financial liabilities		3,619	106
Provisions	14	7,003	25,039
		<u>88,532</u>	<u>105,045</u>
Total liabilities		<u>116,213</u>	<u>137,890</u>
Net assets		<u>726,076</u>	<u>703,976</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	15	82	82
Share premium reserve	15	626,058	623,760
Share-based payment reserve		142,076	96,350
Translation reserve		3,937	(314)
Accumulated deficit		(46,077)	(15,902)
TOTAL EQUITY		<u>726,076</u>	<u>703,976</u>

The notes on pages 19 to 36 form an integral part of the condensed consolidated interim financial information.

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Share capital £000	Share premium £000	Share- based payment reserve £000	Foreign exchange 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 period	-	-	-	-	(30,175)	(30,175)
Exchange gain on translation of foreign subsidiary	-	-	-	4,251	-	4,251
Total comprehensive loss for the 6 months to June 2022	-	-	-	4,251	(30,175)	(25,924)
Issue of share capital	-	2,299	-	-	-	2,299
Cost of share issue	-	(1)	-	-	-	(1)
Employee share-based payments	-	-	44,344	-	-	44,344
Current tax in relation to employee share-based payments	-	-	186	-	-	186
Deferred tax in relation to employee share-based payments	-	-	1,196	-	-	1,196
Total contributions by and distributions to owners	-	2,298	45,726	-	-	48,024
At 30 June 2022	82	626,058	142,076	3,937	(46,077)	726,076
At 1 January 2021	36	610,544	35,079	(702)	(459,023)	185,934
Loss for the period	-	-	-	-	(44,830)	(44,830)
Exchange loss on translation of foreign subsidiary	-	-	-	(96)	-	(96)
Comprehensive loss for the 6 months to June 2021	-	-	-	(96)	(44,830)	(44,926)
Issue of share capital	3	-	-	-	-	3
Premium arising on issue of equity shares	-	202,636	-	-	-	202,636
Cancellation of deferred shares	(4)	-	-	-	4	-
Share premium cancellation	-	(610,767)	-	-	610,767	-
Cost of share issue	-	(1,559)	-	-	-	(1,559)
Employee share-based payments	-	-	5,929	-	-	5,929
Deferred tax in relation to employee share-based payments	-	-	1,842	-	-	1,842
Total contributions by and distributions to owners	(1)	(409,690)	7,771	-	610,771	208,851
At 30 June 2021	35	200,854	42,850	(798)	106,918	349,859
Note	15	15	16			

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS TO 30 JUNE 2022**

	Note	30 June 2022 £000	30 June 2021 £000
Net cash inflow / (outflow) from operating activities	17	3,312	(15,128)
Investing activities			
Purchase of property, plant and equipment		(8,950)	(9,761)
Capitalisation of development costs		(8,968)	(4,256)
Interest received		932	76
Investment in other financial assets		(643)	(130,539)
Net cash outflow in investing activities		(17,629)	(144,480)
Financing activities			
Proceeds from issue of shares		2,269	202,636
Costs of share issue		(2,381)	(2,319)
Principal elements of lease payments		(1,411)	(1,271)
Interest paid		(73)	(144)
Interest paid on leases		(601)	(329)
Net cash (outflow) / inflow from financing activities		(2,197)	198,573
Net (decrease) / increase in cash and cash equivalents before foreign exchange movements		(16,514)	38,965
Effect of foreign exchange rate gains / (losses)		322	(141)
Cash and cash equivalents at beginning of period		487,840	80,863
Cash and cash equivalents at the end of period	17	471,648	119,687

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO 30 JUNE 2022

1 General information

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

The summary of results for the year ended 31 December 2021 is an extract from the published Annual Report and Financial Statements which were approved by the Board of Directors on 31 March 2022, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report on the Annual Report and Financial Statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under s498 (2) or (3) of the Companies Act 2006.

2 Significant Accounting Policies

2.1. Basis of preparation

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

The condensed interim financial statements have been prepared in accordance with the accounting policies set out in our Annual Report and Financial Statements for the year ended 31 December 2021.

2.2 Going concern

As at 30 June 2022, the Group held £602.6 million in cash and cash equivalents and treasury deposits on the Statement of Financial Position.

The going concern assessment period is the twelve months to September 2023.

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 September 2023, the going concern assessment period, and the impact of a range of severe, but plausible, scenarios, including the potential impact of any further COVID-19 restrictions and regulations. In particular, the impact of key business risks on revenue, profit and cash flow as follows:

- Reduced revenues due to customer, regulatory and R&D delays; and
- Increased costs due to the conflict in Ukraine, 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

3. **Critical accounting judgements and sources of estimation uncertainty**

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

Critical judgements in applying the Group's accounting policies

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

Judgements

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

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

Management do not have a formal timesheet process for monitoring time spent by employees on projects in their development stage. Instead, Management consults with the relevant project leaders on a regular basis to understand and estimate the time spent on projects in their development stage. When a percentage allocation has been agreed, per the estimate below, this is then applied to other, non-employee-related development costs to ensure costs are consistently and appropriately capitalised. The net book value of internally generated capitalised assets at 30 June 2022 is £24.8 million (31 December 2021: £22.6 million).

Estimates

i. *Non-Standard customer contracts*

As noted in the revenue recognition accounting policy, revenue contracts for the sale of bundled goods and services require the allocation of the total contract price to individual performance obligations based on their stand-alone selling prices. The Group occasionally enters into larger bespoke contracts which might include a clause linked to the performance of the products and options on the total units of certain consumables to be purchased under the contract. This requires Management to estimate the number of items likely to be delivered under the contract. If the estimated number of additional consumables required to fulfil the contract increased by 30%, revenue recognised to the reporting date would decrease by \$3.9 million.

Critical accounting judgements and sources of estimation uncertainty (continued)

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

Critical estimates are made in determining the capitalisation of costs in relation to the development phase of R&D projects during the period. Management capitalised development costs in relation to R&D projects based on estimating the percentage of time spent on the project by employees while the project is in its development phase. Capitalisation of R&D expenditure during the 6 months ended 30 June 2022 was £9 million (6 months ended 30 June 2021: £4.3 million). If the percentage of time spent on the projects were to change by 5% then capitalisation of development costs would have varied between £8.6 million and £9.5 million (6 months ended 30 June 2021: £4.1 million and £4.5 million).

iii. 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 as at 30 June 2022 is £73.1 million (31 December 2021: £63.1 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 were to increase by 5% the group stock value would increase by £1.2 million and the revised stock value would be £74.3 million.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

4. Segment information

	30 June 2022 £000	<i>30 June 2021 £000</i>
Category		
Sale of goods	112,123	49,127
Rendering of services	3,034	2,077
Lease income	7,191	7,747
Total revenue from contracts with customers	122,348	<i>58,951</i>

Products and services from which reportable segments derive their revenues.

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 under 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-19 Testing	In the year, the Group generated revenue from providing products for SAR-Cov-2 testing. It should be noted that its sequencing products continue to be used for the purposes of COVID genomic surveillance, including variant identification, but this is reporting within the LSRT segment.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

4. Segment information (continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies.

(a) Information about major customers

During the interim period to 30 June 2022, the Group had one major customer, the Department of Health and Social Care ("DHSC"), which represents 42% of Group revenue. Revenues from this customer were £51.8 million (2021: £5.3 million) and are reported within the Covid-19 testing segment. No other individual customer represents more than 10% of the Group's total revenue.

In the period to 30 June 2021, one customer in the United Arab Emirates represented 17.5% of Group revenue.

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment.

	LSRT	Covid-19	30 June		<i>Covid-19</i>	<i>30 June</i>
	£000	Testing	2022	<i>LSRT</i>	<i>Testing</i>	<i>2021</i>
		£000	£000	<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue						
Americas	23,321	-	23,321	14,911	5	14,916
Europe and United Kingdom	21,425	51,788	73,213	16,034	6,359	22,393
China	8,458	-	8,458	3,743	-	3,743
United Arab Emirates	6,863	-	6,863	10,329	-	10,329
Asia Pacific and Japan	7,755	-	7,755	5,324	-	5,324
Emerging markets	2,738	-	2,738	2,246	-	2,246
Total Revenue	70,560	51,788	122,348	<i>52,587</i>	<i>6,364</i>	<i>58,951</i>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

Segment information (continued)

(b) Adjusted EBITDA

Adjusted EBITDA being loss for the period before finance income, finance costs (comprising interest on the term loan facility with Barclays Bank plc (the "Term Loan Facility") and interest on leases), tax (charged)/credit, depreciation and amortisation; Share based payments (Founder LTIP), Employers social security charge on share-based payments, IPO costs expensed, settlement of the Covid-19 testing contract and impairments.

	LSRT	Covid-19	30 June		<i>Covid-19</i>	<i>30 June</i>
	£000	Testing	2022	<i>LSRT</i>	<i>Testing</i>	<i>2021</i>
		£000	£000	<i>£000</i>	<i>£000</i>	<i>£000</i>
(Loss)/Profit after tax for the period	(67,974)	37,799	(30,175)	<i>(46,491)</i>	<i>1,661</i>	<i>(44,830)</i>
Income tax expense	2,549	-	2,549	<i>426</i>	-	<i>426</i>
Finance income	(900)	-	(900)	<i>(60)</i>	-	<i>(60)</i>
Interest on loan	73	-	73	<i>144</i>	-	<i>144</i>
Interest on lease	587	25	612	<i>329</i>	-	<i>329</i>
Depreciation and amortisation	16,055	72	16,127	<i>10,949</i>	<i>1,067</i>	<i>12,016</i>
EBITDA	(49,610)	37,896	(11,714)	<i>(34,703)</i>	<i>2,728</i>	<i>(31,975)</i>
Share based payments (Founder LTIP)	35,399	-	35,399	<i>868</i>	-	<i>868</i>
Employer's social security charge on pre-IPO share-based payments	(20,399)	-	(20,399)	<i>11,339</i>	-	<i>11,339</i>
Settlement of Covid-19 testing contract	-	(37,896)	(37,896)	-	-	-
Net impairments	1	-	1	<i>548</i>	-	<i>548</i>
Adjusted EBITDA	(34,609)	-	(34,609)	<i>(21,948)</i>	<i>2,728</i>	<i>(19,220)</i>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

Segment information (continued)

(c) Supplementary information

	LSRT	Covid-19	30 June		<i>Covid-19</i>	<i>30 June</i>
	£000	Testing	2022	<i>LSRT</i>	<i>Testing</i>	<i>2021</i>
		£000	£000	<i>£000</i>	<i>£000</i>	<i>£000</i>
Segment assets						
Investment in associates	234	-	234	-	-	-
Acquired intangible assets	372	-	372	430	-	430
Other segment assets*	<u>208,438</u>	-	<u>208,438</u>	<u>152,860</u>	<u>16,486</u>	<u>169,346</u>
Total segment assets	209,044	-	209,044	<i>153,290</i>	<i>16,486</i>	<i>169,776</i>
Deferred tax asset			7,992			3,749
R&D tax credit recoverable			5,637			12,733
Other financial assets			132,389			130,539
Cash and cash equivalents			471,648			119,687
Assets held for sale			<u>15,579</u>			<u>-</u>
Total Assets			<u>842,289</u>			<u><i>436,484</i></u>
Segment liabilities						
Total segment liabilities	(102,403)	-	(102,403)	<i>(75,683)</i>	<i>(1,303)</i>	<i>(76,986)</i>
Derivative financial instruments			(3,619)			<i>(139)</i>
Current tax liabilities			(691)			-
Loan liability held for sale			(9,500)			-
Loans			<u>-</u>			<u><i>(9,500)</i></u>
Total Liabilities			<u>(116,213)</u>			<u><i>(86,625)</i></u>

* Other segment assets include inventory, trade and other receivables and non-current assets except for investments, acquired intangible assets and deferred tax assets.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

5. Alternative performance measures

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

- **Adjusted operating loss**, being the loss from operations for the period before share-based payments (Founder LTIP), Employer's social security charge on pre-IPO share-based payments, IPO costs expensed and the settlement of the Covid 19 testing contract;
- **EBITDA**, being loss for the period before finance income, finance costs (comprising interest on the term loan facility with Barclays Bank plc (the "Term Loan Facility") and interest on leases), tax (charge) / credit, depreciation and amortisation;
- **Adjusted EBITDA**, being EBITDA, adjusted for Share-based payments (Founder LTIP), Employer's social security charge on pre-IPO share-based payments, IPO costs expensed, settlement of the Covid-19 testing contract and impairments.

The following table presents the Group's adjusted operating loss:

	30 June 2022 £000	<i>30 June 2021 £000</i>
Loss from operations	(22,964)	<i>(43,242)</i>
Share based payments (Founder LTIP)	35,399	<i>868</i>
Employer's social security charge on pre-IPO share-based payments	(20,399)	<i>11,339</i>
Settlement of Covid-19 testing contract	(37,896)	<i>-</i>
Adjusted operating loss	<u>(45,860)</u>	<i><u>(31,035)</u></i>

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

	30 June 2022 £000	<i>30 June 2021 £000</i>
Loss for the period	(30,175)	<i>(44,830)</i>
Income tax expense	2,549	<i>426</i>
Finance income	(900)	<i>(60)</i>
Interest on loan	73	<i>144</i>
Interest on lease	612	<i>329</i>
Depreciation and amortisation	16,127	<i>12,016</i>
EBITDA	<u>(11,714)</u>	<i><u>(31,975)</u></i>
Share based payments (Founder LTIP)	35,399	<i>868</i>
Employer's social security charge on pre-IPO share-based payments	(20,399)	<i>11,339</i>
Settlement of Covid-19 testing contract	(37,896)	<i>-</i>
Net impairments	1	<i>548</i>
Adjusted EBITDA	<u>(34,609)</u>	<i><u>(19,220)</u></i>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

6. Notes to expenses

	30 June 2022 £000	<i>30 June 2021 £000</i>
Cost of sales	<u>(44,394)</u>	<u><i>(28,747)</i></u>
Operating expenses		
Research and development expenses	(25,216)	<i>(30,602)</i>
Selling, general and administrative expenses	(75,702)	<i>(42,844)</i>
Total operating expenses	<u>(100,918)</u>	<u><i>(73,446)</i></u>

7. Loss per share

	30 June 2022 Pence	<i>30 June 2021 Pence</i>
(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	<u>4</u>	<u><i>6</i></u>
	2022	<i>2021</i>
	£000	<i>£000</i>
(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	<u>(30,175)</u>	<u><i>(44,830)</i></u>
	2022	<i>2021 *</i>
	Number	<i>Number</i>
(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	<u>822,691,472</u>	<u><i>708,600,102</i></u>

* The 2021 numbers were updated retrospectively to give effect to the subdivision of shares which occurred on 23 August 2021.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

8. Tax on loss on ordinary activities

8.1 Income tax recognised in profit or loss

	30 June 2022 £000	<i>30 June 2021 £000</i>
Current tax		
Notional tax on R&D expenditure credit (RDEC)	522	-
Tax payable on foreign subsidiary	1,995	907
Total current tax	2,517	907
Deferred tax		
Origination and reversal of temporary differences	32	(481)
Total deferred tax	32	(481)
	2,549	426
Total tax expense		
Tax expense excluding tax on share of tax of equity accounted investments	2,549	426
	2,549	426

Current tax balances have been calculated at the rates enacted for the period. The effective rate of corporation tax is -9.23% (30 June 2021: -0.95%) of the loss before tax for the Group.

8.2 Current tax liabilities

	30 June 2022 £000	<i>31 December 2021 £000</i>
Corporation tax payable	691	4,418
	691	4,418

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

8.3 Deferred tax balances

The following is the analysis of deferred tax assets presented in the consolidated statement of financial position:

	30 June	<i>31</i> <i>December</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Share Awards	8,388	<i>6,160</i>
Provisions	585	<i>797</i>
Accelerated Capital Allowances	(981)	<i>(880)</i>
	<u>7,992</u>	<i><u>6,077</u></i>

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 will increase to 25% from April 2023. Taxation for other jurisdictions is calculated at the rates prevailing in the respective territories.

In relation to share-based payments, to the extent that the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative IFRS2 expense the excess of the associated current or deferred tax, has been recognised in equity and not in the Statement of Comprehensive Income. For current tax this increases the charge to the Statement of Comprehensive Income by £0.19 million. For deferred tax this reduces the credit to the Statement of Comprehensive Income by £1.2 million for the 6 months to 30 June 2022.

A deferred tax asset of £8.0 million (31 December 2021: £6.1 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.

8.4 R&D tax credit recoverable

	6 months	<i>12 months</i>
	ended	<i>ended</i>
	30 June	<i>31 December</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Balance at beginning of period	14,274	<i>20,696</i>
Adjustment to R&D tax credit in respect of previous periods	-	<i>(69)</i>
Cash receipt	(10,864)	<i>(9,763)</i>
R&D tax credit for the period (RDEC)	2,749	<i>4,210</i>
Notional tax charge on R&D tax credit for the period (RDEC)	(522)	<i>(800)</i>
	<u>5,637</u>	<i><u>14,274</u></i>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

9. Property, plant and equipment

	Land & Buildings £000	Buildings Improvements £000	Plant and machinery £000	Assets under construction £000	Assets subject to operating leases £000	Equipmen t £000	Total £000
Cost or valuation							
At 31 December 2021	15,057	8,908	19,557	1,982	30,075	13,762	89,341
Additions	-	395	876	2,517	4,668	360	8,816
Disposals	-	-	(45)	-	(1,380)	-	(1,425)
Transfers between classes	-	524	405	(1,228)	-	299	-
Transfer to assets held for sale (note 18)	(15,057)	(1,607)	(253)	(691)	-	(87)	(17,695)
Foreign exchange movements	-	38	42	-	969	118	1,167
At 30 June 2022	-	8,258	20,582	2,580	34,332	14,452	80,204
Accumulated depreciation							
At 31 December 2021	1,231	3,939	11,158	-	15,866	9,915	42,109
Charge for the period	149	666	1,507	-	4,393	1,215	7,930
Disposals	-	-	(45)	-	(929)	-	(974)
Impairments	-	28	117	-	-	-	145
Transfer to assets held for sale (note 18)	(1,380)	(640)	(50)	-	-	(46)	(2,116)
Foreign exchange movements	-	4	35	-	588	94	721
At 30 June 2022	-	3,997	12,722	-	19,918	11,178	47,815
Net book value							
At 31 December 2021	13,826	4,969	8,399	1,982	14,209	3,847	47,232
At 30 June 2022	-	4,261	7,860	2,580	14,414	3,274	32,389

10. Intangible assets

During the period, the Group capitalised £9.0 million (12 months ended 31 December 2021: £9.2 million) of development costs.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

11. Investment in associates

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 interest held as at (%)	
			30 June 2022	31 December 2021
1) Veiovia Limited	Technology Development	UK	23.3	23.3

(i) Investment at cost

	30 June 2022	31 December 2021
	£000	£000
Investment cost	1,548	1,548
Cumulative share of loss of an associate	(114)	(64)
Less: Impairment	(1,200)	(1,227)
Carrying amount of the interest in the associate	<u>234</u>	<u>257</u>

The above 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.

(i) Pursuant to a shareholder agreement, the Company has the right to cast 23.3% of the votes of Veiovia Limited.

(ii) The Group holds more than 20% of the equity shares of Veiovia Limited, and exercises significant influence by virtue of its contractual right to appoint one director to the board of directors of that entity.

(iii) For the purposes of applying the equity method of accounting, the management accounts of Veiovia Limited for the period ended 31 March 2022 have been used. The Company's share of the net asset value of the investment is significantly below the investment amount. Management has recorded an impairment loss of the investment to the recoverable amount.

(iv) Veiovia Limited's registered office is The University of York, Biology B/A/039, Wentworth Way, York, UK, YO10 5DD.

Included within other gains and losses in the condensed consolidated income statement at 30 June 2022 are the share of losses in associate of £50,000 in the period, and a reduction in impairment of associate of £27,000.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

12. Inventories

	30 June 2022 £000	<i>31 December 2021 £000</i>
Raw materials	33,159	25,781
Work in progress	25,391	17,830
Finished goods	14,545	19,460
	<u>73,095</u>	<u><i>63,071</i></u>

The carrying amount of inventories were not materially different from their replacement cost.

13. Other financial assets

	30 June 2022 £000	<i>31 December 2021 £000</i>
Treasury deposits	131,018	130,375
Other financial assets	1,371	253
	<u>132,389</u>	<u><i>130,628</i></u>

14. Provisions

	Dilapidation provisions £000	Employer taxes £000	Other £000	Total provisions £000
Balance at 31 December 2021	1,503	33,192	683	35,378
Provision for the period	630	(20,399)	(130)	(19,899)
Payments	-	(588)	(48)	(636)
Foreign exchange movements	22	86	-	108
Balance at 30 June 2022	<u>2,155</u>	<u>12,291</u>	<u>505</u>	<u>14,951</u>
Current	-	6,498	505	7,003
Non-current	2,155	5,793	-	7,948
	<u>2,155</u>	<u>12,291</u>	<u>505</u>	<u>14,951</u>

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 properties.

The provision is non-current and expected to be utilised between 2 and 25 years.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

15. Share capital and Share premium

	Nominal value	Number of shares issued	Aggregate nominal value
As at 30 June 2022, the Company's share capital comprised:			
Share class			
Ordinary Shares (fully paid)	£0.0001	823,636,945	82,364
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
			82,367
As at 31 December 2021, the Company's share capital comprised:			
Share class			
Ordinary Shares (fully paid)	£0.0001	821,557,647	82,156
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
			82,159

Share option exercises

From 1 January 2022 to 30 June 2022, 2,079,298 ordinary shares were issued as a result of share option exercises and SIP matching shares issued to employees of Oxford Nanopore Technologies plc. This resulted in the increase in the Share premium reserve of £2.3m from 31 December 2021 to 30 June 2022.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

16. Share-based payments

	30 June 2022 £000	<i>30 June 2021 £000</i>
Expense arising from share-based payment transactions:		
Included in research & development expenses	3,262	2,436
Included in selling, general & administrative expenses	39,918	3,493
	<u>43,180</u>	<u>5,929</u>
Equity settled share-based payment expense	44,344	5,929
Cash settled share-based payment expense	(1,164)	-
	<u>43,180</u>	<u>5,929</u>

The total charge to equity settled share-based incentive plans from January 2022 to June 2022 was £44.3 million (30 June 2021: £5.9 million). Of this amount, £8.9 million (30 June 2021: £5.0 million) arose from the Company Share Option and Share Incentive plans and £35.4 million (30 June 2021: £0.9 million) arose from the Founder LTIP.

The Group operates a number of share schemes for certain employees of the Group. All schemes are equity settled with the exception of the Phantom Shares awarded under the Plc LTIP scheme, which are cash settled awards. 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: Restricted Share Awards and Performance Share Plans)
- Oxford Nanopore Technologies Deferred Bonus Plan 2021
- Oxford Nanopore Technologies Share Incentive Plan 2021
- Oxford Nanopore Technologies 2021 Employee Stock Purchase Plan

Valuation models:

The fair value of awards granted during the year was determined using the Monte Carlo Simulation model where TSR conditions apply (Performance Share Plan (PSP) awards).

As all of the other awards, excluding the 2022 PSP awards, are subject to continued employment only, the fair value of the awards is the share price as at the grant date.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

17. Notes to the cash flow statements

	30 June 2022 £000	<i>30 June 2021 £000</i>
Cash and cash equivalents	<u>471,648</u>	<u><i>119,687</i></u>

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

	30 June 2022 £000	<i>30 June 2021 £000</i>
Loss before tax	<u>(27,626)</u>	<u><i>(44,404)</i></u>
Adjustments for:		
Depreciation on property, plant and equipment	7,930	<i>6,131</i>
Depreciation on right-of-use assets	2,060	<i>1,241</i>
Amortisation on intangible assets	6,137	<i>4,644</i>
Research and development expense tax credit	(2,749)	<i>(1,800)</i>
Loss on disposal of property, plant and equipment	581	<i>1</i>
Exchange loss	(2,008)	<i>120</i>
Interest on leases	601	<i>329</i>
Net bank interest	(827)	<i>84</i>
Non-cash movements on derivatives	3,513	<i>-</i>
Impairment of investment	(27)	<i>548</i>
Impairment of operating assets	1,201	<i>-</i>
Share of losses in associate	50	<i>-</i>
Employee share benefit costs & social security costs	<u>24,834</u>	<u><i>19,111</i></u>
Operating cash flows before movements in working capital	<u>13,670</u>	<u><i>(13,995)</i></u>
Decrease in receivables	1,762	<i>22,228</i>
Increase in inventory	(10,121)	<i>(13,695)</i>
Decrease in payables	<u>(6,716)</u>	<u><i>(19,201)</i></u>
Cash used in operations	(1,405)	<i>(24,663)</i>
Income taxes - R&D tax credit received	10,864	<i>9,763</i>
Foreign tax paid	<u>(6,147)</u>	<u><i>(228)</i></u>
Net cash inflow / (outflow) from operating activities	<u><u>3,312</u></u>	<u><u><i>(15,128)</i></u></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO 30 JUNE 2022**

18. Assets and liabilities held for sale

During 2022 Oxford Nanopore decided to sell its interest in the Gosling Building (the "Property") to The Oxford Science Park (Properties) Limited ("TOSP"). The Property is held at the lower of carrying amount and fair value less costs to sell. No impairment of the asset was recorded as fair value is in excess of carrying value.

The following classes of assets and liabilities relating to the sale and leaseback of the building have been classified as held for sale in the consolidated statement of financial position on 30 June 2022:

	30 June 2022
	£000
Land and buildings	13,677
Building improvements	967
Plant and machinery	203
Assets under construction	691
Equipment	41
Assets held for sale	<u>15,579</u>
Loans	9,500
Liabilities directly attributable to assets held for sale	<u>9,500</u>

19. 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.

During the reporting period, the Company paid an Academic Research cost of £223,000 (31 December 2021: £109,000) to the University of Oxford which is related to the Company by the shared directorship of W Becker.

20. Events after the reporting date

On 8 July 2022, Oxford Nanopore completed the sale of its interest in the Gosling Building (the "Property") to The Oxford Science Park (Properties) Limited ("TOSP") for £42.5 million. On completion of the sale, TOSP immediately granted Oxford Nanopore an occupational lease of the Property for 10 years; at a rent of £1.8 million per annum. The transaction resulted in a reduction in assets held for sale of £15.6 million and gain on sale of rights transferred amounting to £18.6 million. The bank loan of £9.5m was discharged and a right-of-use asset and related lease liability recognised.

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated income statement, the statement of financial position, the statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 20.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

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

Conclusion Relating to Going Concern

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

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

Responsibilities of the directors

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

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

Auditor's Responsibilities for the review of the financial information

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

Use of our report

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

Deloitte LLP
Statutory Auditor
London, UK
12 September 2022