

Oxford Nanopore Technologies plc

Annual results for the year ended 31 December 2024

Guidance achieved on the back of strong and accelerating momentum in H2 24 across all regions; investments made in operational platform position the Group strongly for 2025

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 preliminary results for the year ended 31 December 2024.

Gordon Sanghera, Chief Executive Officer, commented:

"I am pleased to be reporting another year of strong, underlying constant currency revenue growth of 23%, in line with guidance. We are particularly encouraged by the increasing momentum delivered across all regions into the second half of 2024, with overall underlying revenue growth at constant currency accelerating to 34%. This, together with good cost control, drove an improvement in our EBITDA loss in H2 and we expect this trend to continue in 2025.

"We have continued to innovate at pace to meet customer needs in our target markets. We launched four new products in 2024, two of which – GridION Q and ElysION – are aimed at our regulated customer base to drive adoption in new Clinical, BioPharma and Applied Industrial markets. We also continued to demonstrate strong commercial execution, announcing several landmark contracts and new strategic collaborations during the year, as well as progressing existing collaborations. These included partnerships with the UK Government, UK Biobank and Precision Health Research Singapore that will advance genomics-driven healthcare innovation globally.

"While we expect the macroeconomic and geopolitical backdrop to remain uncertain, we enter 2025 with strong operational momentum and a growing opportunity pipeline. Our highly differentiated platform, commercial capabilities and robust balance sheet continue to position us well to capture the substantial market opportunity and deliver long-term sustainable above market growth and attractive returns for our shareholders."

Summary financial performance

£ million Unless otherwise stated	FY 2024	FY 2023	Change reported	Change CC
Revenue	183.2	169.7	8.0%	11.1%
- EGP	1.8	12.0	(85.1)%	(85.1)%
- COVID Sequencing	2.2	8.0	(72.6)%	(72.0)%
Underlying revenue	179.2	149.7	19.7%	23.3%
Gross profit	105.4	90.5	16.5%	
Gross margin	57.5%	53.3%	420bps	
Adjusted EBITDA	(116.1)	(104.9)	(11.2)	
Loss for the period	(146.2)	(154.5)	8.3	

Notes:

- Underlying revenue excludes revenue from COVID sequencing and revenue from the Emirati Genome Program "EGP". All references to underlying growth in this document have been adjusted for COVID sequencing and EGP revenues. Underlying growth includes currency fluctuations unless explicitly stated at constant currency ("CC").
- Constant currency ("CC") applies the same rate to the FY24 and FY23 non-GBP results based on FY23 rates.
- Certain numerical figures included herein have been rounded. Therefore, discrepancies between totals and the sums may occur due to such rounding.
- Adjusted EBITDA is a non-IFRS measure that may be considered in addition to, but not as a substitute for, or superior to, information presented in accordance with IFRS. Adjusted EBITDA is the EBITDA adjusted for (i) Share-based payment expense on Founder LTIP (ii) Employers' social security taxes on pre-IPO awards, and (iii) impairment of investment in associate – see note 22.

Financial highlights

- Revenue of £183.2 million grew by 11.1% on a constant currency ("CC") basis, up 8.0% on a reported basis, in-line with guidance. Revenue growth was driven by expansion into end-markets outside of Research, namely Applied Industrial (up 41.8%), BioPharma (up 17.7%) and Clinical (up 12.2%).
- Underlying¹ revenue increased by 23.3% CC, in-line with guidance.
 - Underlying revenue growth delivered in all regions, led by EMEA (up 31.1%) and APAC (up 22.1%), with AMR up 7.0% for FY24 and 12.9% in H2 as momentum built during the year.

¹ Underlying revenue growth in 2024 excludes a £16.0 million year-on-year headwind from COVID sequencing and EGP.

- Underlying revenue grew fastest across the PromethION product range², up 55.8% in the period to £75.9 million. Underlying revenue from the MinION product range³ declined by 9.6% to £53.1 million due to a mix of factors primarily related to product life cycle management, as previously outlined. Other revenues, representing kits, services revenues and other devices grew 18.8% on an underlying basis to £50.2 million.
- Gross margin increased by 420 basis points (“bps”) to 57.5% (FY23: 53.3%), slightly above guidance, driven by margin improvements across the product portfolio, particularly across both PromethION Flow Cells and devices.
- Adjusted EBITDA loss of £(116.1) million (FY23: £(104.9) million) with the year-on-year increase driven by increasing operational expenses, primarily the annualised impact of additional headcount as highlighted at FY23 results. H2 adjusted EBITDA loss of £(54.5) million was £7.1 million lower than H1, demonstrating good cost control in the period and increasing focus on late stage development. This improvement in adjusted EBITDA loss is set to continue into 2025.
- Reduction in reported loss year-on-year to £(146.2) million (FY23: £(154.5) million) was predominately driven by a Founder LTIP credit of £6.1 million (FY23: charge of £20.9 million) and a £2.7 million credit relating to the reversal of historic employers’ social security tax charges (FY23: £0.9 million credit), partly offset by increasing operational expenses associated with the increase in headcount.
- The Group remains well capitalised with £403.8 million in cash, cash equivalents and other liquid investments as at 31 December 2024 (FY23: £472.1 million), noting that a £8.3 million R&D tax credit was received in Q1 2025. During the second half of the year the Group raised gross proceeds of £80.0 million, which included a new £50.0 million strategic investment from Novo Holdings A/S (“Novo Holdings”).

Operational highlights

- **Continued commercial progress:** improving utilisation across broad base of existing customers, and new customer acquisition, driven by the enlarged and now established commercial infrastructure.
 - **Key contract wins and expansions:** including (i) APAC: landmark research project with Precision Health Research Singapore (PRECISE), which selected Oxford Nanopore technology to sequence 10,000 human genomes to gain deeper insights into Asian genetic diversity, (ii) EMEA: announced a groundbreaking research collaboration with UK Biobank to create the world’s first comprehensive, large-scale epigenetic dataset to map epigenetic modifications across 50,000 samples to advance understanding of epigenetics in cancer, neurological disease and other common complex diseases and (iii) AMR: announced a multi-million, multi-year contract expansion with Plasmidsaurus, an Applied Industrial customer that provides plasmid sequencing services, to deliver high-accuracy whole plasmid sequencing with fast turnaround times.
 - **New strategic collaborations:** provide access to new growth markets in BioPharma, Clinical and Applied Industrial applications, including a collaboration with Lonza to develop a novel test to accelerate analysis of mRNA products.
 - **Existing clinical collaborations delivering:** including the launch of the AmplideX® Nanopore Carrier Plus Kit with Asuragen in Q4 2024. A test for determining antibiotic resistance in tuberculosis is being rolled out as a research-use only product with BioMérieux in 2025, prior to seeking IVD approval.
- **Delivering on 2024 innovation goals:** including (i) Early Access⁴ launch of PromethION 2 Integrated (P2i) and continued rollout of the PromethION 2 Solo (P2S), with more than 1,900 P2 devices in the field. (ii) the Early Access launch of the MinION MK1D in Q4 2024 to mark ten years of MinION, the smallest sequencer on the market and (iii) the launch of new products from our regulated product pipeline to drive adoption in new Clinical and Applied Industrial markets, including GridION Q, which delivers a stable, frozen version of hardware, software and chemistry, and the Early Access launch of ElysION, our sample-to-answer automated sequencing solution.
- **Increase in publications reflects growing momentum and utility of the Group’s platform:** Approximately 3,000 peer-reviewed research papers published by users of Oxford Nanopore technology in 2024, bringing the total to more than 14,000 to date, showcasing breakthrough research across cancer, human genetics and infectious disease.
- **Continued strengthening of the management team:** Nick Keher appointed as Chief Financial Officer and Board Director in January 2024, adding significant financial leadership experience and a deep understanding of global capital markets. In November 2024 Rosemary Sinclair Dokos and Dr Lakmal Jayasinghe stepped into the roles of Chief Product and Marketing Officer and Chief Scientific Officer respectively, bringing extensive skills in innovation and product development. Rosemary and Lakmal succeed Clive Brown, Chief Officer of Technology, Innovation, and Products.
- **Board strengthened to support the business in its next phase of growth:** Dan Mahony, appointed as a Non-Executive Director in October adding extensive sector experience, with more than 25 years as a global healthcare investor specialising in biotechnology, medical technology and healthcare services.

Updates post period end:

- **Pricing:** Revised pricing model with the aim of increasing simplicity and transparency for customers whilst improving the sustainability of Oxford Nanopore as a business. These changes align the Group with industry peers by offering more conventional capital purchase schemes to customers, alongside flexibility for leasing as appropriate through financing partners or direct, whilst maintaining affordable and accessible sequencing through the Group’s range of portable devices.

² The PromethION product range includes all PromethION devices (P2S, P2i, P24 and P48) and PromethION Flow Cells.

³ The MinION product range includes all MinION and GridION devices and MinION Flow Cells.

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

- **Cost control:** Restructuring program leading to a reduction in the overall workforce of approximately 5%, spread evenly across R&D, Commercial and Corporate functions, alongside other cost control measures of a similar size. Management expect to take a total cash charge of approximately £6 million in FY25 in relation to redundancy payments which will be treated as an adjusting item.

Outlook

FY25 guidance

- Revenue is expected to grow by 20 - 23% on a constant currency basis, reflecting continued strong demand across the business but taking into consideration recent updates and risks to US Federal funding, in particular with the National Institutes of Health ("NIH"), and a tightening of export control restrictions:
 - Federal funding including the NIH: there remains material uncertainty and risk to US NIH funding levels (and other Federal agencies) to which management estimate a total Group exposure of between 10-15% of revenues. Given the situation is still evolving, management have prudently assumed a material reduction pending further clarity.
- Gross margin is expected to be approximately 59%, driven by continued operational improvements.
- Adjusted operating expenses: given the recent restructuring and continued focus on improving efficiencies in the business, overall growth in adjusted costs in FY25 is expected to be at the low end of the Group's stated medium-term guidance of 3-8% CAGR between FY24 and FY27.

Medium term guidance reaffirmed

The Group expects to reach adjusted EBITDA breakeven in FY27 and become cash flow positive in FY28.

- Revenue is expected to grow by more than 30% CC on a compound annual growth rate ("CAGR") between FY24 and FY27 underpinned by continued penetration in the Research market and expansion into emerging end-market opportunities, with a focus across BioPharma, Clinical and Applied Industrial. Whilst FY25 is expected to be below this range, management remain confident of a return to above 30% growth in FY26 and FY27.
- Gross margins are expected to continue to improve and exceed 62% by FY27, supported by continued underlying improvements in manufacturing, increased volume growth and further penetration of new end-markets.
- Operating expenses are expected to grow at a CAGR of 3-8% between FY24 and FY27, reflecting a continued focus on financial discipline to leverage the infrastructure the Group has already built and to modulate investment relative to the outlook.

Presentation of results

Management will host a conference call and webcast today, **4 March, at 9:30am GMT**. For details, and to register, please visit <https://nanoporetech.com/about-us/investors/reports>. The webcast will be recorded and a replay will be available via the same link shortly after the presentation.

For further details please contact ir@nanoporetech.com

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About Oxford Nanopore Technologies plc:

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

For more information please visit: www.nanoporetech.com

Forward-looking statements

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

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

CEO review

2024 was a year of significant progress for Oxford Nanopore as we continued to drive innovation, accelerate commercial adoption across new and existing markets, and deliver on our vision of enabling the analysis of anything, by anyone, anywhere.

Our unique molecular sensing technology is reshaping genomic ("DNA") and transcriptomic ("RNA") analyses in life science research by enabling richer, faster and more accessible insights. This disruptive technology is now demonstrating an impact in applied life science markets including BioPharma, Clinical, and Applied Industrial.

In 2024 we made significant progress in advancing our platform's capabilities and performance, and as we increasingly integrate multi-omic capabilities into our offerings – including epigenetics and, looking forward, proteomics – our technological differentiation is increasing, and our addressable market opportunity is expanding. To ensure we can continue to scale efficiently and create value for our stakeholders, we focused intensively on operational excellence across all aspects of the Group in 2024. This led to a reshaping of our business to align with our target market areas post year end that positions us well for 2025 and beyond. I would like to thank those members of the team that have now left Oxford Nanopore for their contributions.

We remain confident in our ability to deliver sustainable growth despite the macroeconomic and geopolitical uncertainties affecting the markets we address. The long-term trend toward increasing demand for biological information is as strong as ever – in fact, we believe artificial intelligence is starting to accelerate the research and innovation life cycles underpinning this trend. At Oxford Nanopore, we are privileged to be at the leading edge of this transformative age of biology.

FY24 financial performance

In 2024, our team delivered revenue of £183.2 million (2023: £169.7 million), an increase of 11.1% year-on-year on a constant currency basis, in-line with guidance.

Revenue in 2024 came from an increasingly diverse group of customer types including Research, BioPharma, Clinical and Applied Industrial customers, accounting for 70%, 8%, 9% and 13% of revenue respectively. We are encouraged by the positive early traction and strong growth we are seeing in new end markets, such as Applied Industrial (up 41.8%), BioPharma (up 17.7%) and Clinical (up 12.2%), which represent a significant opportunity for the Group in the medium to long-term. Research, which accounts for 70% of our revenue today, grew by 1.9%.

Underlying revenue growth, excluding a £16.0 million combined headwind from Emirati Genome Program ("EGP") and COVID sequencing, was up 23.3% on a constant currency basis.

Underlying growth has been strongest across our higher-output PromethION product range, up 55.8% in 2024, primarily driven by increasing customer flow cell utilisation. This helped offset softness in the small-format MinION product range, which declined by 9.6% in the period primarily due to product life cycle management. Other revenues, representing kits, services revenues and other devices grew 18.8% on an underlying basis.

On a geographical basis the Group delivered strong underlying revenue growth in all regions, led by EMEA and APAC and driven by new product launches, new and expanded contracts, and increasing sales team productivity.

In EMEA we delivered significant growth, with revenue of £79.6 million, up 31.1% on an underlying basis. Our engagement with significant projects including our landmark strategic partnership with the UK government, bringing together Genomics England, NHS England, and UK Biobank underscores our strong market presence and strength of our technology.

APAC revenue in 2024 was £40.4 million, up 22.1% on an underlying basis, driven primarily by the PRECISE contract, as well as increased utilisation through service providers and expansion of new service providers across South East Asia in the second half of the year. Growth was moderated in part by continued export control restrictions in China. Whilst underlying demand remains strong within China, the Group saw increasing challenges on exporting product to the region in H2 and expect the environment to remain challenging in FY25. China represented 8.8% of revenues in FY24.

In the Americas we delivered revenue of £63.1 million, up 7.0% on an underlying basis, reflecting increasing traction in new markets such as Applied Industrial and BioPharma alongside increasing sales team productivity, with 12.9% year-on-year growth in H2 as momentum built during the year.

Gross margin increased by 420 basis points to 57.5% (FY23: 53.3%) driven by underlying margin improvements particularly across both PromethION Flow Cell and devices, offsetting product mix and currency headwinds. The increasing margin in 2024 also

reflects the one-off headwinds in 2023 that did not repeat in 2024, including the adverse performance of the EGP, the write-off of excess COVID sequencing kits and legacy devices and upgrading the compute on large PromethION devices.

A novel platform for richer, faster, and more accessible multi-omics insights

Oxford Nanopore's differentiated technology is driving broad market adoption by enabling richer biological insights, faster time-to-result, and greater accessibility. In 2024, we advanced both our platform's capabilities and its applications, reinforcing its role as the preferred solution for those tackling complex biological questions.

By sequencing native DNA and RNA without amplification or alterations, our technology uniquely delivers comprehensive genomic, epigenetic, and transcriptomic insights. This multi-omic capability, combined with improvements in system performance and workflow integration, is reducing complexity and accelerating adoption across research, Clinical, BioPharma, and Applied Industrial markets.

A highlight of 2024 was the significant increase in utilisation of our high-output PromethION Flow Cells, with year-on-year underlying growth of 55.8% across the PromethION product range. These advancements reflect our dedication to pushing the boundaries of accuracy, data output, sample throughput, and cost-efficiency. For example, our telomere-to-telomere ("T2T") workflows deliver high quality, fully phased genome assemblies critical to uncovering previously inaccessible novel variants that drive complex disease across currently underrepresented populations, in addition to providing richer insights that are inaccessible to legacy systems. This capability is supporting areas such as oncology and neurodegenerative disease research, where the "dark genome" plays a pivotal role. These research-based discoveries play a foundational role in the development of future, large scale applications where Oxford Nanopore can characterise novel biological insights.

As RNA insights become increasingly important, we have enhanced our direct RNA sequencing chemistry, improving accuracy and output and increasing the modified base offering to cover five different modifications including Pseudouridine, which is used extensively in mRNA vaccine development and production and cannot be detected directly with any other technology. These advances enable high-throughput applications such as quality control testing for mRNA vaccines and biomarker discovery. Our teams are in active discussions with leading BioPharma companies and CDMO partners as we look to reduce traditional Quality Control (QC) workflows from months to days, underscoring our platform's ability to accelerate progress towards personalised medicine.

In 2024, we advanced our ability to support regulated applications with the launch of the GridION Q and progress on the PromethION Q, expected to launch in 2025, which both deliver a stable, frozen version of hardware, software and chemistry designed for Clinical and BioPharma environments. Additionally, ElysION, our fully automated benchtop solution, enables customers to integrate nanopore sequencing into environments which are new to sequencing such as Clinical research labs or BioPharma manufacturing QC labs, enhancing efficiency and reproducibility with a seamless, hands-free process from raw sample to biological analysis. Our electronics-based molecular sensing platform already delivers powerful DNA and RNA analysis and can be adapted to detect other types of molecules, including proteins and small molecules. In the coming year, we intend to expand into proteomics – opening up a potentially substantial market opportunity. Through continued investment in innovation, automation, and strategic partnerships, we are advancing end-to-end workflows and platform capabilities to deliver unmet biological insights that only the nanopore platform can provide.

Focusing on core markets and delivering commercial success

Oxford Nanopore's long term vision is to enable the analysis of anything, by anyone, anywhere – with accessible and versatile technologies that can deliver a paradigm shift in biological analysis. Our method of driving growth in the nearer term is to expand in core markets where we have a differentiated value proposition that reshapes what our customers can achieve. In 2024, we strengthened our presence in research, BioPharma, Clinical, and Applied Industrial markets through strategic collaborations and the adoption of our differentiated sequencing platform through direct commercial activities. The profile and nature of these collaborations are testament to what we believe we can achieve in the years to come.

A key example of our work in research is our collaboration with Singapore's National Precision Medicine ("NPM") Programme, where Oxford Nanopore sequencing technology is being used to generate the most comprehensive, high-resolution reference genomes for Singapore's multi-ethnic population. This initiative is a critical step in advancing precision medicine by uncovering the unique genetic diversity of Singapore's major ethnic groups—Chinese, Malay, and Indian—and addressing population-specific disease biology. By providing richer genomic insights through scalable sequencing, our technology is building a foundation for and well placed to deliver on more targeted diagnostics, treatment strategies, and drug discovery efforts that are tailored to the genetic makeup of diverse communities.

In the UK, we solidified our leadership in genomics innovation through a landmark strategic partnership with the UK government, bringing together Genomics England, NHS England, and UK Biobank. This initiative is designed to integrate Oxford Nanopore's sequencing technology into national healthcare, accelerating the adoption of real-time, information-rich genomic and epigenetic insights. As part of this effort, we are working with Genomics England and NHS England to establish end-to-end workflows for faster, more precise diagnostics, including in cancer, infectious diseases, and rare genetic disorders. Simultaneously, Oxford Nanopore technology will be used to generate the first large-scale epigenetic dataset, analysing 50,000 UK Biobank samples. This multi-omic dataset aims to uncover molecular drivers of cancer, dementia, and other complex diseases. These initiatives are transforming how genomic data is leveraged for early disease detection, personalised treatments, and long-term health outcomes at an unprecedented scale.

We are also starting to deliver tangible impact in the large and growing BioPharma and Clinical markets. Our technology is revolutionising the analysis of plasmids, the building block of protein engineering, an industry being revolutionised by AI and in need of information-rich data to drive novel discovery in research and BioPharma. Through our collaboration with Plasmidsaurus, we are transforming plasmid sequencing by providing a rapid, cost-effective solution that delivers full-length, high-accuracy plasmid sequence data in a single read. This advancement is already streamlining quality control and accelerating innovation in drug development, synthetic biology, and gene therapy.

In Clinical markets, our partnership with Wasatch Biolabs is driving the adoption of Oxford Nanopore-based methylation analysis for Clinical applications. By enabling Oxford Nanopore's unique direct whole methylome analysis workflow for Clinical customers spanning cancer and human genetics, this collaboration is designed to move towards routine Clinical implementation.

Through strategic execution and a relentless focus on delivering value to our partners, Oxford Nanopore is not only addressing critical challenges in core markets but also shaping the future of genomics-driven healthcare.

Substantial market opportunity – looking ahead

While the research market has presented challenges for all life science companies in 2024, we have made meaningful progress in expanding our presence and enabling new biological discovery that is possible only with our platform and drives the creation of future opportunities in applied markets for Oxford Nanopore. Uncertainties remain in the academic research landscape, and while we do not expect this to shift significantly in the near term, we remain highly confident in our medium-term growth trajectory, underpinned by our differentiated technology and strong opportunities in adjacent and emerging markets.

Strategic partnerships continue to play a key role in expanding our impact. Our collaboration with Bio-Techne's Asuragen has introduced nanopore sequencing to carrier screening research, enabling the analysis of complex genes that were previously difficult to resolve with legacy technologies. In the fourth quarter of 2024 the AmpliDeX® Nanopore Carrier Plus Kit was launched.

Similarly, our partnership with bioMérieux is advancing infectious disease applications, leveraging real-time sequencing for pathogen detection and antimicrobial resistance profiling. These collaborations reinforce the growing demand for nanopore sequencing in Clinical and BioPharma settings, broadening our reach into regulated and applied markets. A test for determining antibiotic resistance in tuberculosis is being rolled out as a research-use only product with BioMérieux in 2025, prior to seeking IVD approvals.

In addition, the Applied Industrial sector presents an untapped market with vast potential. With growing adoption in areas such as food safety, environmental monitoring, and synthetic biology, we anticipate an acceleration of interest in Oxford Nanopore sequencing applications. Our commitment to reducing barriers to entry through automation, workflow integration, and regulatory approvals will play a pivotal role in capturing this opportunity.

As we look ahead, we remain steadfast in our mission to empower people to explore and answer biological questions with our transformative technology platform. While research remains a fundamental pillar of our business, our ability to successfully navigate and expand into new markets will be a key driver of sustained growth in the years to come.

A strategic focus on people for organisational effectiveness

A company is only as strong as its people, and in 2024, we made significant strides in strengthening our organisation through disciplined execution and strategic investments in talent.

At the beginning of 2024 we strengthened our leadership team with the appointment of Nick Keher as Chief Financial Officer. With extensive experience of financial leadership of complex scientific businesses in the life sciences and pharmaceutical sectors, alongside a deep understanding of capital markets he brings financial and strategic expertise that will support the Group's continued growth and operational efficiency. Nick succeeds Tim Cowper, who transitioned into the role of Chief Operating Officer, to lead the development of Oxford Nanopore's expanding international footprint and operations.

The knowledge base of Oxford Nanopore is a critical asset, and we have always invested in the development of our own next generation of talent and leadership to drive our effectiveness and continue to be at the driving edge of scientific and technological progress.

In 2024, Oxford Nanopore's Rosemary Sinclair Dokos and Lakmal Jayasinghe were appointed Chief Product & Marketing Officer and Chief Scientific Officer respectively, succeeding Clive Brown, Chief Officer of Technology, Innovation, and Products. Rosemary and Lakmal's experience and expertise will be invaluable as we continue to drive our technology forward, expand our product offerings, and accelerate our impact across multiple markets.

We extend our deep gratitude to Clive Brown for his invaluable contribution to the development of the technology and the growth of the business over the past 16 years. His leadership and pioneering work in nanopore sequencing have been instrumental in shaping the Group's success, and we are grateful for his dedication to advancing our mission.

With a strengthened team, a disciplined approach to resource management, and a clear vision for the future, we are confident in our ability to navigate challenges and seize new opportunities for growth. Our ability to scale efficiently has been a defining characteristic of our success, and we are now starting to see the benefits of these efforts in sales productivity. We have focused on aligning our commercial and operational teams to ensure that we continue to drive value for our customers while maintaining a lean and high-performing organisation.

Preparing for the future

In 2024, we enhanced our strategic planning process to better align our resource commitments with our innovation, commercial and operational objectives. This process incorporates a variety of perspectives from inside and outside the Group, ensuring we can prioritise the opportunities that best leverage our differentiated technology to create value for our stakeholders. As we continue to grow and adapt to changing market conditions, this capability is critical.

As we transition into 2025, we are integrating these data-driven strategic planning tools into many aspects of the Group's decision making. We are undertaking this work in collaboration with our Board of Directors, and we look forward to articulating the outcomes of this work in our next report.

Events after the year end

Roche recently revealed a nanopore-based sequencing platform and its accompanying sample preparation station to prepare its sequencing by expansion ("SBX") chemistry. The preliminary specifications describe a sequencing system that delivers short-reads and high throughputs, making this product a primary competitor for the legacy high throughput short-read sequencing by synthesis ("SBS") systems. Oxford Nanopore remains committed to its strategy of driving growth into target end markets and driven by its platform's unique features and benefits.

The Roche product, as described, is similar to legacy SBS systems in that it provides only limited read lengths and does not offer direct native sequencing of DNA or RNA. As such, it does not provide direct identification of epigenetic modifications such as methylation, which are key to many aspects of biology, including cancer. These features, which are crucial to driving improved insights into the human genome, are inherent in Oxford Nanopore's platform and are a key differentiator, alongside the unique ability for our accessible platform to scale from portable to high-output devices. Oxford Nanopore is uniquely able to sequence short to ultra-long fragments of native DNA and RNA, capturing more genetic variation and epigenetic information that is showing higher diagnostic yields in human disease, including complex genetic conditions and cancer.

Oxford Nanopore, the pioneer of single molecule nanopore sensing, has worked diligently to build a strong patent portfolio covering nanopore-sensing related technologies that is also broader than its current product portfolio. As previously stated, Oxford Nanopore will enforce its IP position when in its stakeholders' interests, and we will continue to look closely at competitor products as they become available.

Outlook

While we expect the macroeconomic and geopolitical backdrop to remain uncertain in 2025, we start the year with strong operational momentum and a growing opportunity pipeline. Our highly differentiated platform, commercial capabilities and robust balance sheet continue to position us well to capture a growing share of the substantial market opportunity and deliver sustainable, above market growth, and attractive medium-term returns for our shareholders.

Progressing towards profitability is a key focus in the medium-term and we continue to expect to reach adjusted EBITDA breakeven in FY27. This will be delivered by three components. Firstly, continued strong revenue growth, secondly margin improvement and lastly, a disciplined approach to expenditure. In January 2025, Oxford Nanopore concluded a targeted restructuring programme aimed at resource optimisation and improving operational effectiveness, leading to a reduction in the overall workforce of approximately 5%, alongside other cost control measures. While we continue to drive efficiency and focus on disciplined cost management, we fully recognise the importance of our people in driving sustainable growth and remain committed to supporting teams as we implement these changes. I would like to take this opportunity to thank those employees that have now left Oxford Nanopore for their contributions.

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'.

Financial review

2024 performance

The Group delivered revenue of £183.2 million (2023: £169.7 million), an increase of 11.1% year-on-year on a constant currency basis and 8.0% on a reported basis, including foreign exchange headwinds. Revenue growth was driven by expansion into end-markets outside of Research, namely Applied Industrial, BioPharma and Clinical.

Underlying revenue growth, excluding the Emirati Genome Program ("EGP") and COVID sequencing (combined headwind of £16.0 million), was up 23.3% on a constant currency basis and up 19.7% on a reported basis. Underlying growth has been strongest across the PromethION product range, up 55.8% in 2024, primarily driven by increasing customer flow cell utilisation. This helped offset softness in the MinION product range, which declined in the period due to a mix of factors primarily related to product life cycle management, with the discontinuation of the Mk1C device and delayed launch of the Mk1D.

On a geographical basis the Group delivered strong underlying revenue growth in all regions, led by EMEA and APAC and driven by new product launches, new and expanded contracts, and increasing sales team productivity. The strong and broad-based acceleration across the business in H2 was moderated in part by export control restrictions to China.

Growth across the AMR region was slower than that of EMEA and APAC, but the anticipated acceleration in H2 for the AMR region started as expected. Whilst our confidence that this will continue to accelerate in 2025 is underpinned by our growing commercial pipeline across both our existing customer base and new opportunities, we expect this growth to be somewhat impacted by changes to Federal funding in the US for institutions such as the NIH, albeit the materiality of this impact is still uncertain as the situation is still evolving. Management estimated that the Group had a maximum exposure of 10-15% of revenues in 2024 to the NIH.

Gross profit increased to £105.4 million (FY23: £90.5 million) in the year up 16.5% on 2023. Gross margin increased by 420 basis

points (“bps”) to 57.5% (2023: 53.3%) driven by margin improvements (up 410bps), particularly across both PromethION Flow Cell and devices, offsetting product mix (down 420bps) and currency headwinds (down 120bps). This also reflects the fact that 2023 gross margin was impacted by a number of one-off issues that did not repeat in 2024 (550bps improvement in 2024), including the adverse performance of the EGP, the write-off of excess COVID sequencing kits and legacy devices and upgrading the compute on large PromethION devices.

Group operating loss reduced to £152.3 million (2023: £168.6 million), reflecting the increase in revenue and gross profit and a credit to the Founder LTIP in the year.

Adjusted EBITDA loss of £(116.1) million (2023: £(104.9) million; driven by increasing operational expenses, primarily the annualised impact of additional headcount as highlighted at 2023 results. Adjusted operating costs were up 12% compared to 2023 and H2 2024 was up 4% against H1 2024, demonstrating good cost control and the H2 2024 EBITDA loss of £(54.5) million is £7.1 million lower than H1 2024 of £(61.6) million. We anticipate this improvement in Adjusted EBITDA to continue into the coming years.

The reduction in reported loss year-on-year to £(146.2) million (2023: £(154.5) million) was predominately driven by a Founder LTIP credit of £6.1 million (2023: charge of £20.9 million) and a £2.7 million credit relating to the reversal of historic employers’ social security tax charges (2023: £0.9 million credit), partly offset by increasing operating expenses associated with the increase in headcount.

During 2024, 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. Given the advanced stage of development of our product portfolio the proportion now capitalised has increased versus 2023 with this trend to continue in 2025. Commercial and marketing headcount was 489 employees at 31 December 2024, up by 18% on prior year.

Post year-end, the Group entered into a targeted restructuring program, leading to a reduction in the overall workforce of around 5%, spread broadly evenly across R&D, Commercial and Corporate areas. Alongside other cost control measures of a similar size and continued focus on improving efficiencies in the business this is expected to ensure overall growth in costs in 2025 remain at the low end of the Group’s stated medium-term guidance of 3-8% CAGR between 2024 and 2027. Management expect to take a total cash charge of around £6 million in 2025 in relation to redundancy payments which will be treated as an adjusting item.

The Group remains well capitalised with £403.8 million in cash, cash equivalents and other liquid investments as at 31 December 2024 (2023: £472.1 million), noting that a £8.3 million R&D tax credit was received in Q1 2025. During the second half of the year the Group raised gross proceeds of £80.0 million, which included a new £50.0 million strategic investment from Novo Holdings.

In the second half of the year the Group entered into a new arrangement with a third-party firm to provide customers with financing options to fund capex purchases in certain markets, which could potentially help alleviate the financial burden on Oxford Nanopore from leasing devices directly. Alongside this initiative, the Group released an update to its business and pricing model in February 2025 with the aim of increasing simplicity and transparency for customers whilst improving the sustainability of Oxford Nanopore Technology as a business.

This new pricing model aims to bring the company in-line with industry peers as it relates to the fleet of larger devices it markets (GridION, P2 Integrated and P24 models) through offering more conventional capital purchase schemes to customers, whilst continuing to allow the flexibility for leasing as appropriate. This new approach will continue to allow for affordable and accessible sequencing for Oxford Nanopore Technology customers across the portfolio, but in particular through the range of smaller devices it markets (MinION and P2 Solo) and through Grant funding for Academics.

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 utilize the platform’s unique benefits of richer and faster data. EGP revenue in 2024 was £1.8m and going forward is not expected to be a material portion of revenue. 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 £12.0 million.

Alternative performance measures

The Group has identified Alternative Performance Measures (“APM”s) 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 22 to the consolidated financial statements.

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

Results at a glance

Year ended 31 December:	FY24 £m	FY23 £m	Change reported
Total revenue	183.2	169.7	8.0%
Gross profit	105.4	90.5	16.5%
Gross margin (%)	57.5%	53.3%	+420bps

Operating loss	(152.3)	(168.6)	9.7%
Adjusted EBITDA ¹	(116.1)	(104.9)	(11.2)
Loss for the year	(146.2)	(154.5)	8.3
Cash, cash equivalents and other liquid investments ¹	403.8	472.1	(14.5)%

¹ based on Alternative Performance Measures (see note 22).

Underlying revenue by product range

Underlying growth has been strongest across the PromethION product range, primarily driven by increasing customer flow cell utilisation. This helped offset softness in the MinION product range, which declined in the period due to a mix of factors primarily related to product life cycle management, with the discontinuation of the Mk1C device and delayed launch of the Mk1D.

Revenue from the PromethION product range, representing all devices and flow cell sales from the PromethION range, grew 55.8% to £75.9 million in 2024 (2023: £48.8 million) when stripping out the impact of EGP. The increase is driven by strong growth across both PromethION Flow Cell and device revenues. Growth across the PromethION range was supported by increasing demand from customers such as Plasmidsaurus in AMR and PRECISE in APAC and increased utilisation. The utilisation rate for PromethION devices was up 13% in 2024 compared to 2023 for our larger devices. Excluding the impact of EGP, utilisation was up 52%. P2 Solo Flow Cell and device revenue was up 23% in 2024 compared to 2023.

Revenues from the MinION product range, representing all sales of MinION Flow Cells and devices that run MinION Flow Cells (including GridION and MinION) reduced 9.6% to £53.1 million in 2024 (2023: £58.8 million) when stripping out the impact of COVID sequencing. Growth in GridION device sales is offset by the reduction from the Mk1C MinION device and lower flow cell revenues.

Utilisation rates across the MinION range of devices remained broadly consistent year on year, in spite of the headwind from COVID.

On an underlying basis, other revenues, representing kits, services revenues and other devices grew 18.8% to £50.2 million (2023: £42.2 million) when stripping out the impact of EGP and COVID sequencing.

	FY24 (£m)	FY23 (£m)	% change actual
PromethION product range	77.3	59.2	30.6%
Less EGP	(1.4)	(10.4)	
Underlying PromethION product range	75.9	48.8	55.8%
MinION product range	55.0	63.4	(13.2)%
Less COVID sequencing	(1.9)	(4.6)	
Underlying MinION product range	53.1	58.8	(9.6)%
Other	50.9	47.1	8.0%
Less EGP	(0.4)	(1.5)	
Less COVID sequencing	(0.3)	(3.3)	
Underlying other	50.2	42.2	18.8%
Total revenue	183.2	169.7	8.0%
Less EGP	(1.8)	(12.0)	
Less COVID sequencing	(2.2)	(8.0)	
Total underlying revenue	179.2	149.7	19.7%

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. In some territories the Group works with distributors to achieve or enhance its own commercial presence.

The Group delivered strong underlying revenue growth in all regions, led by EMEAI and APAC and driven by new product launches, new and expanded contracts, and increasing sales team productivity. The strong and broad-based acceleration across the business in H2 was moderated in part by export control restrictions to China. Growth across the AMR region was lower than that of EMEAI and APAC, but the anticipated acceleration in H2 for the AMR region started as expected. Whilst our confidence that this will continue to accelerate in 2025 is underpinned by our growing commercial pipeline across both our existing customer base and new opportunities, we expect this growth to be somewhat impacted by changes to Federal funding in the US for institutions such as the NIH, albeit the materiality of this impact is still uncertain as the situation is still evolving. In 2024 management estimated that the Group had a maximum exposure of 10-15% of revenues to the NIH.

Underlying AMR revenue grew 7.0% to £62.5 million in 2024 (2023: £58.4 million) when stripping out the impact of COVID sequencing. Underlying growth in AMR was driven primarily by growth in the US partly offset by lower revenues in Canada.

Underlying APAC revenue grew 22.1% to £40.2 million in 2024 (2023: £32.9 million) when stripping out the impact of COVID sequencing. Underlying growth in APAC was driven by large population genomics programmes in Singapore, Japan, Hong Kong and Indonesia, and increased revenue in China.

Underlying EMEAI revenue grew 31.1% to £76.6 million (2023: £58.4 million) when stripping out the impact of EGP and COVID sequencing. Underlying Growth in EMEAI was driven by new and expanded contracts delivering strong growth in the particularly in the UK and Central Europe.

Reported revenue is up on 2023 in all regions with strongest growth in EMEAI and APAC despite the £16 million headwind from the reduction in EGP and COVID sequencing revenue in 2024.

Reconciliation of reported revenue to underlying revenue by geographical region:

Revenue by region (%)

	FY24 (£m)	FY23 (£m)	% change
AMR	63.1	61.5	2.6%
Less COVID sequencing	(0.7)	(3.1)	
Underlying AMR revenue	62.5	58.4	7.0%
APAC	40.4	34.1	18.6%
Less COVID sequencing	(0.3)	(1.2)	
Underlying APAC revenue	40.2	32.9	22.1%
EMEAI	79.6	74.0	7.5%
Less EGP	(1.8)	(12.0)	
Less COVID sequencing	(1.2)	(3.6)	
Underlying EMEAI Revenue	76.6	58.4	31.1%
Total revenue	183.2	169.7	8.0%
Total underlying revenue	179.2	149.7	19.7%

Revenue by customer type

	FY24 (£m)	FY23 (£m)	% change
Applied Industrial	23.5	16.6	41.8%
Clinical	17.3	15.4	12.2%
BioPharma	14.9	12.6	17.7%
Research	127.5	125.1	1.9%
Total revenue	183.2	169.7	8.0%

Our 2024 revenues by customer end market (i.e. the end market of the customer or company buying our products) is as follows:

- 70% came from Research customers who are funded to research novel science such as academic research institutes, this

category includes Government, public health, grant funding and Distributors. Revenue of £127.5 million is 1.9% above 2023 of £125.1 million.

- 13% came from Applied Industrial customers, who are utilising sequencing for application in industrial or service setting e.g. outsourced Synthetic Biology. Revenue of £23.5 million is 41.8% above 2023 of £16.6 million).
- 9% from Clinical customers where data may have diagnostic, prognostic or therapeutic value. Revenue of £17.3 million is 12.2% above 2023 of £15.4 million.
- 8% from BioPharma customers funded to develop, make, and sell pharmaceuticals. Revenue of £14.9 million is 17.7% above 2023 of £12.6 million.

Gross margin

Year ended 31 December	FY24	FY23	Change
Gross margin (%)	57.5%	53.3%	420 bps

Gross margin improved by 420 bps to 57.5% in 2024 from 53.3% in 2023. This margin expansion was predominantly driven by underlying margin improvements (up 410bps) mainly across PromethION Flow Cells and devices, offsetting headwinds from mix (420bps), and currency (120bps). The gross margin in 2023 was negatively impacted by a number of one-offs including the adverse performance of the EGP, the write-off of excess COVID sequencing kits and legacy devices and upgrading the compute on large PromethION devices (550bps).

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

Impact of headcount

Average headcount (FTEs)	FY24	FY23	Change (%)
Research and development	512	464	10.3%
Manufacturing	158	156	1.3%
Selling, general & administration	645	513	25.7%
Total	1,315	1,133	16.1%

In 2024, the average number of employees across all functions increased by 16.1%. This increase was predominantly across research and development and in the commercial and marketing teams. The Research and Development headcount increased 10.3% as the Group invested in bringing onboard new research and development staff to support the later stage development activities across its disruptive platform.

In 2024, the Group's manufacturing headcount has increased by 1.3% from 2023. This follows the significant expansion of the team in 2021, when staff covering all manufacturing stages and processes expansion were recruited to cater for increased demand from a growing client base.

The largest increase in the Group's average headcount took place in the selling, general and administration functions including legal functions and corporate executives, with an increase of 25.7%. 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.

Post year-end, the Group entered into a targeted restructuring program, leading to a reduction in the overall workforce of around 5%, spread broadly evenly across R&D, Commercial and Corporate areas. Alongside this reduction in headcount management have also targeted non-headcount related savings of around 5%. Management expect to take a total cash charge of around £6 million in 2025 in relation to redundancy payments which will be treated as an adjusting item.

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.

	FY24 (£m)	FY23 (£m)	Change %
Research and development expenses	98.9	103.8	4.7%
Adjusting items:			

Employer's social security taxes on pre-IPO share awards	0.5	0.6	24.7%
Adjusted R&D expenses	99.4	104.4	4.9%
Amortisation of capitalised development costs	(23.7)	(18.4)	(28.7)%
Capitalised development costs	34.7	19.5	77.7%
Total R&D expenses and capitalised development costs	110.4	105.5	(4.6)%

The Group's adjusted research and development expenses reduced by £5.0 million to £99.4 million in 2024 (2023: £104.4 million). This was principally due to:

- a 77.7% increase in capitalised development costs to £34.7 million. This included £18.8 million of staff costs and £15.9 million of third-party costs. This is partly offset by £5.3 million higher amortisation costs of £23.7 million for the year. The increase in capitalised development costs reflects projects reaching an advanced stage of development and reflecting improvements and expansion to the suite of products offered.
- a 10.3% increase in average headcount leading to a £7.1 million increase in payroll costs and a £1.2 million increase in materials and other costs, partly offset by a £3.7 million increase in the research and development tax credit.
- There was a further £1.2 million benefit from lower share-based payments and associated costs.

Overall investment in research and development was £110.4 million (2023: £105.5 million); an increase of £4.9 million.

Selling, general and administration expenses

	FY24 (£m)	FY23 (£m)	Change %
Selling, general and administration expenses	158.8	155.2	(2.3%)
Adjusting items:			
Share-based payment expense on Founder Long Term Incentive Plan (LTIP)	6.1	(20.9)	N/A
Employer's social security taxes on Founder LTIP and pre-IPO share awards	2.3	0.3	N/A
Adjusted selling, general and administration expenses	167.2	134.6	(24.2%)

The Group's selling, general and administrative expenses increased by £3.6 million to £158.8 million in 2024 (2023: £155.2 million).

On an adjusted basis selling, general and administrative expenses in 2024 increased by £32.6 million to £167.2 million (2023: £134.6 million).

The main changes were:

- The total increase in the average headcount in selling, general and administrative of 25.7%, this was primarily driven by our planned increase in headcount in the commercial teams (34.4% increase in average headcount compared to 2023). Coupled with inflationary pressures of salaries, this resulted in a £21.3 million increase in payroll costs.
- An increase in depreciation of £0.2 million to £13.1 million in 2024 from £12.9 million in 2023.

The total share-based payment charge included in selling, general and administrative expenses decreased by £29.8 million in 2024 to £0.5 million. The reduction was primarily driven by a decrease in the Founder LTIP charge (from £20.9 million in 2023 to a credit of £6.1 million in 2024).

Adjusted EBITDA

	FY24 (£m)	FY23 (£m)
Loss for the year	(146.2)	(154.5)
Reconciling items:		
Taxation	6.2	4.7
Finance income	(14.8)	(18.9)

Interest expense	-	-
Interest on lease	3.6	2.2
Depreciation and amortisation	43.3	41.6
EBITDA	(108.0)	(124.8)
Adjusting items:		
Share-based payments on Founder LTIP	(6.1)	20.9
Employer taxes on pre-IPO share awards	(2.7)	(0.9)
Impairment of investment in associate	0.7	(0.1)
Adjusted EBITDA	(116.1)	(104.9)

Adjusted EBITDA losses increased from £104.9 million to £116.1 million. This was primarily driven by increasing operational expenses associated with the increase in headcount partly offset by a Founder LTIP credit and a credit relating to the employers social security tax.

Balance sheet

	FY24 (£m)	FY23 (£m)
Property, plant and equipment	66.3	49.9
Intangible assets	43.8	32.9
Right-of-use assets	34.9	32.5
Net deferred tax asset	2.6	5.5
Working capital	59.8	84.6
Other assets and liabilities	28.3	21.0
Provisions	(7.2)	(13.0)
Cash and cash equivalents and other liquid investments	403.8	472.1
Lease Liabilities	(46.0)	(41.7)
Net assets	586.3	643.9

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

Property, plant and equipment

The net book value of property, plant and equipment was £66.3 million at 31 December 2024, an increase of £16.4 million over 31 December 2023. This has been driven primarily by the net book value of assets subject to operating leases of £34.7 million, an increase of £7.0 million over 31 December 2023 which includes the purchase of NVIDIA's A-series on new PromethION devices;

Intangible assets

Intangible assets of £43.8 million at 31 December 2024 has increased by £10.9 million from £32.9 million at 31 December 2023 as a result of additional projects having passed through the capitalisation criteria in the year;

Right-of-use assets

During the year, right-of-use asset additions were £8.6 million (2023: £12.0 million), resulting in a net book value at 31 December 2024 of £34.9 million (2023: £32.5 million). As at 31 December 2024, the outstanding balance sheet liability in respect of the right-of-use assets was £46.0 million (2023: £41.7 million).

Working capital

The working capital balance of £59.8 million (2023: £84.6 million) predominantly reflects inventory of £99.5 million (2023: £101.5 million), trade and other receivables of £62.7 million (2023: £61.5 million) and trade and other payables of £102.3 million (2023: £78.4 million).

The reduction in working capital was due primarily to increased trade and other payables due to higher accruals up £12.6 million, higher contract liabilities up £5.5 million, and higher trade payables up £6.1 million.

Inventory of £99.5 million at 31 December 2024 has reduced by £2.0 million from £101.5 million at 31 December 2023. This has been

driven primarily by a reduction in MinION Flow Cell, Kits and GridION inventory, partly offset by an increase in PromethION Flow Cell inventory.

Provisions

Provisions of £7.2 million at 31 December 2024 (2023: £13.0 million), primarily relates to a provision for employer social security taxes on share awards of £4.7 million (2023: £9.9 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 £2.08 at 31 December 2023 to £1.29 at 31 December 2024.

Cash flow

Cash, cash equivalents and other liquid investments were £403.8 million at 31 December 2024, a decrease of £68.3 million since 31 December 2023 (see note 22). This is comprised of cash and cash equivalents of £199.5 million and Investment Bonds less fair value gains of £204.3 million.

There was a net cash outflow of £109.9 million from operations (2023: outflow of £137.3 million). The main reasons for this were as follows:

- Increase in working capital of £1.8 million includes an increase in inventory and assets subject to operating leases of £21.2 million and a increase in receivables of £1.8 million, partly offset by a increase in payables of £21.2 million. Excluding assets subject to operating leases, working capital would have decreased £18.7 million.
- In the second half of the year the Group entered into a new arrangement with a third-party firm to provide customers with financing options to fund capex purchases in certain markets, which could potentially help alleviate the financial burden on Oxford Nanopore from leasing devices directly. Alongside this initiative, the Group released an update to its business and pricing model in February 2025 with the aim of increasing simplicity and transparency for customers whilst improving the sustainability of Oxford Nanopore as a business.
- These changes align the Group with industry peers by offering more conventional capital purchase schemes to customers, alongside flexibility for leasing as appropriate through financing partners or direct, whilst maintaining affordable and accessible sequencing through its range of portable devices.
- Adoption of this service or if Oxford Nanopore customers choose to purchase devices direct (rather than lease) could benefit future cash flows through reducing the investment required in placing assets with customers (£20.6 million in 2024).

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

Net Cash inflows from investing activities of £15.0 million (2023: outflow of £61.8 million) includes:

- The proceeds from the sale of other financial assets of £54.2 million.
- Interest received of £9.5 million.

Partly offset by:

- The purchase of property, plant & machinery of £13.9 million.
- The spend on capitalised development costs of £34.7 million.

Net Cash inflows from financing activities of £73.6 million (2023: £64.7 million) includes:

- Net proceeds from the issue of shares of £80.9 million mainly relating to the £80.0 million equity placing,

Partly offset by:

- Lease and interest payments of £7.3 million.

Outlook

2025 has started well and in-line with guidance. Whilst the uncertainty caused by geopolitical instability remains high the demand for our products remains strong as customers within both established and new end-markets see the intrinsic value of the Oxford Nanopore Technologies sensing platform within their own workflows.

Alongside strong top line growth we see the opportunity for further gross margin improvement and continued focus on cost discipline that is set to continue over the medium term and deliver significant operational leverage.

With a strong balance sheet, further enhanced by the £80.0 million placement in 2024 and recent changes to our pricing model, alongside continued focus on working capital, we are well funded to deliver against our medium-term targets of adjusted EBITDA breakeven in 2027 and cash flow breakeven in 2028.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Revenue	4	183,191	169,668
Cost of sales		(77,796)	(79,187)
Gross profit		105,395	90,481
Research and development expenses		(98,921)	(103,842)
Selling, general and administrative expenses		(158,807)	(155,248)
Loss from operations		(152,333)	(168,609)
Finance income		14,841	18,853
Finance expense		(3,565)	(2,206)
Other gains and losses	8	1,838	2,278
Share of loss in associate		(18)	(228)
(Impairment)/write-back of investment in associate		(724)	144
Loss before tax	6	(139,961)	(149,768)
Taxation	9	(6,227)	(4,739)
Loss for the year		(146,188)	(154,507)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Unrealised fair value gains on investment bonds	8	4,577	4,177
Reclassification to profit or loss on disposal of investment bonds	8	(1,989)	(153)
Fair value movements on investment bonds	8	2,588	4,024
Exchange losses arising on translation of foreign operations		(469)	(3,880)
Tax on items that may be reclassified subsequently to profit or loss	9	(647)	(1,240)
Other comprehensive income/(expense) for the year, net of tax		1,472	(1,096)
Total comprehensive loss		(144,716)	(155,603)

	Note	2024 Pence	2023 Pence
Loss per share	7	(16)	(19)

Consolidated Statement of Financial Position

as at 31 December 2024

	Note	2024 £000	2023 £000
Assets			
Non-current assets			
Property, plant and equipment	11	66,331	49,890

Intangible assets	10	43,815	32,910
Investment in associate		–	742
Right-of-use assets	12	34,859	32,526
Other financial assets	15	74,314	208,325
Deferred tax assets		2,636	5,486
		221,955	329,879
Current assets			
Inventory	13	99,453	101,548
Trade and other receivables	14	62,708	61,475
Current tax assets		1,199	1,030
R&D tax credit recoverable		18,365	12,819
Other financial assets	15	138,853	49,514
Derivative financial assets		–	261
Cash and cash equivalents	20	199,517	220,536
		520,095	447,183
Total assets		742,050	777,062
Liabilities			
Non-current liabilities			
Lease liabilities	18	40,606	37,333
Share-based payment liabilities		177	141
Provisions	17	3,439	6,538
		44,222	44,012
Current liabilities			
Trade and other payables	16	102,316	78,447
Lease liabilities	18	5,358	4,322
Derivative financial liabilities		10	–
Provisions	17	3,806	6,430
		111,490	89,199
Total liabilities		155,712	133,211
Net assets		586,338	643,851
Issued capital and reserves attributable to owners of the parent			
Share capital		96	86
Share premium reserve		779,697	698,553
Share-based payment reserve	19	209,149	203,099
Translation reserve		(642)	(173)
Accumulated deficit		(401,962)	(257,714)
Total equity		586,338	643,851

Consolidated Statement of Changes in Equity

as at 31 December 2024

	Share capital £000	Share premium £000	Share-based payment reserve £000	Translation reserve £000	Accumulated deficit £000	Total equity £000
At 1 January 2023	83	627,557	168,200	3,707	(105,991)	693,556
Loss for the year	–	–	–	–	(154,507)	(154,507)
Other comprehensive income/(expense)	–	–	–	(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
Loss for the year	–	–	–	–	(146,188)	(146,188)
Other comprehensive income/(expense)	–	–	–	(469)	1,940	1,471
Comprehensive loss for the year	–	–	–	(469)	(144,248)	(144,717)
Issue of share capital	10	83,466	–	–	–	83,476
Cost of share issue	–	(2,322)	–	–	–	(2,322)
Employee share-based payments	–	–	6,029	–	–	6,029
Tax in relation to share-based payments	–	–	21	–	–	21
Total contributions by and distributions to owners	10	81,144	6,050	–	–	87,204
At 31 December 2024	96	779,697	209,149	(642)	(401,962)	586,338
Note			19			

Consolidated Statement of Cash Flows

for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Net cash outflow from operating activities	20	(109,885)	(137,302)
Investing activities			
Purchase of property, plant and equipment		(13,943)	(5,906)
Development costs capitalised	10	(34,693)	(19,522)
Purchases of IP licences		–	(1,862)
Investment in associate		–	(3,000)
Interest received		9,507	13,898
Purchase of other financial assets		–	(150,000)
Proceeds from sale of other financial assets		54,156	104,598
Net cash inflow/(outflow) from investing activities		15,027	(61,794)
Financing activities			
Proceeds from issue of shares		83,233	71,597
Costs of share issue		(2,322)	(366)
Principal elements of lease payments		(4,685)	(4,291)
Interest paid		(3)	(1)
Interest paid on leases		(2,642)	(2,205)
Net cash inflow from financing activities		73,581	64,734
Net decrease in cash and cash equivalents before foreign exchange movements		(21,277)	(134,362)
Effect of foreign exchange rate movements		258	(1,880)
Cash and cash equivalents at beginning of year		220,536	356,778
Cash and cash equivalents at end of year	20	199,517	220,536

Notes to the Consolidated Financial Statements

for the year ended 31 December 2024

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 ultimate parent company of the Group.

The unaudited preliminary financial information, which does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006, comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and extracts from the notes to the financial statements for the year ended 31 December 2024. These have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the UK. The unaudited preliminary financial information should be read in conjunction with the Annual Report for 2023, which has been prepared in accordance with International Accounting Standards, in conformity with the Companies Act 2006.

The unaudited preliminary financial information has been 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 as per the 2023 Annual Report.

2. Going concern

As at 31 December 2024, the Group held £403.8 million in cash, cash equivalents and other liquid investments (note 22).

In order to satisfy the going concern assumption, the Directors review the budget periodically. It is revisited and revised as appropriate in response to evolving market conditions. Specifically for these financial statements, the Directors have considered the budget and forecast prepared through to the end of March 2026, the going concern assessment period, and the impact of a range of severe, but plausible, scenarios on revenue, profit and cash flow. The principal issues and risks considered were:

- supply chain issues driven by demand, logistics interruptions and heightened global geopolitical tension;
- the impact on revenue 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. 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.

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. All other spend on R&D projects has been recognised within R&D expenses in the income statement during the year.

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 2024 was £99.5 million (2023: £101.5 million). In line with the requirements of IAS 2, "Inventories", inventory is stated at the lower of cost and net realisable value.

Management is required to make a number of estimates around the net realisable value of inventory, which represents the estimated selling price less all estimated costs of completion. In cases where the net realisable value is below cost, management records a provision such that inventory is held at the lower of cost and net realisable value.

To estimate the inventory provision, management uses inputs based on the location and status of inventory held by the Group. This includes the intended use of the inventory, including whether it is expected to be sold or used for research and development purposes.

Management makes assumptions around the net realisable value of each category of inventory, including considering any excess inventory. These estimates are then applied to the inventory balance, based on its cost, location and intended use, to record a provision in cases where the net realisable value is below cost.

If the provisioning estimate had decreased by 6%, then the net realisable value of inventory would have increased by £3.0 million and the revised inventory value would have been £102.4 million (31 December 2023: £2.7 million and £104.3 million respectively). If the provisioning against inventory had increased by a further 3%, then the net realisable value of inventory would have decreased by £3.2 million and the revised inventory value would have been £96.3 million (31 December 2023: £3.4 million and £98.1 million respectively).

ii) Share-based payments

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 actual sales were 10% less than forecast, the Group recognised total expenses of £6.0 million relating to equity settled share-based payment transactions would decrease by £6.4 million and become a credit of £0.4 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 a share-based payment 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 2024, the expected vesting of the share price linked awards was estimated at 48.1% (2023: 50.8%).

Other sources of estimation uncertainty

iii) Internally generated intangible assets research and development expenditure (R&D)

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 2024 was £41.8 million (2023: £30.8 million).

Development costs capitalised in 2024 amounted to £34.7 million (2023: £19.5 million). If the estimated time spent on these projects had varied by up to 5% then the development costs capitalised in 2024 would have been in the range of £33.0 million to £36.4 million (2023: £18.5 million to £20.5 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.

4. 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:

	2024 £000	2023 £000
Geographical region		
AMR	63,143	61,542
EMEA	79,608	74,037
APAC	40,440	34,089
Total revenue	183,191	169,668

	2024 £000	2023 £000
Category		
Sale of goods	154,095	141,907
Rendering of services	18,981	17,445
Lease income	10,115	10,316
Total revenue	183,191	169,668

	2024 £000	2023 £000
Timing of revenue recognition		
At a point in time	155,687	141,907
Over time	27,504	27,761
Total revenue	183,191	169,668

Notes 14 and 16 disclose assets and liabilities the Group has recognised in relation to contracts with customers.

Revenue recognised in relation to contract liabilities:

	2024 £000	2023 £000
Revenue recognised that was included in the contract liability balance at the beginning of the year	12,849	15,848

5. Segment information

The Group's senior management team is considered to be the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance, as defined under IFRS 8, "Operating Segments". The CODM considers that the only Group reportable segment is revenue generation from providing products and services for research use, including research and development expenditure and corporate expenditure.

There were no individual customers representing more than 10% of the Group's total revenue in either the current or prior year.

Geographical regions

Revenue by geographical region is shown in note 4. The Group's non-current assets by geographical location, excluding other financial assets and deferred tax assets, are detailed below:

	2024 £000	2023 £000
AMR	15,733	13,130
EMEA	126,963	101,883
APAC	2,309	1,055
	145,005	116,068

6. Loss before tax

	2024 £000	2023 £000
This is after charging/(crediting):		
Amortisation of intangible assets	23,955	18,491
Depreciation of property, plant and equipment	13,449	18,105
Depreciation of right-of-use assets	5,880	5,031
Loss on disposal of property, plant and equipment	7,513	3,663
Cost of inventory	61,286	49,162
Write-down of inventory	805	9,839
Short-term lease costs	971	928
Impairment/(write-back) of investment in associate	724	(144)
Net foreign exchange gain	(504)	(1,385)

All amounts relate to continuing operations.

7. Loss per share

	2024 Pence	2023 Pence
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	(16)	(19)

	2024 £000	2023 £000
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	(146,188)	(154,507)

	2024 Number	2023 Number
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	897,796,423	833,960,358

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 2024 and 31 December 2023. These options could potentially dilute basic earnings per share in the future. Details relating to share options are set out in note 19.

8. Other gains and losses

	2024 £000	2023 £000
Gain on investment bonds	1,989	153
(Loss)/gain on derivative financial instruments	(151)	2,125
	1,838	2,278

	2024 £000	2023 £000
Unrealised fair value gains on investment bonds	4,577	4,177
Reclassification to profit or loss on disposal	(1,989)	(153)
Total - fair value movements on investment bonds (included in other comprehensive income)	2,588	4,024

9. Taxation

Income tax recognised in statement of comprehensive income

Income tax recognised in profit and loss

	2024 £000	2023 £000
Current tax		
Notional tax on R&D expenditure credit	3,343	2,446
Prior year adjustment in respect of notional tax on R&D expenditure credit	117	(48)
Prior year adjustment in respect of current tax	196	(822)
Tax payable on foreign subsidiaries	331	2,949
Total current tax	3,987	4,525
Deferred tax		
Origination and reversal of temporary differences	2,240	214
Total deferred tax	2,240	214
Total tax	6,227	4,739

Income tax recognised in OCI

	2024 £000	2023 £000
Deferred tax on investment bonds	647	1,240
Total tax	647	1,240

Current tax balances have been calculated at the rates enacted for the period. The effective rate of Corporation Tax is -4.45% (2023: -3.16%) 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:

	2024 £000	2023 £000
Loss for the year	(146,188)	(154,507)
Income tax expense	6,227	4,739
Loss before income taxes	(139,961)	(149,768)
Tax rate in the UK for period as a percentage of losses at 25.0% (2023: 23.5%)	(34,990)	(35,196)
R&D incentives	3,147	2,067
Adjustment in respect of overseas tax rates	124	410
Adjustments to tax charge in respect of prior years	295	133
Impact of share options	(2,789)	6,634
Movement on unrecognised deferred tax	39,380	29,775
Other timing differences	(366)	(1,160)
Expenses not deductible for tax purposes	1,426	2,076
Total tax expense	6,227	4,739

10. Intangible assets

	Capitalised development costs £000	Patents and licences £000	Total £000
Cost			
At 1 January 2023	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
Additions	34,693	239	34,932
Foreign exchange movements	–	(77)	(77)
At 31 December 2024	111,856	2,470	114,326
Accumulated amortisation and impairment			
At 1 January 2023	27,970	100	28,070
Charge for the year	18,419	72	18,491
At 31 December 2023	46,389	172	46,561
Charge for the year	23,699	256	23,955
Foreign exchange movements	–	(5)	(5)
At 31 December 2024	70,088	423	70,511
Net book value			
At 31 December 2023	30,774	2,136	32,910
At 31 December 2024	41,768	2,047	43,815

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.

In line with IAS 36, “Impairment of Assets”, the Directors have considered whether there are indicators, either internal or external, of impairment. No such indicators were identified in the current or prior year.

11. Property, plant and equipment

	Leasehold improvements £000	Plant and machinery £000	Assets under construction £000	Assets subject to operating leases	Equipment £000	Total £000
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£000						
Cost or valuation						
At 1 January 2023	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
Additions	–	104	13,738	20,566	2,801	37,209
Disposals	–	–	–	(13,615)	–	(13,615)
Transfers between classes	430	3,641	(4,715)	–	644	–
Foreign exchange movements	4	1	2	353	31	391
At 31 December 2024	12,167	31,915	10,523	62,062	23,306	139,973
Accumulated depreciation and impairment						
At 1 January 2023	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
Charge for the year	1,381	3,002	–	6,210	2,856	13,449
Disposals	–	–	–	(6,103)	–	(6,103)
Foreign exchange movements	5	4	–	165	24	198
At 31 December 2024	7,595	20,712	–	27,405	17,930	73,642
Net book value						
At 31 December 2023	5,524	10,463	1,498	27,625	4,780	49,890
At 31 December 2024	4,572	11,203	10,523	34,657	5,376	66,331

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.

12. Right-of-use assets

	Total £000
Cost	
At 1 January 2023	35,419
Additions	12,024
Disposals	(1,336)
Foreign exchange movements	(332)
At 31 December 2023	45,775
Additions	8,596
Disposals	(2,456)
Foreign exchange movements	84
At 31 December 2024	51,999
Accumulated depreciation	
At 1 January 2023	9,513
Charge for the year	5,031

Disposals	(1,142)
Foreign exchange movements	(153)
At 31 December 2023	13,249
Charge for the year	5,880
Disposals	(2,060)
Foreign exchange movements	71
At 31 December 2024	17,140
Net book value	
At 31 December 2023	32,526
At 31 December 2024	34,859

13. Inventory

	2024 £000	2023 £000
Raw materials	37,631	50,888
Work in progress	45,637	39,154
Finished goods	16,185	11,506
	99,453	101,548

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

The cost of inventory recognised as an expense includes £0.8 million (2023: £9.8 million) in respect of write-downs of inventory to net realisable value. There were no reversals of write-downs in either year.

14. Trade and other receivables

	2024 £000	2023 £000
Trade receivables	37,255	33,626
Contract assets	282	204
Accrued income and other debtors	6,429	7,750
Accrued interest	597	746
Other taxes	5,223	6,351
Prepayments	12,922	12,798
	62,708	61,475

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. Certain items within accrued income could also be considered as contract assets.

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 2024	30,237	2,772	1,848	4,478	39,335
Loss allowance	(397)	(141)	(125)	(1,417)	(2,080)
	29,840	2,631	1,723	3,061	37,255
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

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 2023	2,614
Net charges and releases to statement of comprehensive income	(1,425)
Foreign exchange movement	(242)
At 31 December 2023	947
Net charges and releases to statement of comprehensive income	1,132
Foreign exchange movement	1
At 31 December 2024	2,080

15. Other financial assets

	2024 £000	2023 £000
Investment bonds	211,838	256,534
Other financial assets	1,329	1,305
	213,167	257,839

These items were analysed as follows:

	2024 £000	2023 £000
Current	138,853	49,514
Non-current	74,314	208,325
	213,167	257,839

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

16. Trade and other payables

	2024 £000	2023 £000
Trade payables	31,300	25,184
Share-based payments	169	504
Payroll taxation and social security	4,474	4,507
Accruals	45,707	33,096
Contract liabilities	20,666	15,156
	102,316	78,447

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 54 days (2023: 50 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 2024 they increased by £5.5 million (2023: decrease of £5.1 million). Management expects that most of the transaction price allocated to unsatisfied performance obligations as at 31 December 2024 will be recognised as revenue during the following year.

17. Provisions

	Dilapidation provisions £000	Employer taxes £000	Other £000	Total provisions £000
At 31 December 2023	2,384	9,913	671	12,968

Movement in provision for the year	56	(1,973)	854	(1,063)
Payments	–	(3,275)	(1,381)	(4,656)
Foreign exchange movements	4	1	(9)	(4)
At 31 December 2024	2,444	4,666	135	7,245
Current	–	3,671	135	3,806
Non-current	2,444	995	–	3,439
At 31 December 2024	2,444	4,666	135	7,245
Current	–	5,759	671	6,430
Non-current	2,384	4,154	–	6,538
At 31 December 2023	2,384	9,913	671	12,968

The dilapidation provisions relate to leased properties, representing an obligation to restore the premises to their original condition at the time the Group vacates them. The provision is non-current and expected to be utilised in less than 30 years.

Employer taxes relate to the expected employer social security 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.

18. Lease liabilities

	2024 £000	2023 £000
Current	5,358	4,322
Non-current	40,606	37,333
Lease liabilities included in the statement of financial position	45,964	41,655
	2024 £000	2023 £000
Maturity analysis - contractual undiscounted cash flows		
Up to one year	8,314	6,865
Two to five years	33,065	28,057
Greater than five years	20,536	21,358
Total undiscounted lease liabilities at 31 December	61,915	56,280

Information on the associated right-of-use assets is included in note 12.

19. Share-based payment reserve

	2024 £000	2023 £000
At 1 January	203,099	168,200
Equity settled share-based payment transactions	6,029	34,995
Tax in relation to share-based payment transactions	21	(96)
At 31 December	209,149	203,099

Share-based payment transactions

	2024 £000	2023 £000
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Expense arising from share-based payment transactions:		
Included in research & development expenses	4,633	5,897
Included in selling, general & administrative expenses	1,259	29,179
	5,892	35,076
Equity settled share-based payment transactions	6,029	34,995
Cash settled share-based payment transactions	(137)	81
	5,892	35,076

20. Notes to the cash flow statements

	2024 £000	2023 £000
Cash and cash equivalents	199,517	220,536

Cash and cash equivalents comprised cash held at banks. The carrying amount of this asset was approximately equal to its fair value.

	2024 £000	2023 £000
Loss before tax	(139,961)	(149,768)
Depreciation on property, plant and equipment	13,449	18,105
Depreciation on right-of-use assets	5,880	5,031
Amortisation on intangible assets	23,955	18,491
Loss on disposal of property, plant and equipment and right-of-use assets	7,513	3,854
Research and development expenditure credit	(13,863)	(10,157)
Foreign exchange movements	(1,405)	(519)
Interest on leases	3,562	2,205
Interest income	(14,838)	(18,852)
Movements on investment bonds	(1,491)	337
Movements on derivatives	271	836
Impairment/(write-back) of investment	724	(144)
Share of losses in associate	18	228
Employee share benefit costs including employer's social security taxes	3,919	34,908
Operating cash flows before movements in working capital	(112,267)	(95,445)
(Increase)/decrease in receivables	(1,825)	118
Increase in inventory and assets subject to operating leases	(21,176)	(43,060)
Increase in payables	21,171	1,502
Cash used in operations	(114,097)	(136,885)
Research and development expenditure credit received	4,857	4,088
Foreign tax paid	(645)	(4,505)
Net cash outflow from operating activities	(109,885)	(137,302)

21. Events after the reporting date

In January 2025, the Group concluded a targeted restructuring programme aimed at resource optimisation and improving operational effectiveness, leading to a reduction in the overall workforce of approximately 5%, alongside other cost control measures. Management expect to take a total cash charge of approximately £6 million in FY25 in relation to redundancy payments which will be treated as an adjusting item.

22. Alternative performance measures

The Group's performance is assessed using a number of financial measures which are not defined under IFRS and which therefore comprise alternative (non-GAAP) performance measures. Alternative performance measures are used by the Directors and management to monitor business performance internally and exclude certain 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. These are as follows:

Underlying revenue growth: 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 certain contracts that are not expected to recur. We also report underlying revenue performance within each of our customer groups and product range;

Underlying revenue growth on a constant currency basis: revenue growth excluding EGP and COVID sequencing revenue, on a constant currency basis; namely by the adjusting of current year revenues to prior year foreign exchange rates;

Underlying gross margin: 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, finance income, loan interest, interest on leases, depreciation and amortisation;

Adjusted EBITDA: EBITDA adjusted for events which are non-recurring or intermittent, which do not relate to the ongoing operational performance that underpins long-term value generation;

Cash, cash equivalents and other liquid investments: cash and cash equivalents comprise cash in hand and deposits held at call, plus 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.

The following table presents the adjusted underlying revenue growth:

	H1 2024 £000	H2 2024 £000	2024 £000	H1 2023 £000	H2 2023 £000	2023 £000
Revenue	84,082	99,109	183,191	86,002	83,666	169,668
Adjusting Items:						
EGP revenue	(304)	(1,474)	(1,778)	(4,911)	(7,045)	(11,956)
COVID sequencing revenue	(1,163)	(1,016)	(2,179)	(5,454)	(2,512)	(7,966)
Underlying revenue	82,615	96,619	179,234	75,637	74,109	149,746
Underlying growth	+9.2%	+30.4%	+19.7%	+53.1%	+27.5%	+39.3%
Impact of foreign exchange	2,416	2,913	5,329	(3,371)	3,231	(140)
Underlying revenue on a constant currency basis	85,031	99,532	184,563	72,265	77,341	149,606
Underlying growth on a constant currency basis	+12.4%	+34.3%	+23.3%	+46.3%	+33.0%	+39.1%

The following table presents the adjusted underlying gross margin:

	2024	2023
Gross margin	57.5%	53.3%
Adjusting Items:		
EGP contract	-	2.3%
Write off of COVID sequencing kits and legacy devices	-	2.3%
Impact of compute upgrade on large PromethION devices	-	0.9%
Underlying gross margin	57.5%	58.8%

The following table presents the adjusted research and development expenses:

	2024 £000	2023 £000
Research and development expenses	98,921	103,842
Adjusting Items:		
Employer's social security taxes on pre-IPO share awards	455	604
Adjusted research and development expenses	99,376	104,446
Amortisation of capitalised development costs	(23,699)	(18,419)
Capitalised development costs	34,693	19,522
Adjusted R&D expenses and capitalised development costs	110,370	105,549

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

	2024 £000	2023 £000
Selling, general and administrative expenses	158,807	155,248
Adjusting Items:		
Share-based payment expense on Founder Long Term Incentive Plan (LTIP)	6,146	(20,886)
Employer's social security taxes on Founder LTIP and pre-IPO share awards	2,275	285
Adjusted selling, general and administrative expenses	167,228	134,647

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

	H1 2024 £000	H2 2024 £000	2024 £000	H1 2023 £000	H2 2023 £000	2023 £000
Loss for the period	(74,652)	(71,536)	(146,188)	(70,099)	(84,408)	(154,507)
Taxation	3,296	2,931	6,227	3,540	1,199	4,739
Finance income	(7,666)	(7,175)	(14,841)	(7,239)	(11,614)	(18,853)
Interest expense	0	3	3	0	1	1
Interest on lease	1,948	1,614	3,562	1,069	1,136	2,205
Depreciation and amortisation	19,782	23,502	43,284	19,869	21,758	41,627
EBITDA	(57,292)	(50,661)	(107,953)	(52,860)	(71,928)	(124,788)
Share-based payments (Founder LTIP)	1,037	(7,183)	(6,146)	14,908	5,978	20,886
Employer's social security credit on Founder LTIP and pre-IPO share-based awards	(5,507)	2,777	(2,730)	(1,277)	389	(888)
Write-back of investment in associate	145	579	724	(144)	0	(144)
Adjusted EBITDA	(61,617)	(54,488)	(116,105)	(39,373)	(65,561)	(104,934)

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

	2024 £000	2023 £000
Cash and cash equivalents	199,517	220,536
Investment bonds	211,838	256,534
Less: fair value movements on investment bonds	(7,548)	(4,960)
Cash, cash equivalents and other liquid investments	403,807	472,110