

OXFORD METRICS PLC
ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2023

COMPANY NO 03998880

Contents

Chairman's Statement	2
Strategic Report	3
Report of the Directors	12
Corporate Governance Report	15
Audit Committee Report	19
Report on Directors' Remuneration	20
Independent Auditor's Report	24
Consolidated Income Statement	31
Consolidated Statement of Comprehensive Income	31
Consolidated and Company Statement of Financial Position	32
Consolidated and Company Statement of Cashflows	33
Consolidated and Company Statement of Changes in Equity	34
Notes to the Financial Statements	36
Company Information	73
Notice of Annual General Meeting	74

CHAIRMAN'S STATEMENT

I am delighted to report that Oxford Metrics has delivered a strong financial performance during 2023 reporting both record revenue and Adjusted PBT results. Valkyrie, the Group's most advanced motion capture system to date, launched in July 2022, has continued to drive revenues and has been positively received and widely adopted by new and existing customers alike.

Since the launch of the Group's current five-year plan, we have continued to invest in the future of the business. Over the Summer, at Siggraph, the premier conference for computer graphics and interactive techniques, hosted in Los Angeles, we were able to reveal the fruits of our innovation efforts over the past four years to unveil our new markerless technology. Following successful public demonstrations, this development represents a pivotal moment for the business and, once commercialised, is expected to help drive growth over the coming years.

Given the record performance in FY23, the addition of Industrial Vision Systems (IVS) acquired in November 2023 and the commercialisation of markerless, we remain on track to achieve our five-year plan which aims to grow revenues 2.5x to £70m whilst delivering an Adjusted PBT* margin of 15% by the end of the FY26.

The Group reported revenues of £44.2m (FY22: £28.8m), adjusting for the deferment of £3.5m of orders we were unable to ship in September 2022; the underlying growth was strong nonetheless at 26%. An Adjusted PBT* of £6.5m (FY22: £2.6m) is reported, equivalent to a return on sales of 14.8% (FY22: 9.0%). The order book for the year ahead stands at £11.5m (FY22: £24.0m) which represents a more reasonable lead time for our customers, following the easing of supply chain constraints, which we will seek to maintain in the future.

The Group reports a statutory Profit after tax for all operations of £5.7m (FY22: £46.9m) which last year included the disposal of the Yotta business at a highly attractive valuation and on a continuing basis a statutory Profit after tax of £5.7m (FY22: £3.4m) is reported. The net cash position including Fixed Term Deposits was £64.8m (FY22: £67.7m). After the continued investment in the business and the deployment of cash for working capital purposes during the year, the net cash position remains significant and available for the execution of our M&A plans.

The Board proposes a 10% increase to our final dividend to 2.75p per share (FY22 Final Dividend: 2.50p) this year. We remain committed to our progressive dividend policy and aims to achieve average dividend cover of approximately two-times Adjusted PBT* per share over time.

The success of our business depends on having engaged and dedicated employees. This is reflected in our very high retention rate, 89% globally, of which we are very proud. We understand the importance of environmental and social sustainability within our own operations and our supply chain, and we are taking steps to reduce our impact on the environment from redesigning our products and transforming our operational processes. As an important part of our investment in the future of the business, we have published our Environmental, Social and Governance initiatives on our sustainability webpage oxfordmetrics.com/sustainability, and we have published our Streamlined Energy and Carbon Reporting ('SECR') data in this year's Annual Report. The Board is committed to taking a holistic view of the business and we will continue to update and review our sustainability webpage throughout 2024.

I would like to take the opportunity on behalf of the Board and our colleagues to thank our former CEO, Nick Bolton, who contributed an enormous amount. Nick successfully led the Group over the last 18 years leaving it well positioned to capitalise on the opportunities ahead of us today. We wish him all the very best in his new role. Following a thorough and orderly CEO transition process, we are delighted to have appointed Imogen Moorhouse, to step up into CEO of Oxford Metrics to lead us forward.

We are very fortunate to have a natural successor; Imogen knows our business inside and out, having spent 22 years at Vicon, the last 12 of which as Vicon CEO. Through this time Imogen has grown the business organically and via M&A and has been integral to the development and implementation of the Group's five-year growth plan.

We were also pleased to announce the acquisition of Industrial Vision Systems. The acquisition is immediately earnings enhancing, adding smart manufacturing to our portfolio and increasing our presence in the Engineering market. Along with our new IVS colleagues and energised team, I look forward to continuing to work with Imogen as we move ahead to achieve our aims of creating a Group focused on expanding market opportunities in smart sensing.

Lastly, I would like to thank everyone involved in supporting and building our business – our customers, our shareholders, our partners, and, of course, our brilliant team across the world who responded magnificently, not least the production team who, this year, manufactured more camera systems than ever before.

Roger Parry
Chair

** Profit Before Tax before Group recharges adjusted for share-based payments, amortisation and impairment of intangibles arising on acquisition and additional Contemplas consideration deemed remuneration.*

STRATEGIC REPORT

Imogen Moorhouse, CEO

After 12 years as operational CEO for Vicon I am delighted to have taken on the Oxford Metrics CEO role at such an exciting time for the Group.

Delivering the five-year growth plan for Oxford Metrics is my key focus, having worked very closely with my predecessor, Nick Bolton, to formulate the Group's next chapter. In year two of the plan, 2023 has certainly been a year of powering up, delivering a record performance from our Vicon division and unveiling yet more innovation, making our markerless technology a reality at Siggraph. Post year end, we acquired Industrial Vision Systems in November and are encouraged by our start to the new financial year.

We enter year three of the plan in a strong position. Over FY23 I have grown the senior leadership team at Vicon with a series of new appointments.

With an energised team and clear roadmap, we are well-positioned to deliver on the target of growing revenues 2.5x whilst delivering an Adjusted PBT* margin of 15% by the end of the plan. At the core of the plan is the three elements of smart sensing: **sense, analyse and apply**:

1. Extend our sensing capabilities

Firstly, we seek growth by extending our sensing methods through R&D, M&A and fostering key supplier partnerships, which broadens the applicability of our solutions and expands our addressable market.

At Siggraph, we unveiled our markerless technology, receiving a very positive market reaction. At the same time, we launched a Pioneer Programme allowing customers and prospects to work with us on executing product delivery to ensure we capture both the technical, user experience, operational and commercial aspects of the delivery in the right way.

With our post year end acquisition of IVS, we have added machine vision techniques used in the growing smart manufacturing market, an adjacent industry to Vicon, and one where there are clear opportunities to expand its geographic footprint and grow its IP-rich static technology offering with prospects to benefit from Vicon's dynamic sensing. We're excited about the opportunity ahead to extend into yet more applications and industries as inspection automation becomes more mainstream and smart manufacturing becomes the standard.

2. Enhance the analysis we can perform

Secondly, we seek to augment the analysis our customers can undertake with our software, thus broadening the range of applications to which our systems can be applied.

Vicon's new life sciences reporting tool, Nexus Insight, is a good example of this. Nexus Insight simplifies reporting, making it easier for customers to visualise, interpret, share, analyse and compare their data. This new tool takes motion capture data, turning it into clear, easy to understand, accessible reports.

3. Apply our IP by embedding in other companies' solutions

Finally, we aim to grow by seeing our deep technology incorporated into other business' products and services – which aims to expand our addressable market as we drive the integration of our sensing and analysis IP to specific application domains.

Currently, the best example of our embedding opportunity is in the Location-based Entertainment (LBE) market and in FY23 we saw encouraging next phase rollouts by our partners Sandbox VR and Immersive Gamebox. Sandbox VR recently announced their 45th location while Immersive Gamebox have opened their 30th location in the year with exciting news announced of their multi-million pound agreement with Merlin entertainments across the UK, Europe, the USA, and Australia. The multi-territory partnership is intended to create immersive experiences that will engage and connect players of all ages, using the Gamebox suite of IP partnerships that include Paw Patrol, Ghostbusters, Netflix, and the Angry Birds game.

In addition, there are opportunities for IVS' proprietary vision modules to be embedded by providers into their solutions in smart manufacturing process to ensure "right first time" products.

New markerless technology

Markerless motion capture enables 3D motion capture without the need to wear motion capture suits or attach reflective markers, active markers or inertial sensors. The technology uses the latest machine learning and AI techniques to process video imagery to create 3D visualisations. In a similar way to how Large Language Models are used to drive AI Chatbots, we are building our own proprietary Large Video Models to develop and improve the markerless technology. We showcased our new markerless technology platform in the summer showing the technique seamlessly working in a six-participant real-time immersive VR experience with our LBE partner Dreamscape.

In its nascent state, markerless technology is not yet as accurate as existing marker-based systems so will be a complementary solution. The markerless solution will therefore be suited to situations where it is not practical or desirable to add markers to the subject or where commercial imperatives mean efficiency is key. We expect the markerless technology to have immediate applicability in the LBE and Entertainment segments and, over time, will become relevant in Life Sciences in clinical situations as the technique is validated against marker-based data. Markerless is a complementary capture technique to marker-based and will be of value to most of Vicon’s existing 10,000 global customers, as well as expanding our TAM by appealing to those who cannot use markers to adopt the technology.

Ultimately, the markerless product solution will incorporate elements of cloud infrastructure and delivery, exploring the opportunity for subscription and annual recurring revenue (ARR) models alongside the traditional capital goods model.

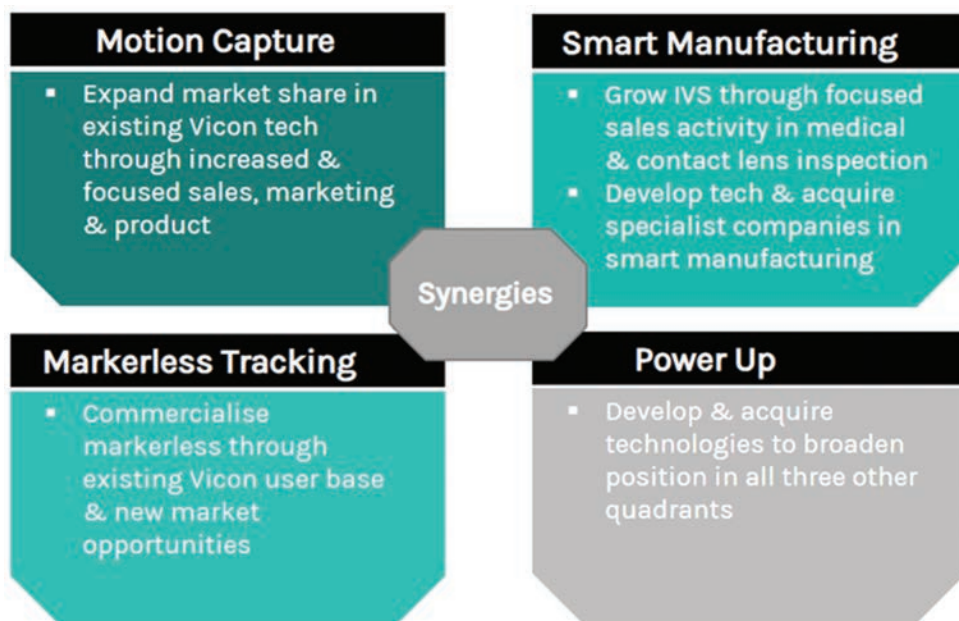
M&A

During the year, we continued to actively pursue M&A opportunities to complement the five-year plan. Our recent acquisition of IVS in November 2023 fits into our five-year plan and is a good strategic fit, serving as an example of the types of targets we are seeking to acquire. IVS has deep Intellectual Property in integrated smart sensing; has a position of strength in its niche market; is culturally a good fit; has an attractive financial profile and will be immediately earnings enhancing.

Oxford Metrics has a disciplined approach to M&A – we are absolutely determined to find the right acquisitions, at the right price, for the right reasons.

Our M&A pipeline continues to develop and evolve and includes greater focus on certain market opportunities, for example smart manufacturing is emerging as a strong adjacent technology market with global growth potential.

Quadrants of Growth



OPERATIONAL REVIEW

KPI	Revenue		PBT		Adjusted PBT*	
	FY23	FY22	FY23	FY22	FY23	FY22
Vicon	£44.2m	£28.8m	£4.6m	£2.7m	£8.2m	£5.4m
Plc	-	-	£1.6m	-	(£1.7m)	(£2.8m)
Group	£44.2m	£28.8m	£6.2m	£2.7m	£6.5m	£2.6m

Record revenues are reported of £44.2m (FY22: £28.8m) representing an increase of 53.5% (52.4% on a constant currency basis). Order intake for the full year was £31.7m (FY22: £46.9m) reflecting a normalisation of customer buying behaviour compared to last year in which customers were placing orders in advance following the disruption caused by the pandemic and subsequent supply chain challenges. As of 30th September 2023, the order book stood at £11.5m (FY22: £24.0m) representing a normalisation of customer buying patterns. Given the operational benefits of having an order book, the business will seek to maintain an order book broadly equivalent to a quarter’s revenue in the future.

Continued buoyant performance in our Entertainment segment, which saw year on year revenue growth of 82% and accounts for 43% of orders in hand. Cover Japan purchased a large number of Valkyrie cameras for four motion capture stages to allow V-tubers to capture and purchase content for their channels. Double Negative's partnership with Dimension Studio continued with the purchase of an In-Camera Visual Effects stage which is being shipped globally for projects coming to a theatre or streaming service very soon. While in the USA, PUBG Madison installed the first Valkyrie stage in that territory.

Life Sciences, traditionally our cornerstone market, saw year on year revenue growth of 40% and accounts for 29% of the orders in hand. The Hospital Israelita Albert Einstein (HIAE), the largest gait lab in Brazil, upgraded their system and in Italy the University of Padova's Industrial Engineering in Sports Department are using the new Valkyrie 8 for high speed analysis with the Italian Paralympic team. Elsewhere, in Australia, Victoria University continue to provide gold standard testing for FIFA's research using the Valkyrie 16 and 26 systems, and in the US, the University of Rochester Medical Centre have installed multiple Valkyrie laboratories for spine and other biomechanical research.

Engineering reported year on year revenue growth of 56% and accounts for 22% of orders in hand. ITESM, a private university in Monterrey, Mexico installed a Valkyrie system for drone tracking whilst the University of Arizona also purchased Valkyrie 26 cameras to track tiny 'crazyfly' drones. While the University of Manitoba acquired a large Valkyrie system for both Unmanned Aerial Vehicle (UAV) and ground robot tracking in an indoor agriculture research facility.

LBE reported a slight revenue decline year on year of 5% and accounts for 6% of orders in hand. Despite this, LBE remains an attractive market and presents a clear growth opportunity going forward, but for the time being remains sensitive to customer roll out plans and consumer acceptance of this exciting application. Our partner Sandbox VR recently announced their 45th location and Immersive Gamebox opened their 30th location in the year with exciting news announced of their multi-million pound and multi-territory agreement with Merlin Entertainments, a family entertainment company.

Overall, Entertainment represented the largest segment of revenues but given strong performances in Life Sciences and Engineering in the second half, it is likely that we can expect a more even balance of revenues in the year ahead.

Included in the Gross Profit, the Product gross margin was 68.0% (FY22: 70.5%). This was largely driven by more expensive components as a consequence of the challenging supply chain constraints over the past two years together with product mix. The supply chain constraints have, for the most part, returned to normal so replenishment of Inventory will be at lower cost. The overall cost base increased during the year reflecting the investment set out in our five-year plan, the resources are now largely all in place. Given the above, Vicon reported an improved Adjusted PBT* of £8.2m (FY22: £5.4m).

In addition to our markerless development outlined earlier, FY23 also saw the development and release of numerous software updates that serve our existing markets including Tracker 4.0 in Engineering, Shogun 1.09 and Shogun 1.10 in Entertainment, Nexus 2.15 and Nexus Insight in Life Sciences and Evoke 1.6 in the LBE market. All these releases kept our solutions relevant, and at the cutting edge, ensuring the best customer experience.

CURRENT TRADING AND OUTLOOK

With ongoing market demand, Vicon starts the new financial year with an Order Book of £11.5m which, together with a growing sales pipeline, provides the business with visibility on over a half of expected revenues for the year ahead. The year ahead will also see the start of the commercialisation of our markerless technology. In this regard, revenue expectations for the year ahead from that product are modest ahead of a more expected material contribution in FY25.

In FY23 we saw decline in product gross margins arising from supply chain cost pressures; the supply chain situation has now normalised, and we expect to see recovery closer to historic performance in FY24.

The cost base increased in FY23, reflecting the planned investment to deliver the five-year plan. We feel the key resources to deliver the plan are in place and will open a new dedicated markerless facility in Oxford in FY24. More generally the cost base is not immune to the current inflationary environment, so some underlying increase is to be expected.

The Group remains in good financial health which includes a net cash position of £64.8m. With these resources the Group can move forward with confidence and in a strong position both to pursue further M&A in line with the five-year plan and enhance earnings per share.

The Board looks forward to the new financial year which is set to see further underlying growth in our existing markets whilst laying the foundations for future growth including the rollout of markerless in Vicon.

Imogen Moorhouse
CEO

** Profit Before Tax before Group recharges adjusted for share-based payments, amortisation and impairment of intangibles arising on acquisition and additional Contemplas consideration deemed remuneration.*

FINANCIAL REVIEW

David Deacon, CFO

INCOME STATEMENT

The Group reported revenue from continuing operations of £44.2m (FY22: £28.8m) representing a headline increase of 53.5%. The year on year FX effects were modest: on a constant FX basis revenues increased by 52.4%. From a geographical perspective, our Asia Pacific region had a strong year driven by Entertainment reporting 74.8% year on year growth, whilst Vicon USA, our largest market in the year reported year on year growth of 61.0%.

Gross Profit margin declined to 65.0% (FY22: 67.5%), which reflected the usage of higher cost components acquired during the supply chain challenge of the last few years and product mix within year. In real terms Gross Profit improved year on year by £9.3m to £28.7m.

Reviewing the cost base within the Income Statement:

- Sales, Support and Marketing costs increased by £1.6m which was largely due to increased revenue generation activity, additional marketing resources and commission.
- Research & Development expensed through the Income Statement was £6.5m (FY22: £3.5m). The continual investment and innovation in product and services is necessary to maintain the Group's competitive position; this included a number of the new products released during the financial year. In addition, the markerless project, described in the CEO review was expensed during the year as research into the technology progressed toward a marketable and capitalisable product in the future.
- Administration expenses. Excluding the presentational effect of the Yotta disposal, the underlying increase was £1.7m from continuing operations which was due to augmentation of back office and operational management together with performance related payments.

Adjusted PBT* of £6.5m (FY22: £2.6m) has been determined after adding back to the Statutory PBT £6.3m (FY22: £2.7m) non-cash items such as amortisation and impairment of acquired intangibles, share option charge and non-recurring items. A full reconciliation is available in note 7.

Compared to the first half, second half profitability did benefit both from an increased gross margin as a result of higher revenues and from additional Interest received, however the Adjusted PBT performance in the second half of £2.4m compared with a first half performance of £4.1m. The imbalance was largely caused by costs incurred or accrued in the second half that in practice relate to the full year, such as higher marketing and performance related incentives finalised at the end of the year. Taking this effect into account underlying profitability in the second half was similar to the first half.

STATEMENT OF FINANCIAL POSITION

Goodwill and intangibles

The overall balance was largely unchanged at £10.2m (FY22: £10.1m) reflecting the addition of £2.1m (FY22: £3.4m) of capitalised development in the year less amortisation and impairment of development costs £1.7m (FY22: £1.4m) and the amortisation and impairment of acquired intangibles of £0.3m (FY22: £0.3m).

Property, plant and equipment

The value of fixed assets increased to £2.5m (FY22: £1.6m). The movement arising due to investment of £1.5m (FY22: £0.6m) in the year which included Leasehold Improvements for the new Denver office, a variety of IT related equipment and a Dreamscape pod. Depreciation charge for the year of £0.6m (FY22: £0.4m).

Right of use assets (IFRS16)

The value of Right of Use assets increased to £3.1m (FY22: £1.4m) during the year which reflected the commencement of a new lease for our US operations in Denver and a rent review of at our Oxford facility.

Investments

The investment of £0.2m (FY22: £0.2m) relates to a minority interest in TrensI Inc. which provides training VR solutions for the military and healthcare (rehabilitation). The investment comes back-to-back with an exclusive supply agreement to provide all systems.

Inventories

The inventory position at the end of the financial year was £7.2m (FY22: £4.5m). Given the supply chain situation over the past few years, the Group decided to deploy cash during the year to increase inventory in order to hedge against any further disruption. The supply chain has for the most part normalised, so inventory is expected to return to a lower level in the year ahead.

Trade and other receivables

At the year-end Trade and other receivables were £9.9m (FY22: £7.4m). The net overall increase is due to higher Vicon Trade receivables £7.6m (FY22: £5.3m), which reflected the pattern of trading in FY23 and Accrued interest £0.6m (FY22: £0.3m).

Current liabilities

At the year-end, Trade and other payables were £11.3m (FY22: £11.3m). Whilst there was no change overall trade payables decreased at the year-end to £3.8m (FY22: £4.0m), accruals were higher at £3.5m (FY22: £1.9m) and Vicon support contract liabilities were lower at £3.7m (FY22: £5.1m) due in part to exceptional level of customer deposits last year.

The bank overdraft of £1.2m (FY22: £0.0m) relates to a subsidiary current account where there is technically no legal right of set-off, we are therefore required to present this balance separately.

The lease liabilities balance reported at £0.7m (FY22: £0.4m) represents the value of lease payments due within one year relating to right of use assets.

Non-current liabilities

The £0.2m decrease in other liabilities are due to Vicon Support contract liabilities.

The lease liabilities balance reported of £2.5m (FY22: £1.1m) represents the value of lease payments due greater than one year relating to right of use assets which has increased due to changes described in Right of Use assets.

STATEMENT OF CASHFLOWS

The Group finished the year with Net cash of £64.8m (FY22: £67.7m) including Fixed Term deposits of £42.0m (FY22: £55.0m). The amount on fixed term deposit was reduced at year-end in readiness for the acquisition of IVS post yearend.

Cash generated by operating activities was £3.2m (FY22: £3.5m).

The deployment of this cash included continued investment in development giving rise to a purchase of intangibles of £2.1m (FY22: £3.5m), payment of dividends of £3.2m (FY22: £2.5m) and the aforementioned increase in Inventory.

Surplus cash not required for the day to day working capital needs of the business is on a variety of 3-12 month bank deposits with NatWest and Lloyds Bank. Interest received in cash for the year was £1.2m (FY22: £0.0m).

TAX

The Group tax charge this year is £0.6m (FY22: Credit £0.7m). The tax credit in the prior year arose due to various deferred tax adjustments including but not exclusively Research & Development tax credits which continues to have a beneficial effect on the level of corporation tax payable in the UK.

The Group has a net deferred tax liability of £1.1m (FY22: £0.9m).

KEY PERFORMANCE INDICATORS

The Group relies on financial key performance indicators including revenue, profit before tax, adjusted profit before tax (see note 7) and cash generation to measure the performance of the Group described below. The Group does not use non-financial key performance indicators to measure performance.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's strategy are subject to a number of risks. The Group monitors these risks on a continual basis through the use of a risk register and through market intelligence provided by operational management and determines mitigation plans and actions accordingly. During the financial year under review the risk profile of the Group has changed. The well publicised global semi-conductor shortage has improved however the general inflationary conditions have worsened. The key business risks affecting the Group's ability to deliver on its strategic objectives are set out below:

Product and technology risk

The Group operates in a complex and competitive technological environment. The business requires continual investment and innovation in its products and services to maintain its competitive position. In order to mitigate this risk the business has invested in product marketing with the objective of focusing research and development with specific measurable aims and goals to meet market needs. The business coordinates each development project with Board monitoring and project management principles in order to mitigate the length of time that products take to enter the market.

Suppliers

The Group sources certain product components which are only available from a small number of specialist suppliers. Disruption to the supply chain could have an adverse effect on the business. Where possible, such risks are mitigated by ensuring ownership of design and intellectual property and maintaining appropriate inventory levels.

Employee retention

The Group's performance depends largely on its skilled staff. The loss of key individuals and the inability to recruit individuals with the right experience and skills could adversely impact the Group's results. To mitigate these matters, the Group aims to have appropriate management structures and provide competitive remuneration, including share options and where possible provide continuing career development for key personnel. The Group's culture, values and behaviours create an environment that respects and values staff, making Oxford Metrics an attractive and inclusive place to work.

Market

The Group operates in multiple geographical markets, with the US being a significant market, so there is a risk that territory and global macro-economic conditions may result in one or more of these markets being adversely affected and the revenues of the business impacted accordingly. However, by virtue of selling in multiple geographical markets the impact of localised economic downturn in one or a number of markets is minimised.

Vicon operates in four distinct areas described below. In mitigation of the risks identified Vicon operates in multiple geographies, through well-established key distributors, who provide insight into local markets and an effective defence against competitive activity. Disruption to Vicon's relationship with these key distributors would have an adverse effect on the business. However, Vicon has a well-established and respected brand and through continual innovation maintains a competitive advantage over the competition.

Life Sciences – Our customers are primarily medical and educational institutions funded largely, but not exclusively, by Government which are subject to national budgetary decisions although in many markets these areas of spend are protected to some extent.

Engineering – The majority of our customers are largely commercial organisations whose investment decisions are determined by general macro-economic conditions in their markets so revenues can be affected accordingly. The remaining customers tend to be higher education research establishments whose funding is ultimately controlled by national budgetary decisions.

Entertainment – Our customers are commercial organisations who produce content for the film, TV and video game market place. Spending in this market tends to be erratic and ultimately driven by consumer demand for content which by virtue of this market place cannot always be guaranteed.

LBE – Our customers are commercial organisations that provide location-based entertainment. Spending in this market is driven by consumer interest in virtual and inter-active experiences so our ultimate success in this market is subject to consumer demand.

Financial

The business has outlined its principal financial risks in note 20 to the accounts. These are broadly summarised as foreign currency and credit risks. Typically 40% of the Group's revenues are generated from its US subsidiaries in US dollars, together with some overseas territories which purchase in US dollars and Euros. Changes in exchange rate could have an adverse effect on revenues and profitability of the Group. Where possible the Group aims to mitigate this by making purchases and engaging personnel in local markets.

Inflationary pressure

As a result of macro-economic events, the risk of inflation has become more significant and has the potential to damage the Group's financial performance. The Group's exposure can be summarised as follows:

Staff costs account for half of the cost base – The ongoing so-called 'Cost of Living' crisis may give rise to the need to increase remuneration in order to retain staff and morale.

Cost of Goods accounts for a quarter of the cost base – The well-publicised global semi-conductor shortage may result in the cost of key components increasing over time.

The remaining cost base consisting of operational and general overheads are subject to general inflationary pressures which may result in increased costs.

In mitigation, the business has the opportunity to increase customer prices and optimise bill of materials to maintain product gross margins and to seek alternative suppliers to secure competitive terms where possible.

Non-Financial

The business continually assesses its exposure to non-financial risks. These are broadly summarised as competition, reputation and product related risks. The Board is cognisant of this information when determining business strategy.

Global Pandemic

The Covid-19 pandemic has abated but it is not inconceivable that future trading conditions could be affected adversely again causing disruption to demand and our customers’ ability to take delivery of our products and services. In mitigation, the Group has successfully adapted working practices in the past to ensure the safe continuation of manufacturing and the delivery of services through remote methods to fulfil demand.

Oxford Metrics Streamlined Energy and Carbon Reporting (‘SECR’)

FY23 is the first year that Oxford Metrics is reporting under the Streamlined Energy & Carbon Reporting (SECR) framework. In accordance with the requirement of SECR, Oxford Metrics has reported Scope 1, 2 and associated Scope 3 greenhouse gas (GHG) emissions for its UK business, for the period 1 October 2022 to 30 September 2023 using the *GHG Protocol Corporate Accounting and Reporting Standard* methodology to calculate emissions. Although Oxford Metrics has presence outside of the UK, the UK operations represent the significant proportion of the business. We have a small office in New Zealand working exclusively on research and development; and an office in Denver in the US, focused on US sales and support with a relatively small number of finance, sales, customer support, logistics and research and development employees. All manufacturing of our hardware and software, which generates our material Scope 1 and 2 emissions, is done in the UK.

The tables included in this report show Oxford Metrics’ total UK energy consumption for Scope 1 and 2, the resulting GHG emissions by Scope and the chosen intensity metric. We have chosen tCO₂e per £million revenue as the most appropriate intensity metric for Oxford Metric’s business model.

Calculation Methodology

Responsibilities

Oxford Metrics was responsible for collection and aggregation of the data, which includes the associated kWh readings from gas and electricity bills as well as business fuel use expenses for FY23. Where any data is missing, an estimation model is used, based on direct comparison of the usage during the same period in the previous year.

Additat was responsible for the GHG calculation. The *UK Government GHG Conversion Factors for Company Reporting*, specifically ‘*DEFRA 2023*’ were used to calculate emissions of CO₂, NO₂ and CH₄, which are ultimately expressed in a combined format as tonnes of carbon dioxide equivalent (tCO₂e).

GHG sources

Scope 1 covers the Greenhouse Gas (“GHG”) emissions directly associated with Oxford Metrics through the combustion of fuels in our offices, namely natural gas.

Scope 2 emissions are those indirectly generated through the consumption of electricity on our sites, using the location-based methodology.

The reported Scope 3 relates to emissions produced from UK business travel, including the use of fuel in personal and hire cars but excluding taxis and any mileage expenses for non-employees, in line with the SECR regulation. The reported Scope 3 also includes the emissions lost as a result of the Transport and Distribution (T&D) of the electricity purchased by Oxford Metrics.

UK energy use mWh	2023
Scope 1 - Gas	58.25
Scope 2 - Electricity	316.52
Total	374.77

UK emissions tCO₂e	2023
Scope 1	
Combustion of gas	10.66
Combustion of fuel for transport purposes	n/a
Scope 2	
Purchased electricity (location-based method)	65.54
Total scope 1 and 2 (location-based method)	76.20

Scope 3	
Category 3: Upstream transport and distribution losses and excavation and transport of fuels (location-based)	0.01
Category 6: Business travel in personal or rental cars for which Oxford Metrics is responsible for purchase of fuel	7.16
Total tCO₂e (location-based)	83.37

UK GHG emission intensity tCO₂e/£m revenue	2023
Scope 1	0.24
Scope 2 (location-based)	1.49
Scope 1 and 2 (location-based)	1.73
Scope 3: Category 3 and 6	0.16
Total	1.89

Energy efficiency action

Oxford Metrics takes sustainability seriously and is committed to working in an ethically and in an environmentally and socially responsible way.

Although our business model is not carbon intensive, we are taking several steps to decarbonise our business globally and are not limited to the scope of emissions we are currently calculating. Our actions include:

- Transitioning to fully recyclable packaging and product components
- Increasing the recyclability of our products
- Reducing waste and maximising the recovery of valuable resources from our products
- Using less paper
- Redesigning our exhibition operations to increase reuse in materials and local suppliers
- Using UK suppliers where possible
- Cycle to work scheme

We are also building our understanding of our supply chain including understanding environmental practices. More details on our sustainability strategy can be found on the sustainability page on our website.

Oxford Metrics is a growing business, and our total carbon footprint will likely grow in the medium term as we continue to build a successful business. For example, our acquisition of Industrial Vision Systems and our planned expansion of our office space in Oxford this year will increase our energy usage and impact our carbon emissions for FY24. We recognise the continued need to decarbonise our business in line with business growth.

Section 172 Statement

Board engagement with our stakeholders

Section 172 of the Companies Act 2006 requires a director of a Company to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole. In doing this, section 172 requires a director to have regard, among other matters, to: the likely consequences of any decision in the long-term; the interests of the Company's employees; the need to foster the Company's business relationships with customers and suppliers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly with shareholders of the Company.

During the year directors considered the factors set out above in discharging their duties under section 172. The stakeholders we considered in this regard are the people who work for us, buy from us, supply to us, own us, regulate us as well as the

wider community and environment. The Board recognise that building strong relationships with our stakeholders will help us deliver our strategy in line with our long-term values and operate the business in a sustainable way.

During the year the Board regularly received reports from Executive Management on issues concerning employees, customers, suppliers, investors and on wider issues concerning the environment, communities, regulators and governments to the extent appropriate, which it took into account in its decision-making process under section 172 in relation to risks and uncertainties described in the Strategic Report on page 7. In addition to this, the Board sought to understand the interests and views of the Group's stakeholders by engaging with them directly as follows:

- The Board received employee updates from Executive Management using various metrics and feedback tools including performance appraisals and training needs and engaged with employees in two-way meetings to ensure that employees were kept well-informed about the business and continued to ensure that we remained a trusted and safe employer.
- The Board regularly received updates on feedback from investors from the Chairman, CEO and CFO who met frequently (in person or remotely) with institutional investors to discuss and provide updates about – and seek feedback on – the business, strategy, long-term financial performance, directors' remuneration policy and dividend policy to the extent appropriate. The CEO and CFO also provided the opportunity for the wider shareholder base to see full year and interim presentations using the InvestorMeet platform which included Q&A. Investors also had a Q&A opportunity at the last AGM.
- Through professional services and support functions who engage directly with customers through on-site and remote meetings the Executive Team continued to foster good customer engagement and receive valuable feedback to ensure customer satisfaction and retention.
- Through professional Supply Chain Management who engage directly with suppliers through on-site and remote meetings, the Executive Team ensured the interests of suppliers were regularly considered and provided demand forecasts where appropriate.
- Throughout the year, the Board continued to oversee the management and operation of worldwide business activities in conformity with applicable laws and regulations whilst maintaining the Company's reputation for integrity and fairness in business dealings with third parties.

Aware of the interests of all stakeholders, matters of particular focus during the financial year included:

- The selection of development opportunities and leveraging the core IP across the business during the year.
- The directors continued to evaluate numerous merger and acquisition opportunities that would support growth and amplify the effectiveness of the now Vicon focused Group.
- The Board reviewed the Group Treasury Policy which included due consideration to the selection and security of cash deposits. Furthermore, the Board also kept under review the mechanisms of returning cash to shareholders.
- The directors considered succession planning and in particular the selection of a new Group CEO following the resignation of the former Group CEO.

The Board believe that no particular stakeholder was disadvantaged as a result of decisions taken during the year and were consistent with protecting the long-term interest of stakeholders whilst promoting the long-term success of the business for the benefit of shareholders.

For further details of how the Board operated and the way in which decisions were made, including key activities during the financial year ended 30 September 2023 and Board governance, see pages 15 to 18 and the Board Committee reports thereafter.

On behalf of the Board

Imogen Moorhouse

Chief Executive and Director

4 December 2023

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated and parent Company financial statements for the year ended 30 September 2023.

Business review

Oxford Metrics plc is a holding Company. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 4 to 11. Its subsidiary undertakings are shown in note 16. The Strategic Report includes details of the market overview; key growth drivers; our business model; strategic objectives; principal risks and uncertainties; key performance indicators and a summary of 2022/23 performance.

Likely future developments

The Group's likely future developments are discussed within the Strategic Report on page 4.

Share capital

The Company has one class of ordinary shares which carry no right to a fixed income. Full details of changes in share capital during the year are shown in note 24 to the financial statements. Details of employee share options are set out in note 25.

Dividends

The directors are proposing a final dividend in respect of the financial year ended 30 September 2023 of 2.75 pence per share which will absorb an estimated £3,587,000 of shareholders' funds. This dividend, if approved, will be paid on 14 February 2024 to shareholders on the register of members at close of business on 15 December 2023.

Research and development

During the year, the Group's continuing operations expensed £6,543,000 (2022: £3,547,000) in research costs. In addition, £2,127,000 (2022: £3,435,000) of development costs were capitalised.

Research and development costs are principally the costs of employees involved in research and development, together with related equipment and materials for hardware development and external costs. Further information regarding the nature and value to the Group of this expenditure is explained in the Strategic Report.

Directors and their interests

The interests of the directors in the shares of the Company and their interest in options over the shares of the Company at 30 September 2023 are disclosed in the Report on Directors' Remuneration.

The directors who served during the year and up to the date of signing of these financial statements were as follows:

Roger Parry
David Quantrell
Naomi Climer
Paul Taylor
Nick Bolton (resigned 30 September 2023)
Imogen Moorhouse (appointed 1 October 2023)
David Deacon
Catherine Robertson

At the Annual General Meeting of the Company Imogen Moorhouse, David Quantrell and Naomi Climer will retire and being eligible, offer themselves for re-election.

Financial instruments

Information about the Group's management of financial risk can be found in note 20 of the financial statements.

Directors' indemnity insurance

The directors confirm that qualifying third party indemnity provisions are held.

Employees

The Group ensures that all employees are kept informed, as far as is practical, with regard to the activities of the Group. This is achieved through the use of staff briefings and electronic communications. It is the Group's aim that recruitment and development of staff should be determined solely on ability and other relevant requirements of the job. Disabled persons and those who become disabled are given the same consideration as others and, depending on their skills, will enjoy the same prospects as other staff.

The Group considers all forms of discrimination to be unacceptable in the workplace and is committed to promoting equality of opportunity for all staff and job applicants. This includes in job advertisements, recruitment and selection, training and development, opportunities for promotion, conditions of service, pay and benefits, conduct at work, disciplinary and grievance procedures, and termination of employment.

The Group's policies on health & safety are continually under review, ensuring that current practices comply with the laws applicable in the countries in which it operates.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The going concern review considered the following key areas:

Market considerations

The Group's primary markets are life sciences, engineering and location based entertainment. The directors have assessed the prospects in these markets together with the inflationary environment.

The Life Sciences market segment historically accounts for around 50% of Vicon revenues. This segment serves customers including hospitals, medical research centres, universities and sport research. For the most part, these customers are financed by Government grants and to a lesser extent by charitable donations. There is currently no evidence that Governments are seeking to reduce expenditure in these areas.

The Entertainment segment serves customers in the video games industry, Location Based Entertainment ('LBE') and TV/Film and historically accounts for around 25% of Vicon revenues. These customers are typically commercial organisations in nature. The sector has demonstrated resilience during the pandemic and would appear to be less sensitive to the threat of recession. Those customers involved in video games are enjoying increased demand. Those involved with solutions provided to the general public (LBE) have resumed expansion plans and have ambitious rollout targets over the coming years. Those involved in TV/Film have been adopting virtual production as evidenced by growth over the past two years.

The Engineering market segment historically accounts for around 25% of Vicon revenues. This segment serves customers that use our technology in an engineering context to design and/or manufacture goods. These customers are typically commercial organisations in nature and address many sectors which may be sensitive to macro-economic factors such as recession in certain markets.

Operational readiness

Oxford Metrics as a whole adapted to virtual working during the pandemic and demonstrated the business could operate effectively during this period. All operations have returned to normal though this 'new normal' includes more remote working and will continue through FY24 and beyond. In the event of a 'pandemic' like event in the future the business would adapt as before. The Group recognises that 'human capital' is essential for future success and has included measures in the financial forecasts to enhance compensation to maintain a high retention rate and has included proposed new recruitment at near market rates.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances, including fixed term deposits, of £64.8 million. Future trading performance is likely to be more volatile following the disposal of Yotta, however, the financial strength of the Group is capable of trading through significant disruption arising from a further pandemic or significant macro-economic events.

Stress testing

Based on the above considerations, multiple combinations of a revenue shortfall, gross margin erosion and foreign exchange risk have been considered. Given a worst case, the impact on cash generation and cash reserves could be tolerated and would not impact the ability of the business to continue trading. The result of this analysis is that the directors are confident that the business has sufficient cash liquidity to sustain very significant and prolonged reductions in trading revenue.

The directors, having prepared cash flow forecasts and given due consideration to the inflationary environment and residual supply chain challenges and general macro-economic uncertainty on the Group's markets, operations and financial risk, have assessed that there is no material uncertainty with the Group's ability to continue operating as a going concern for a period in excess of 12 months from the date of signing the financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Statement on disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware. Relevant information is defined as "information needed by the Group's auditors in connection with preparing their report".

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group and Company financial statements in accordance with UK adopted International Accounting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether they have been prepared in accordance with UK adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

BDO LLP offer themselves for reappointment as auditors and a resolution will be proposed at the AGM to approve the auditors reappointment.

On behalf of the Board

David Deacon

Director

4 December 2023

CORPORATE GOVERNANCE REPORT

Directors' statement on corporate governance

The Chairman of Oxford Metrics plc is ultimately responsible for the corporate governance of the Group but the Board as a whole considers that good corporate governance is a key driver in the success of the business and accountability to the Company's stakeholders, including shareholders, customers, suppliers and employees is vital in that governance.

The Board of Directors is accountable to shareholders for the good corporate governance of the Group. In 2018 the Group formally adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code). The QCA Code aims to apply the key elements of the UK Corporate Governance Code and other relevant governance guidance to the needs of small and medium-sized listed PLCs. Details of how we apply the Code and ensure good governance over the business is now available for all stakeholders to review and understand on our corporate website at oxfordmetrics.com/code. An extract is provided below.

Establish a strategy and business model which promotes long-term value for shareholders

Our strategy and new five-year plan were launched in October 2021 and set out in the Company's annual report and financial statements. Subsequent annual report and financial statements update shareholders as to how the strategy and plans are progressing. Specifically, the Strategic Report section of the annual report and financial statements covers our business model, our strategy and how we aim to drive long-term value for shareholders.

Embed effective risk management, considering both opportunities and threats throughout the organisation

The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage, but not eliminate, the risk of failure to achieve business objectives and provide reasonable assurances against material misstatements and loss. The day to day management and monitoring of the Group's internal control systems is delegated to the Chief Financial Officer.

Risk management and risk register

The Board has embedded an effective risk management framework to identify, evaluate and manage opportunities and risks, in order to execute the strategy and five-year business plan. The principal risks and uncertainties are discussed in the Strategic Report on page 7. The Chief Financial Officer ensures that the Group's risk management framework and culture are embedded within the business. The executive directors provide assurance to the Board, through the Audit Committee, that risks are appropriately monitored, escalated and managed within the risk appetite of the Board.

The Company's risk register is compiled annually, by non-executive director and Audit Committee member, David Quantrell, with input from senior members of staff from across the Company and presented to the Board to inform its strategy review, and to enable the Board to identify, manage, and mitigate risks.

Internal Audits

The Company has an internal audit function and conducts system audits periodically which include:

- ISO9001:2015 Quality Management Systems Vicon Denver – Annually,
- ISO9001:2015 Quality Management Systems Vicon Yarnton – 5 times per year,
- ISO13485:2016 Medical Quality Management Systems Vicon Yarnton – 5 times per year,
- 93/42/EEC as amended Medical Devices Directive Production Quality Vicon Yarnton,
- Information Asset Penetration Testing - Internal 12 days per year and external 7 days per year, and
- RAPID7 and Business Continuity Exercises.

Maintain the Board as a well-functioning, balanced team led by the Chair

There are three executive, and four non-executive Board members. All non-executive Board members are considered independent. The Board operates formally through meetings of the full Board, and informally through regular contact between directors. Matters reserved for the Board include investor relations, strategy, review and approval of budgets and forecasts, financial performance and reporting, dividends, risk management, major capital expenditure, and mergers, acquisitions and disposals.

The Board is kept informed outside its formal meetings by monthly reports from the Chief Executive that include information on the Company's financial and operational performance. The Board agenda and information relating to the agenda are sent to Board members before all formal Board meetings. Board minutes are circulated to all members within 7 days of each Board meeting.

The Board meets formally six times a year. No director has been absent from a Board meeting during the 12 months from 1st October 2022 to 30th September 2023.

Non-executive directors are expected to devote as much time as is necessary for the proper performance of their duties, at a minimum, 15 days per year or more if serving on a committee. Executive directors are full-time employees and expected to devote as much time as is necessary for the proper performance of their duties, there is no specific time commitment.

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Directors' biographies are summarised below and are available on the corporate website.

Roger Parry – Chairman

Roger joined the Board in June 2016 with an extensive career in the media sector. Currently Chairman of YouGov plc, Mobile Streams plc plus a number of private companies. He has held a variety of Chairman roles including Johnston Press plc, Future plc and Shakespeare's Globe. Previously he was CEO of Clear Channel International and More Group plc and spent 3 years with McKinsey, the international consulting firm and prior to that was a TV and radio journalist with the BBC and ITV.

David Quantrell – Non-executive Director, member of Audit Committee and Remuneration Committee

David joined the Board in June 2018 with more than 30 years of senior management experience across a range of high growth global software businesses including HP, Mercury Interactive and McAfee. Most recently he was Senior Vice President and a member of the Global Management Team at Box, the cloud storage company, where he helped to establish the brand in Europe in a period where the Company experienced dramatic growth and a successful IPO.

Naomi Climer – Non-executive Director, Chair of Remuneration Committee and member of Audit Committee

On 20 November 2019, we appointed Naomi Climer to replace Jonathon Reeve as Chair of the Remuneration Committee. Naomi has had a successful executive career in broadcast, media and the communications technology sectors with the BBC, ITV Digital and Sony. Naomi is currently a Non-Executive Board Member at Sony UK Technology Centre, a Non-Executive Director at Focusrite plc, Chair at the International Broadcasting Convention Council (an advisory body), Trustee and Vice President at the Royal Academy of Engineering, Co-chair at the Institute for the Future of Work and a Member of the Science and Technology Awards Committee.

Paul Taylor – Non-Executive Director and Chair of Audit Committee

Paul joined the Board in October 2021 and brings over 20 years of boardroom experience as an Executive and Non-Executive Director, and throughout his career has remained connected to growth technology businesses. Paul spent a large part of his executive career with AVEVA Group plc, where as CFO he was part of the team that delivered consistently high levels of growth in revenue and profitability both organically and through acquisition. Paul has also served on the Board on a number of technology businesses in a Non-Executive capacity supporting Executive teams in delivering strong stakeholder returns. Paul is currently Chairman of IQGeo plc and Trustee of the CADCentre pension scheme.

Imogen Moorhouse – Chief Executive Officer

Imogen was appointed CEO of Oxford Metrics in October 2023. With a 22-year tenure at Vicon, she gained increasing levels of responsibility across the business, culminating in her appointment as Vicon's CEO in 2012. Imogen has successfully grown the Vicon business organically and through acquisition and has been integral to the development and implementation of Oxford Metrics current 5-year growth strategy.

David Deacon – Chief Financial Officer

David joined Oxford Metrics in 2008 as Chief Financial Officer. Before joining he was CFO of AIM listed Mediasurface for five years where he successfully floated the business in 2004 and concluded the disposal of the business in 2008 to Alterian plc. Prior to this he held senior financial positions with R.L Polk & Co, Wonderware Inc. and Kalamazoo Computer Group plc.

Cathy Robertson – Executive Director and Company Secretary

Cathy joined Oxford Metrics in 1985 and was Financial Controller for 10 years. She has over 30 years' experience in law, finance, and administration. Prior to joining the Group she began her career with the UK subsidiary of a US company, working with the founders to establish a thriving electronics business.

Directors are able at the Company's expense to seek independent professional advice as required to support their role either as a member of a Board committee or for any matter within the terms of reference of the Board. A list of the Company's external advisors is available on page 73.

A formal evaluation of the performance of the directors is conducted annually and the directors are able to seek independent training and development as required to support their roles.

The Audit Committee works with the Company's auditor BDO LLP. During the year the Company Secretary was supported by Numis Securities Ltd, Oxford Metrics plc's nominated advisor and sole broker, and Goodman Derrick LLP.

The Remuneration Committee is supported by PwC and Mercer Kepler on matters falling under its terms of reference, and the Company Secretary. The Company Secretary advises the Board on a range of regulatory and compliance matters.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

An overview of directors' responsibilities can be found within the Report of the Directors' on page 14.

The Chief Executive's objectives are set by the Chair and the Remuneration Committee in consultation with other non-executive Board members, and the objectives of the executive directors are set by the Chair and the Remuneration Committee in consultation with the Chief Executive. The Board has an annual effectiveness review cycle consisting of reviews of the performance of executive members of the Board by the Non-executive Board members, and a review of the Chairman's performance by all other non-executive and executive directors. The reviews conducted during the year concluded that the Chairman and executive directors continue to contribute effectively to the Board.

The Board reviews its performance against its objectives to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls, set the Company's strategic aims and ensure the necessary resources are in place to meet these aims, to provide effective leadership to ensure the Company's values and standards are upheld, and to fulfil its obligations to shareholders and stakeholders.

Non-executive directors are expected to devote as much time as is necessary for the proper performance of their duties, at a minimum, 15 days per year or more if serving on a committee. This will include attendance at a minimum of six Board meetings, the AGM, at least one annual Board away day a year, at least one site visit a year, meetings of the non-executive directors, meetings with shareholders, meetings forming part of the Board evaluation process and updating and training meetings.

The Board keeps the issue of Board effectiveness under continual review and will continue to consider best practice in matters relating to Board effectiveness, consistent with the size, range of activities, and stage of development of the Company. Succession plans for all members of the Company's Board and senior managerial roles across the Company are in place and are regularly reviewed.

Promote a corporate culture that is based on ethical values and behaviours

The Board is committed to promoting a socially responsible culture throughout the Company and encouraging high ethical standards in all its activities. The Company's culture is communicated to the employees through engagement at Company meetings and by other means, and employees are expected to exercise high ethical and moral standards at all times in their dealings with the Company's stakeholders. The Board monitor and promote this corporate culture by engaging in open feedback with employees.

The Company has an anti-bribery policy and is committed to the elimination of modern slavery and human trafficking in its supply chain.

The Board sets clear expectations regarding the Group's culture, values and behaviours. We believe that it is vital that the Board and our employees behave in a way that reflects the underlying values of the business.

The Company's recruitment and employment policies are under continual review in order to maintain high ethical standards and best practice, and to provide a working environment in which its employees are able to realise their potential and contribute to the business. Applications are given full and fair consideration irrespective of nationality, ethnic origin, religion, disability, sexual orientation, age, marital or civil partnership status or gender identity. The Company is committed to providing for the health and safety of its employees and visitors to its premises through use of best practice and regular audits of the Company's health and safety policy and practices by external consultants.

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company holds an Annual General Meeting annually in February. Agendas for General Meetings for the last 5 financial years are available on the corporate website. There have been no resolutions put to a General Meeting that have resulted in less than 80% of the votes cast in favour of the resolution in the last 5 years. The Company's historic annual reports are also available on the website.

This annual report and financial statements are available on the website and hard copies are available to all shareholders.

The Board consider that information available in these and previous annual report and financial statements together with the corporate website provide sufficient information with regard to the reporting of the Audit Committee and Remuneration Committee activity. The Board will continue to review the disclosures of the Audit and Remuneration Committees.

As well as the Company's general meeting with shareholders, the Chief Executive and Chief Financial Officer give formal presentations to significant shareholders twice each year and have primary responsibility for communicating the views of these shareholders to the Board. The Chairman has also had an occasional meeting with shareholders and financial advisors.

The Board does not currently recognise any constraints or circumstances that affect the Company uniquely.

The Remuneration Committee members are Naomi Climer (Chair) and David Quantrell who meet formally on at least two occasions annually. No director has been absent from a committee meeting. The terms of reference of the Remuneration Committee is available on page 15 of the Company's Admission Document. Full information on the Remuneration Committee and its policies are discussed in the Report on Directors' Remuneration on page 20.

The Board acts as a whole as the Nominations Committee and meets when a new director needs to be appointed. Appointments to the Board are made by consultation with, and the agreement of, the whole Board. Suitable candidates are sought through external senior recruitment consultants.

AUDIT COMMITTEE REPORT

During the year the Audit Committee members were Paul Taylor (Chair), Naomi Climer and David Quantrell. The Audit Committee meet formally on at least two occasions annually. No director has been absent from a committee meeting. The terms of reference of the Audit Committee is available on page 15 of the Company's Admission Document. The Committee has a calendar of events agreed each year and senior managers and the external auditors (BDO LLP) may attend meetings at the request of the Committee.

The key responsibilities of the Audit Committee are:

- monitoring the integrity of the financial statements, including approving any material changes in accounting policy, reviewing the financial statements, and any market announcements relating to the Group's financial performance;
- reviewing the integrity of internal financial controls, risk management systems and codes of corporate conduct and ethics; and
- making recommendations to the Board regarding the engagement of external auditors.

During the year, the topics subject to Committee discussion at formal scheduled Committee meetings included:

- review of the risk register, assessing how each risk identified is being monitored and ensuring the process of how these risks are being actively managed is in place;
- receipt and consideration of reports from the external auditors regarding the scope and findings of their audit of the annual report;
- recommendation of the annual report and half-year report to the Board for approval, together with the management representation letter and audit fees;
- review of audit and non-audit related fees paid to the external auditors and monitoring the independence of the external auditors.

To ensure the objectivity and independence of the external auditors, any service provided by the external auditors must be approved in accordance with the Group's policy on auditor independence and the provision of non-audit services, which is consistent with the FRC Ethical Standards for Auditors.

The external auditor is only selected to provide non-audit services if they are well placed to provide the required service at a competitive cost and the Committee is satisfied that the assignment will not impair their objectivity. In accordance with relevant professional standards, the external auditors have confirmed their independence as auditors in a letter to the directors. Details of fees paid to the external auditors for both audit and non-audit services are given in note 6 to the financial statements.

By order of the Audit Committee

Paul Taylor
Chair

4 December 2023

REPORT ON DIRECTORS' REMUNERATION

Dear Shareholder

On behalf of the Board, I have pleasure in presenting the Report of the Remuneration Committee for the year ended 30 September 2023. The Directors' Remuneration Report Regulations are not a requirement for AIM companies. However, for improved transparency and in response to investor feedback, certain disclosures relating to directors' remuneration are set out in this report.

The Committee comprises of three Non-Executive Directors: Naomi Climer (Committee Chair), David Quantrell and Paul Taylor.

The Remuneration Committee determines and agrees with the Board the framework for the remuneration of the Company's Chairman, Executive Directors and, as appropriate, other senior members of the executive management. No individual is involved in making decisions relating to their own remuneration.

The objective of the Committee is to ensure that senior executive remuneration is competitive, incentivises and rewards good performance, supports the Company's strategy, helps the Company continue to grow profitably, and aligns senior management with stakeholders' interests. Due consideration is given to all relevant factors including Company performance and individual performance and the approach to employee remuneration throughout the Company; reference is also made to market and best practice and external benchmarks, as appropriate. The Committee meets formally at least twice a year and at such other times as the Committee Chair shall require or as the Board may request.

The Committee met twice during 2023.

The full terms of reference for the Remuneration Committee were last updated on 16 November 2023.

The primary roles and responsibilities of the Committee are to:

- agree with the Board the policy for the remuneration of the Company's Chairman, Executive Directors and, as appropriate, other senior members of the executive management;
- review the ongoing appropriateness and relevance of the Company's remuneration policy;
- determine the total individual remuneration package for each Executive Director and other senior executives including bonuses, incentive payments and share/option awards;
- determine the policy for and scope of any pension arrangements for each Executive Director and other senior executives;
- oversee any major changes in employee benefit structures across the Company or Group;
- review the performance and award of any options granted;
- agree the terms and conditions for any remuneration consultants appointed by the Committee.

This report is split into two sections. The first provides the general principles that the Board has agreed should govern executive remuneration; the second section details how these principles were applied in the financial year under review followed by analysis of remuneration paid during the year.

PART 1 – Policy on Executive Directors' remuneration

Element of Remuneration	Purpose and Strategic Relevance	Policy & Approach
General	Attract, retain, and motivate talented individuals while promoting responsible corporate governance and aligning executive remuneration with shareholder value creation.	The Remuneration Policy is established to align the interests of executives and staff with the long-term success and sustainability of the Company.
Base Salary	To recruit and reward executives of a suitable calibre to execute the Company's strategy by paying competitive levels of fixed remuneration.	Base salaries are reviewed annually by the Committee considering changes in roles and responsibilities, prevailing market context, consistency with staff remuneration practices and benchmark comparisons with other companies of a similar size and complexity.
Benefits	To support the well-being of executives.	Benefits typically include medical insurance, life insurance, car allowances.

Element of Remuneration	Purpose and Strategic Relevance	Policy & Approach
Pension	To assist with post retirement financial planning.	A pension contribution of up to 15% of base salary is paid including the option to take a cash alternative. Consideration has been given to the alignment with pension contribution levels for staff.
Annual Bonus	To incentivise the achievement of the Company's short-term operational and financial goals whilst promoting long term sustainability.	The maximum bonus is set as a percentage of base salary, 80% CEO, 70% CFO and 40% for other Executive Directors. The potential bonus is split 70%/30% for all Executive Directors between Financial and Operational objectives which are set annually for each Executive Director.
Long Term Incentive ('LTIP')	To incentivise the delivery of the Company's long-term strategic objectives and provide alignment with shareholders through the use of share-based incentives.	The Company uses the LTIP to underpin the Company's growth strategy. Inflight LTIP awards will vest based on Total Shareholder Return ('TSR') performance over a five-year period commencing with FY22, to align with the time horizon of our existing Strategic Plan. The Board is currently considering the appropriate long term incentive structure for the new CEO, details of which will be published at the appropriate time.

Executive Service agreements

No Executive director has a service agreement with a notice period that exceeds 12 months.

Non-executive Directors

The Non-Executive Directors do not have service contracts but instead have letters of appointment which contain details of the terms of office, period of appointment, fees and the policy for reimbursing reasonable expenses incurred in the performance of their duties. In line with corporate governance good practice, the Company require all Non-Executive Directors (along with the Executive Directors) to stand for re-election at the first AGM following appointment and every 3 years thereafter.

PART 2 – How the Remuneration Policy was applied in the financial year under review

Element	Remuneration determination						
Base Salary	The Committee carried out a review of salary levels in the year. The Committee's decisions (set out below) considered individual performance in the role and benchmark findings, but also the context of increases awarded to the wider workforce. Following the review, salaries were increased as follows from 1 October 2022: <table border="0"> <tr> <td>N Bolton</td> <td>10%, last increase 1 October 2017</td> </tr> <tr> <td>C Robertson</td> <td>6.2%, last increase 1 October 2021</td> </tr> <tr> <td>D Deacon</td> <td>5.9%, last increase 1 October 2018</td> </tr> </table>	N Bolton	10%, last increase 1 October 2017	C Robertson	6.2%, last increase 1 October 2021	D Deacon	5.9%, last increase 1 October 2018
N Bolton	10%, last increase 1 October 2017						
C Robertson	6.2%, last increase 1 October 2021						
D Deacon	5.9%, last increase 1 October 2018						
Benefits	No change						
Pension	No change						
Annual Bonus	In spite of continued market and global economic uncertainties, the Group is in a solid position going forward with a robust balance sheet and strong order book at the start of FY24. In respect of an excellent operational performance in challenging conditions, a bonus outcome of 100% of target has been awarded to the Executive Directors. The Remuneration Committee considers that these bonuses are appropriate and aligned with stakeholders' experience during FY23.						

Element	Remuneration determination		
LTIP	Awards were made under the LTIP on 2 December 2021 as set out below. The Company consulted with its major institutional shareholders prior to the implementation of the LTIP and it is structured to align with the Company's five-year growth strategy.		
Director	Total number of shares over which options granted	Total number of shares under option held following this grant	Total number of shares under option held as % of issued share capital ¹
Nick Bolton*	903,506	2,103,506	1.7%
Cathy Robertson	398,567	798,567	0.6%
David Deacon	492,774	1,092,774	0.9%

* awards lapsed on leaving the Company on 30 September 2023.

The Options have an exercise price of 0.25 pence per share with a vesting date of 2 December 2026, being the fifth anniversary of the grant date, subject to achievement of the following performance condition:

Annualised % TSR over the performance period	% of award vesting
Less than 12% per annum	0%
12% per annum	25%
At least 22% per annum	100%
Between 12% and 22%	Between 25% and 100% on a straight-line basis

Directors' remuneration

The remuneration of directors who served during the year, excluding gains on share option exercise and LTIP related payments was as follows:

	2023					
	Salary £'000	Bonus £'000	Benefits £'000	Share based £'000	Pension £'000	Total £'000
R Parry (Chairman)*	46	-	-	25	-	71
D Quantrell (NED)	35	-	-	-	-	35
N Climer (NED)*	40	-	-	-	-	40
P Taylor (NED)	40	-	-	-	-	40
N Bolton (Chief Executive Officer)	238	187	21	-	36	486
C Robertson (Secretary and Executive Director)	146	60	10	-	22	238
D Deacon (Chief Financial Officer)	180	126	14	-	27	350
	725	373	45	25	85	1,260

* Roger Parry's remuneration includes £25,000 (2022: £25,000) of shares issued in satisfaction of salary and Naomi Climer's remuneration includes £nil (2022: £11,000) of shares issued in satisfaction of salary, see note 24.

	2022					
	Salary £'000	Bonus £'000	Benefits £'000	Share based £'000	Pension £'000	Total £'000
R Parry (Chairman)*	46	-	-	25	-	71
A Carey (NED) – Resigned 9 th February 2022	13	-	-	-	-	13
D Quantrell (NED)	35	-	-	-	-	35
N Climer (NED)*	29	-	-	11	-	40
P Taylor (NED)	40	-	-	-	-	40
N Bolton (Chief Executive Officer)	216	69	13	-	32	330
C Robertson (Secretary and Executive Director)	138	22	10	-	21	191
D Deacon (Chief Financial Officer)	170	48	16	-	26	260
	687	139	39	36	79	980

During 2023, the Executive Directors received no payments equivalent to dividends due on vested but unexercised LTIP shares or gains on the exercise of share options. A comparison with 2022 is set out in the table below:

	LTIP related payments		Share option gain	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
N Bolton (Chief Executive Officer)	-	26	-	1,221
C Robertson (Secretary and Executive Director)	-	-	-	172
D Deacon (Chief Financial Officer)	-	12	-	611
	-	38	-	2,004

Directors' share options

Interests in share options for directors who served during the year were as follows:

	Exercise price	At 30 September 2023	At 1 October 2022	Exercise period
		Number	Number	
N Bolton*	0.25p	-	903,506	December 2026 to December 2031
C Robertson	0.25p	398,567	398,567	December 2026 to December 2031
D Deacon	0.25p	492,774	492,774	December 2026 to December 2031
		891,341	1,794,847	

* awards lapsed on leaving the Company on 30 September 2023.

In December 2021 a new LTIP was implemented with an exercise price of 0.25p. These options vest on 3 December 2026 subject to continued service within the Group and to the extent that the performance condition (based on Total Shareholder Return performance over a period of five financial years) is satisfied.

The average share price for the year was 98.92 pence (2022: 105.34 pence) and the closing share price was 90.50 pence (2022: 82.00 pence).

Directors' interests

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary share capital of Oxford Metrics plc at 30 September 2023 and at 1 October 2022 according to the register of directors' interests.

	Ordinary shares of 0.25p		Percentage of issued share capital	
	2023 Number	2022 Number	2023 %	2022 %
R Parry	333,045	305,421	0.26	0.24
N Climer	20,114	20,114	0.02	0.02
P Taylor	-	-	-	-
D Quantrell	50,000	50,000	0.04	0.04
Nick Bolton – Resigned 30 th September 2023	2,470,563	3,070,563	1.89	2.37
C Robertson	603,017	1,603,017	0.46	1.24
D Deacon	267,795	1,567,795	0.21	1.21

Gender Pay Gap

Oxford Metrics plc Group currently has 114 employees (2022: 94) in the UK.

The Company is not obliged to undertake a formal review of a potential gender pay gap. However, it carries out a review of gender and remuneration levels across the UK, which is tabled with the Committee for information.

By order of the Remuneration Committee

Naomi Climer
Chair

4 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD METRICS PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Oxford Metrics Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2023 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Cashflows, Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

Obtaining an understanding of how the Directors undertook their going concern assessment to determine if it was considered appropriate for the circumstances. In performing this assessment, we used our knowledge of the business model, objectives, strategies and related business risk. We also assessed the historical reliability of the Directors budgeting and forecasting processes by comparing the actual outturn against previous forecasts. Other procedures included:

- testing the arithmetical accuracy of the Directors' assessment, including forecast liquidity under base and downside scenarios;
- obtaining the Directors' cash flow forecasts and assessing whether assumptions made were reasonable against the industry and in the market in which the Group trades and in the case of the downside scenarios, appropriately incorporated the Group's principal risks and uncertainties and our own assessment of those risks;
- confirming that the Directors assessment included the cash outflow in respect of the acquisition of Industrial Vision Systems Limited in November 2023;
- re-performing down-side stress testing and sensitivity analysis on the key assumptions, including revenue growth assumptions to determine whether a change in assumptions could indicate a material uncertainty in relation to going concern;
- considering the adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment.

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

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

Overview

Coverage	96% (2022: 95%) of Group revenue		
Key audit matters		2023	2022
	Revenue Recognition	✓	✓
	Development expenditure capitalisation and carrying value	✓	✓
	Carrying value of goodwill and other recognised intangibles	x	✓
	Carrying value of goodwill and other recognised intangibles is no longer considered to be a key audit matter due to the decrease in carrying value of amortised intangibles and the historical trend of significant headroom identified across the Cash Generating Units in prior year impairment reviews.		
Materiality	<i>Group financial statements as a whole</i> £500,000 (2022: £330,000) based on 1.13% (2022: 1.15%) of revenue		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We considered the size and risk profile of each component and any changes in the business when determining the level of work to be performed on the financial information of each component.

Full scope audit procedures were performed on the following subsidiaries of the Group: Oxford Metrics Plc (parent Company), Vicon Motion Systems Limited and Vicon Motion Systems Inc. These procedures were performed using component materiality levels determined for each of them.

The Group audit team performed full scope audits of the Parent Company and Vicon Motion Systems Limited. The audit of Vicon Motion Systems Inc, based in Denver, USA, was performed by a US BDO member firm.

Specified audit procedures were performed on the financial information of IMeasureU Limited (NZ) and Contemplas GmbH. In addition, analytical procedures were performed at Group level on IMeasureU Inc and IMeasureU Limited (UK). All procedures were performed by the Group audit team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Group audit instructions were provided to the component auditors detailing the materiality, scoping, procedures to be performed and reporting required;
- The Group audit team held a meeting to specifically discuss the risk assessment process with the component auditors, and therefore through this process confirmed the scope of the work required and the basis of testing to be applied by the component auditor;
- Regular meetings were held to enable the Group audit team to provide direction and supervision throughout the audit process;
- The Group audit team attended the component audit team planning and close meetings with management remotely;
- The component auditor's work and reporting were reviewed by the Group audit team as their work progressed and at its conclusion. This was facilitated by provision of direct access to their audit working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>The Group’s revenue recognition policy is included within the accounting policies in note 2 and the components of revenue are set out in note 4.</p> <p>The Group’s revenue and related profit recognition is a key performance indicator upon which results will be assessed. We therefore identified improper revenue recognition as one of the most significant risks of material misstatement due to fraud and error and therefore a key audit matter.</p> <p>Vicon system sales are multi-element arrangements that include the sale of hardware, associated software and ongoing support. Revenue for the sale of hardware and perpetual licences is recognised at a point-in-time being when the hardware and licence keys are delivered to the customer. Revenue from support is recognised over-time. Where support is provided free of charge a proportion of the contractual consideration is allocated to this separate performance obligation by reference to the equivalent standalone selling price of the support.</p> <p>Vicon sell directly to customers and via distributors.</p> <p>There is a risk that hardware and perpetual software revenue may not be recognised in the correct period with inappropriate cut-off being applied around the year-end.</p> <p>For sales to distributors there is a risk that contractual terms do not appropriately transfer control of the goods at the time revenue is recognised.</p> <p>For support revenue the risk of inappropriate deferral arises from the potential that management either do not correctly identify or value (based on the appropriate allocation of the transaction price) the revenue related to future services and therefore do not accurately defer the related revenue.</p>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • assessed whether the Group’s revenue recognition policy is consistent with IFRS 15. • tested a sample of system (hardware and associated software) revenue to verify that revenue was recorded in the correct accounting period. The testing was performed through agreement to evidence of delivery to the customer. This included testing a sample of post year end system sales to supporting documentation to determine whether these were recognised in the correct period. Where the sample related to distributors we inspected the distributor agreements for evidence of terms that do not appropriately transfer control of goods. • where system sales included free of charge support, we assessed managements allocation of revenue based on standalone selling price, recalculated revenue allocated to the support obligation and confirmed that an appropriate amount had been deferred based on over-time recognition. • reviewed management’s estimate of standalone selling prices and agreed a sample of inputs to supporting evidence such as contracts for standalone support agreements. • reviewed post year end credit notes for returns of goods or other evidence that revenue was inappropriately recorded in the year. • tested a sample of deferred income balances, recalculating revenue recognised and deferred and agreeing amounts to invoices and supporting contracts. <p>Key observations:</p> <p>Based on the results of our work, we did not identify any instances where revenue was not recognised in accordance with the stated accounting policies. We did not identify any instances of material revenue recognised in the incorrect period.</p>

Key audit matter

Development expenditure capitalisation and carrying value

The Group’s accounting policy for capitalisation of development expenditure is included within note 2 and the significant judgements are set out in note 3. Development costs are included in Intangible assets and are presented in note 12.

Development costs are a significant expense and asset of the Group. Inappropriate capitalisation of those costs could have a material impact on the profit performance of the Group in the current year and going forward.

Management exercises judgement in consideration of the carrying value of individual projects, including the expected future economic benefits, the allocation of resources and the period over which they anticipate return.

In view of the judgements involved we considered the capitalisation and carrying value of development expenditure to be a key audit matter.

How the scope of our audit addressed the key audit matter

We reviewed the policies and procedures relating to research and development expenditure, capitalisation of costs and considered their compliance with the requirements of the accounting standards.

For amounts capitalised in the year, we:

- agreed a sample of expenditure to third party documentation and timecard records to check that they meet the criteria for capitalisation in accordance with the accounting standards;
- reviewed management’s judgement that projects met the capitalisation criteria set out in IAS 38 and challenged their assumptions at the balance sheet date through discussion with management, including individuals outside of the finance team, and comparison to other corroborating evidence; and,
- assessed management’s estimate of useful economic life and impairment considerations, by reviewing actual sales achieved and agreeing sales forecasts to Board approved budgets consistent with those used in the going concern assessment.

Key Observations

Based on the results of our work we consider the judgements made by management are reasonable and the accounting for development expenditure is in accordance with the accounting standards.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent Company financial statements	
	2023	2022	2023	2022
Materiality	£500,000	£330,000	£70,000	£100,000
Basis for determining materiality	1.13% of revenue	1.15% of revenue	4.5% of profit before tax	3% of profit before tax
Rationale for the benchmark applied	Revenue was considered the most appropriate measure in assessing performance of the Group due to the year-on-year volatility in profit before tax.		The parent Company incurs and recharges Group costs to its subsidiaries and receives intergroup dividends. Profit before tax has been selected as the most appropriate benchmark as it reflects the excess of returns from subsidiaries over Group costs.	
Performance materiality	£350,000	£231,000	£49,000	£70,000

	Group financial statements		Parent Company financial statements	
	2023	2022	2023	2022
Basis for determining performance materiality	70% of Group materiality	70% of Group materiality	70% of Parent Company materiality	70% of Parent Company materiality
Rationale for the percentage applied for performance materiality	In setting the level of performance materiality we have considered the level of specific risk associated with the audit, based on historical experience and potential for aggregation and sampling risk.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 65% and 80% (2022: 36% and 85%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £340,000 to £400,000 (2022: £118,000 to £280,000). In the audit of each component, we further applied performance materiality levels of 70% (2022: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £15,000 (2022: £9,900). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the legal and regulatory framework applicable to the Group and industry in which it operates, through discussion with management and audit committee and our knowledge of the industry;
- Enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations,

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, AIM Listing Rules and the UK Companies Act.

Our procedures in respect of the above included:

- Reading minutes from Board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and the Audit Committee, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of Board meetings for any known or suspected instances of fraud;

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these; and
- discussing among the engagement team including the component audit team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue existence, focussing on cut-off, capitalised development costs and manual journal entries, both in the accounting system and the consolidation, and inappropriate use of estimates.

Our procedures in respect of the above included:

- performing a detailed review of the Group's year-end adjusting entries, assessing whether the judgements made in making accounting estimates, including capitalisation of development costs which has been identified as a Key Audit Matter above, are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias considered to be impairment reviews and the assumptions taken in their preparation and useful lives of depreciable assets; and
- In addressing the risk of fraud in existence of revenue, testing the appropriateness of the revenue recognition policies and the application of these policies and performing specific procedures over the existence and cut-off of revenue and the judgements involved in the allocation of the standalone selling price (further details of our approach to revenue recognition are available within the key audit matters section of our audit report).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including the component engagement team who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Henwood (*Senior Statutory Auditor*)

For and on behalf of BDO LLP, Statutory Auditor
Reading,
United Kingdom

4 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023 £'000	2022 £'000
Revenue	4	44,240	28,816
Cost of sales		(15,497)	(9,352)
Gross profit		28,743	19,464
Sales, support and marketing costs		(8,202)	(6,608)
Research and development costs		(6,543)	(3,547)
Administrative expenses		(9,146)	(6,814)
Operating profit		4,852	2,495
Finance income		1,561	305
Finance expense		(163)	(67)
Profit before taxation		6,250	2,733
Taxation	9	(594)	665
Profit from continuing operations		5,656	3,398
Profit from discontinued operations net of tax	11	-	43,519
Profit attributable to owners of the parent during the year		5,656	46,917
Earnings per share for profit on continuing operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	10	4.35p	2.66p
Diluted earnings per ordinary share (pence)	10	4.32p	2.62p
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	10	4.35p	36.70p
Diluted earnings per ordinary share (pence)	10	4.32p	36.11p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Group 2023 £'000	Group 2022 £'000
Net profit for the year	5,656	46,917
Other comprehensive expense		
<i>Items that will or may be reclassified to profit or loss</i>		
Exchange differences on retranslation of overseas subsidiaries	(110)	953
Total other comprehensive expense	(110)	953
Total comprehensive income for the year attributable to owners of the parent	5,546	47,870

The notes on pages 36 to 72 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

		Group 2023 £'000	Restated Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
COMPANY NUMBER: 03998880					
	Note				
Non-current assets					
Goodwill and intangible assets	12	10,203	10,081	-	-
Property, plant and equipment	14	2,480	1,638	45	35
Right of use assets	15	3,135	1,367	-	-
Financial asset - investments	16	236	236	7,564	7,538
Deferred tax asset	21	-	-	107	229
		16,054	13,322	7,716	7,802
Current assets					
Inventories	17	7,240	4,462	-	-
Trade and other receivables	18	9,907	7,397	2,289	2,670
Current tax receivable		-	254	-	-
Fixed term deposits		42,000	55,000	42,000	55,000
Cash and cash equivalents		23,965	12,679	20,710	7,309
		83,112	79,792	64,999	64,979
Current liabilities					
Trade and other payables	19	(11,304)	(11,287)	(3,632)	(1,627)
Current tax payable		(275)	-	(159)	-
Bank overdraft		(1,174)	-	-	-
Lease liabilities	15	(724)	(440)	-	-
		(13,477)	(11,727)	(3,791)	(1,627)
Net current assets		69,635	68,065	61,208	63,352
Total assets less current liabilities		85,689	81,387	68,924	71,154
Non-current liabilities					
Other liabilities	22	(820)	(965)	-	-
Lease liabilities	15	(2,498)	(1,064)	-	-
Provisions	23	(48)	(40)	-	-
Deferred tax liability	21	(1,118)	(932)	-	-
		(4,484)	(3,001)	-	-
Net assets		81,205	78,386	68,924	71,154
Capital and reserves attributable to owners of the parent					
Share capital	24	326	324	326	324
Shares to be issued	26	65	65	65	65
Share premium account	26	19,487	19,094	19,487	19,094
Retained earnings	26	60,451	57,917	49,046	51,671
Foreign currency translation reserve	26	876	986	-	-
Total equity shareholders' funds		81,205	78,386	68,924	71,154

The profit of the Company for the year ended 30 September 2023 was £544,000 (30 September 2022: profit of £46,159,000).

The financial statements on pages 31 to 72 were approved and authorised for issue by the Board of Directors on 4 December 2023 and signed on its behalf by

Imogen Moorhouse
Director

David Deacon
Director

The notes on pages 36 to 72 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash flows from operating activities					
Profit for the year		5,656	46,917	544	46,159
Income tax expense/(credit)		594	(934)	324	247
Finance income		(1,561)	(305)	(1,557)	(305)
Finance expense		163	114	-	-
Dividends receivable		-	-	-	(3,731)
Depreciation and amortisation		2,898	2,555	45	59
Impairment of intangible assets		217	-	-	-
Profit on sale of property, plant and equipment		(8)	-	-	-
Profit on disposal of discontinued operation		-	(43,578)	-	(41,397)
Share-based payments		59	139	59	139
Increase in inventories		(2,799)	(1,919)	-	-
(Increase)/decrease in receivables		(2,274)	(3,664)	2,462	1,590
Increase/(decrease) in payables		205	4,187	240	(114)
Cash generated from operating activities		3,150	3,512	2,117	2,647
Tax received/(paid)		209	(248)	-	-
Net cash from operating activities		3,359	3,264	2,117	2,647
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,499)	(588)	(55)	(8)
Purchase of intangible assets		(2,127)	(3,464)	-	-
Disposal of discontinued operation, net of cash disposed of	11	-	47,141	-	48,770
Proceeds on disposal of property, plant and equipment		8	37	-	-
Cash placed on fixed term deposits		(67,000)	(65,000)	(67,000)	(65,000)
Fixed term deposits maturing		80,000	10,000	80,000	10,000
Interest received		1,219	28	1,215	28
Net cash generated from/(used in) investing activities		10,601	(11,846)	14,160	(6,210)
Cash flows from financing activities					
Principal paid on lease liabilities	15	(579)	(460)	-	-
Interest paid		(4)	-	-	-
Interest paid on lease liabilities	15	(159)	(112)	-	-
Issue of ordinary shares		370	583	370	583
Equity dividends paid	28	(3,246)	(2,542)	(3,246)	(2,542)
Net cash used in financing activities		(3,618)	(2,531)	(2,876)	(1,959)
Net increase/(decrease) in cash and cash equivalents		10,342	(11,113)	13,401	(5,522)
Cash and cash equivalents at beginning of the period		12,679	22,957	7,309	12,831
Exchange (loss)/gain on cash and cash equivalents		(230)	835	-	-
		22,791	12,679	20,710	7,309
Cash and cash equivalents included in current assets		23,965	12,679	20,710	7,309
Bank overdraft included in current liabilities		(1,174)	-	-	-
		22,791	12,679	20,710	7,309

The notes on pages 36 to 72 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023

Group	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total £'000
Balance as at 30 September 2021	317	65	18,483	13,538	33	32,436
Net profit for the year	-	-	-	46,917	-	46,917
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	953	953
Transactions with owners:						
Tax recognised directly in equity in relation to employee share option schemes	-	-	-	(99)	-	(99)
Dividends	-	-	-	(2,542)	-	(2,542)
Issue of share capital	7	-	611	-	-	618
Share based payment charge	-	-	-	103	-	103
Balance as at 30 September 2022	324	65	19,094	57,917	986	78,386
Net profit for the year	-	-	-	5,656	-	5,656
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	(110)	(110)
Transactions with owners:						
Tax recognised directly in equity in relation to employee share option schemes	-	-	-	90	-	90
Dividends	-	-	-	(3,246)	-	(3,246)
Issue of share capital	2	-	393	-	-	395
Share based payment charge	-	-	-	34	-	34
Balance as at 30 September 2023	326	65	19,487	60,451	876	81,205

The notes on pages 36 to 72 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023

Company	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance as at 30 September 2021	317	65	18,483	8,005	26,870
Net profit for the year	-	-	-	46,159	46,159
Transactions with owners:					
Tax recognised directly in equity in relation to employee share options	-	-	-	(54)	(54)
Dividends	-	-	-	(2,542)	(2,542)
Issue of share capital	7	-	611	-	618
Share based payment charge	-	-	-	103	103
Balance as at 30 September 2022	324	65	19,094	51,671	71,154
Net profit for the year	-	-	-	544	544
Transactions with owners:					
Tax recognised directly in equity in relation to employee share options	-	-	-	43	43
Dividends	-	-	-	(3,246)	(3,246)
Issue of share capital	2	-	393	-	395
Share based payment charge	-	-	-	34	34
Balance as at 30 September 2023	326	65	19,487	49,046	68,924

The notes on pages 36 to 72 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

1. Basis of preparation of the financial statements

The consolidated and parent Company financial statements of Oxford Metrics plc have been prepared in accordance with UK adopted International Accounting Standards, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The going concern review considered the following key areas:

Market considerations

The Group's primary markets are life sciences, engineering and entertainment location based entertainment. The directors have assessed the prospects in these markets together with the inflationary environment.

The Life Sciences market segment historically accounts for around 50% of Vicon revenues. This segment serves customers including Hospitals, Medical Research Centres, Universities and Sport Research. For the most part, these customers are financed by Government Grants and to a lesser extent by Charitable Donations. There is currently no evidence that Governments are seeking to reduce expenditure in these areas.

The Entertainment segment serves customers in the Video Games Industry, Location Based Entertainment ('LBE') and TV/Film and historically accounts for around 25% of Vicon revenues. These customers are typically commercial organisations in nature. The sector has demonstrated resilience during the pandemic and would appear to be less sensitive to the threat of recession. Those customers involved in Video Games are enjoying increased demand. Those involved with solutions provided to the general public (LBE) have resumed expansion plans and have ambitious rollout targets over the coming years. Those involved in TV/Film have been adopting Virtual Production as evidence by growth over the past two years.

The Engineering market segment historically accounts for around 25% of Vicon revenues. This segment serves customers that use our technology in an engineering context to design and/or manufacture goods. These customers are typically commercial organisations in nature and address many sectors which may be sensitive to macro-economic factors such as recession in certain markets.

Operational readiness

Oxford Metrics as a whole adapted to virtual working during the pandemic and demonstrated the business could operate effectively during this period. All operations have returned to normal though this 'new normal' includes more remote working and will continue through FY24 and beyond. In the event of a 'pandemic' like event in the future the business would adapt as before. The Group recognises that 'human capital' is essential for future success and has included measures in the Financial Forecasts to enhance compensation to maintain a high retention rate and has included proposed new recruitment at near market rates.

Financial considerations

The Company has no external financing and as at the balance sheet date had cash balances, including fixed term deposits, of £64.8 million. Future trading performance is likely to be more volatile following the disposal of Yotta, however, the financial strength of the Group is capable of trading through significant disruption arising from a further pandemic or significant macro-economic events.

Stress testing

Based on the above considerations, multiple combinations of a revenue shortfall, gross margin erosion and foreign exchange risk have been considered. Given a worst case, the impact on cash generation and cash reserves could be tolerated and would not impact the ability of the business to continue trading. The result of this analysis is that the directors are confident that the business has sufficient cash liquidity to sustain very significant and prolonged reductions in trading revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors, having prepared cash flow forecasts and given due consideration to the inflationary environment and residual supply chain challenges and general macro-economic uncertainty on the Group's markets, operations and financial risk, have assessed that there is no material uncertainty with the Group's ability to continue operating as a going concern for a period in excess of 12 months from the date of signing the financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies which affect the reported amount of assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reported period. Although the estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The Company is a public limited company and is incorporated in England. The address of its registered office can be found on page 73.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

Changes in accounting standards

UK adopted International Accounting Standards (IAS/IFRS)

At the date of authorisation of these financial statements, the directors have considered the standards and interpretations which have not been applied in these financial statements that were in issue but not yet effective (and in some cases had not yet been adopted by the UK Endorsement Board (UKEB)). The adoption of these standards and interpretations not yet effective are not expected to have a material impact on the results of the Company.

Audit Exemption

IMeasureU Limited and OMG Life Limited, both 100% owned subsidiary undertakings incorporated in England, have claimed the audit exemption under Companies Act 2006 Section 479A with respect to the year ended 30 September 2023. The parent Company, Oxford Metrics plc, has given a statement of guarantee under Companies Act 2006 Section 479C, whereby Oxford Metrics plc will guarantee outstanding liabilities to which IMeasureU Limited and OMG Life Limited are subject as at 30 September 2023.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and parent Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to 30 September 2023.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting from the date of acquisition. Inter-company balances and transactions are eliminated on consolidation.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Board of Directors of Oxford Metrics plc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Revenue

Revenue represents the fair value of consideration received or receivable arising from the provision of goods and services to third party customers, net of VAT, and trade discounts. Revenue has been recognised in the year ended 30 September 2023 by applying IFRS 15, the policies adopted are set out below:

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer.

Some of the Group's service revenue streams are typically recognised on an over time basis, with the revenue earned recognised on a straight-line basis over the term of the contract. A deferral is made for the proportion of revenue allocated to the undelivered element of the performance obligation based upon the standalone selling price of the individual performance obligation under the terms of the sale.

Within Vicon a number of sales are made through independent third party distributors. In this instance revenue is recognised on delivery of the product to the distributor. No sales to third party distributors are made on a sale or return basis.

Determining the transaction price and allocating amounts to performance obligations

The Group's revenue is derived from fixed price contracts and therefore the amount of revenue attributable to each contract is determined by reference to those fixed prices.

Within Vicon, system sales are multi element arrangements and include the sale of software, hardware and ongoing support. Under IFRS 15 the support element of the system sale has been identified as a separate performance obligation because support services are sold on a standalone basis and the system can operate without them. Revenue is recognised over time as this obligation is fulfilled. Where discounts are given these are allocated on a proportionate basis to the hardware and software elements of the system sale. The revenue attributable to the support element of the system sale is calculated by reference to the equivalent standalone selling price of the support had it not been included within a system sale, less any attributable discount.

Where revenue is recognised over time, payments received before the related performance obligation is settled are recognised as contract liabilities and included in trade and other payables in the statement of financial position. A contract asset is recognised in trade and other receivables when a performance obligation is satisfied (and revenue recognised) but the payment is conditional on not only the passage of time. Revenue from the sale of goods relates to the sale of items held within inventory. For service and support contracts revenue is recognised over time by reference to the term of the contract until all performance obligations are fulfilled and consequently no asset for work in progress is recognised.

Goodwill and intangible assets

Goodwill is carried at cost less any provision for impairment. Intangible assets are valued at cost less amortisation and any provisions for impairment.

Goodwill arising on business combinations (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in the income statement. For business combinations completed after 1 January 2010, direct costs of acquisition are recognised immediately in the income statement as an expense.

The Group has elected to apply IFRS 3, 'Business combinations' prospectively from the date of transition to IFRS and therefore goodwill written off to reserves prior to 1 October 2006 has not been reinstated on transition to IFRS.

Externally acquired intangible assets

Intangible assets are capitalised at cost and amortised to nil by equal annual instalments over their estimated useful economic life.

Intangible assets are recognised on business combinations if they are separable from the acquired entity. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see note 3). The significant intangibles recognised by the Group and their useful economic lives are as follows:

- Customer relationships over 8 years
- Intellectual property over 2-10 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Group is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed, which is estimated to be 3 – 7 years. The amortisation expense is included within research and development expenses in the consolidated income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; (its cash generating unit). Goodwill is allocated on initial recognition to each of the Group's CGU's that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Following the sale of Yotta this business has been presented as a discontinued operation.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates applicable are:

- Computers and equipment 25% - 50%
- Furniture and fixtures 20% - 50%
- Demonstration equipment 25% or 50%. Some demonstration equipment held within the Vicon Group is not depreciated as its residual value exceeds its cost.
- Leasehold improvements Over the lower of the life of the asset and the remaining period of the lease.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Investments in subsidiaries

Investments are included at cost less provision for impairment.

Inventories

Inventories are stated at the lower of historical cost and net realisable value, on a first in first out basis, after making allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated income statement and consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Leases

The Group accounts for a contract, or portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- a) There is an identified asset;
- b) The Group obtains substantially all the economic benefits from use of the asset; and
- c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that pre-determines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than FRS16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted on 1 October 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable. In this case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining useful economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiation increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

Financial assets

The Group and Company classifies its financial assets into the categories below.

Amortised cost: These assets arise principally from the provision of goods and services to customers (e.g. trade receivables and accrued income). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected credit loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since the initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has significantly increased, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses are recognised along with interest income on a net basis.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Fair value through profit or loss: This category includes equity investments which are held in the consolidated statement of financial position at fair value with changes in the fair value being recognised in the consolidated income statement.

Financial liabilities

The Group and Company classifies its financial liabilities into the categories below.

Amortised cost: Financial liabilities include trade payables and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are recognised at fair value and subsequently held at amortised cost.

Fair value through profit or loss: This category includes contingent consideration payable which is held in the Consolidated Statement of Financial Position at fair value with changes in the fair value being recognised in the Consolidated Income Statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, net deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

Fixed term deposits

Fixed term deposits include cash balances held on medium to long term fixed term contracts of more than 3 months for investment purposes.

Trade and other payables

Trade payables and other short term monetary liabilities are recognised at fair value and subsequently held at amortised cost.

Current and deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Taxation recognised directly in equity is in relation to tax on the employee share option charge for the year recognised in the income statement.

Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sterling (£) which is also the Company's functional currency.

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

For consolidation purposes assets and liabilities of foreign subsidiaries that have a functional currency different from the presentation currency are translated at the rates of exchange ruling at the balance sheet date. Income statements of such undertakings are translated on a monthly basis at the month end exchange rate. Exchange differences arising on these translations are taken to the foreign currency translation reserve through the statement of comprehensive income.

Employee benefits

Contributions to pension schemes

The Group accounts for pensions and similar employee benefits under IAS 19 'Employee benefits'. The Group operates defined contribution pension schemes for both its UK and US employees. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Employee share option schemes

The Group operates an equity settled share based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement over the vesting period of the grant with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Dividend distribution

Dividends are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates, judgements and assumptions

(a) *Estimate of useful lives of intangible assets*

Intangible assets are amortised over their estimated useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods. Within development costs there are a significant number of different projects across the Group. The useful life of each project is assessed on an individual basis. If the remaining useful economic life of each project decreased by 50% on 1 October 2022 the amortisation charge for the year would have increased by £1,080,000. More detail including carrying values is included in note 12.

(b) *Estimation of future cashflows and determination of the discount rate in goodwill impairment reviews*

The recoverable amounts of the cash generating units are determined from value in use calculations based on cash flow projections. Changes in the cash flow projections and the discount rates used in these calculations can result in significant variations in the recoverable amounts of the cash generating units. More detail can be found in note 13.

(c) *Estimation of the stand-alone selling price of support contracts in accordance with IFRS 15*

System sales within Vicon are multi element arrangements which include ongoing support. This support has been identified as a separate performance obligation and the revenue attributable to this element is calculated by reference to the equivalent standalone selling price of the support had it not been included within the system sale. During the year a review was undertaken of these standalone selling prices to ensure they remain appropriate.

(d) *Judgements concerning the capitalisation of development costs*

Development costs are capitalised according to the criteria set out in IAS 38. Management make assumptions as to when these criteria have been met and consequently the date from which the costs for a project are capitalised. Management review the carrying value of capitalised development costs on an annual basis and consider indicators of impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

4. Revenue from contracts with customers

Revenue	2023 £'000	2022 £'000	
Continuing operations			
Vicon UK	25,545	17,338	
Vicon USA	18,695	11,478	
Total	44,240	28,816	
	2023		
	Vicon UK	Vicon USA	Total
	£'000	£'000	£'000
Timing of the transfer of goods and services			
Point in time	23,714	16,032	39,746
Over time	1,831	2,663	4,494
Total	25,545	18,695	44,240
Contract Counterparties			
Direct to consumers	5,341	17,673	23,014
Third party distributor	20,204	1,022	21,226
Total	25,545	18,695	44,240
By destination			
UK	3,176	-	3,176
Germany	1,973	-	1,973
Italy	633	-	633
Netherlands	646	-	646
France	155	-	155
Poland	178	-	178
Spain	88	-	88
Ireland	565	-	565
Rest of Europe	1,087	-	1,087
Total Europe	5,325	-	5,325
Canada	9	1,878	1,887
USA	12	16,533	16,545
Total North America	21	18,411	18,432
Australia	939	13	952
Hong Kong	2,517	-	2,517
Japan	5,680	-	5,680
South Korea	2,835	-	2,835
China	3,957	-	3,957
India	574	-	574
Rest of Asia Pacific	397	-	397
Total Asia Pacific	16,899	13	16,912
Other	124	271	395
Total	25,545	18,695	44,240

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Vicon UK £'000	2022 Vicon USA £'000	Total £'000
Timing of the transfer of goods and services			
Point in time	15,494	9,175	24,669
Over time	1,844	2,303	4,147
Total	17,338	11,478	28,816
Contract Counterparties			
Direct to consumers	4,256	10,529	14,785
Third party distributor	13,082	949	14,031
Total	17,338	11,478	28,816
By destination			
UK	2,396	-	2,396
Germany	2,156	-	2,156
Italy	304	-	304
Netherlands	441	-	441
France	473	-	473
Poland	332	-	332
Spain	260	-	260
Rest of Europe	1,022	-	1,022
Total Europe	4,988	-	4,988
Canada	39	1,008	1,047
USA	24	10,197	10,221
Rest of North America	-	177	177
Total North America	63	11,382	11,445
Australia	797	-	797
Hong Kong	2,539	-	2,539
Japan	2,334	-	2,334
South Korea	1,314	-	1,314
China	2,158	-	2,158
Rest of Asia Pacific	532	-	532
Total Asia Pacific	9,674	-	9,674
Other	217	96	313
Total	17,338	11,478	28,816

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023 £'000	2022 £'000
Vicon revenue by market – Continuing operations		
Engineering	8,708	5,581
Entertainment	18,193	10,023
Life sciences	14,841	10,589
Location based entertainment	2,498	2,623
Total	44,240	28,816

Group revenue by type Continuing operations		
Sale of hardware	36,158	22,700
Sale of software	1,974	1,970
Rendering of services	5,209	3,009
SaaS	-	193
Support	899	944
Total	44,240	28,816

Group revenue by origin Continuing operations		
UK	23,690	16,010
Europe	1,852	1,312
North America	18,695	11,478
Asia Pacific	3	16
Total	44,240	28,816

Contract balances

	2023	
	Contract assets £'000	Contract liabilities £'000
At 1 October 2022	-	6,043
Amounts included in contract liabilities recognised as revenue during the period	-	(18,400)
Cash received in advance of performance and not recognised as revenue during the period	-	17,138
Foreign exchange differences	-	(253)
At 30 September 2023	-	4,528

	2022	
	Contract assets £'000	Contract liabilities £'000
At 1 October 2021	261	7,474
Transfers from contract assets to trade receivables	(520)	-
Amounts included in contract liabilities recognised as revenue during the period	-	(23,176)
Excess of revenue recognised over cash during the period	770	-
Cash received in advance of performance and not recognised as revenue during the period	-	26,670
Disposal	(511)	(5,325)
Foreign exchange differences	-	400
At 30 September 2022	-	6,043

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Contract assets and contract liabilities are included within trade and other assets and trade and other payables and other liabilities respectively on the face of the statement of financial position. They arise primarily from the Group's support contracts which are delivered over time and where the cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contract.

Remaining performance obligations

The majority of the Group's contracts are for the delivery of goods and services within the next 12 months. However, some software and support contracts are for a period greater than 12 months and the amount of revenue that will be recognised in future periods on these contracts is as follows:

At 30 September 2023	2024 £'000	2025 £'000	2026 £'000	2027 £'000	2028 £'000	2029 and beyond £'000
Support contracts	3,707	493	199	86	39	4

At 30 September 2022	2023 £'000	2024 £'000	2025 £'000	2026 £'000	2027 £'000	2028 and beyond £'000
Support contracts	3,143	595	239	75	44	11

5. Segmental analysis

Segment information is presented in the financial statements in respect of the Group's business segments, which are reported to the Chief Operating Decision Maker (CODM). The Group has identified the Board of Directors of Oxford Metrics plc ("the Board") as the CODM. The business segment reporting reflects the Group's management and internal reporting structure.

During the year the Group comprised the following business segments:

- **Vicon Group:** This is the development, production and sale of computer software and equipment for the engineering, entertainment and life science markets.

Other unallocated costs represent head office expenses not recharged to subsidiary companies.

Inter segment transfers are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources. This policy was applied consistently throughout the current and prior year. There were no significant inter segment transfers during the current or prior year.

Intra segment sales between Vicon UK and Vicon USA are eliminated prior to management and internal reporting, and hence are not shown separately in the analysis below. The total intra segment sales between Vicon UK and Vicon USA in the year ended 30 September 2023 are £10,376,000 (2022: £5,718,000).

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and trade and other receivables. Unallocated assets comprise deferred taxation, investments and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023				2022			
	Adjusted profit/(loss) before tax £'000	Adjusting items £'000	Group recharges £'000	Profit/(loss) before tax £'000	Adjusted profit/(loss) before tax £'000	Adjusting items £'000	Group recharges £'000	Profit/(loss) before tax £'000
Continuing operations								
Vicon UK	1,692	(287)	2,852	4,257	1,590	(434)	1,426	2,582
Vicon USA	6,542	-	(6,162)	380	3,848	-	(3,712)	136
Vicon Group	8,234	(287)	(3,310)	4,637	5,438	(434)	(2,286)	2,718
Unallocated	(1,689)	(8)	3,310	1,613	(2,840)	(86)	2,941	15
Total continuing operations	6,545	(295)	-	6,250	2,598	(520)	655	2,733

Adjusted profit before tax is detailed in note 7.

	Segment depreciation and amortisation	
	2023 £'000	2022 £'000
Continuing operations		
Vicon UK	2,742	1,810
Vicon USA	328	203
Vicon Group	3,070	2,013
Unallocated	45	59
Total continuing operations	3,115	2,072
Discontinued operations		
Yotta	-	483
Oxford Metrics Group	3,115	2,555

	Non-current assets		Additions to non-current assets		Carrying amount of segment assets		Carrying amount of segment liabilities	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Vicon UK	12,763	11,635	3,885	3,304	28,161	29,566	(10,717)	(9,817)
Vicon USA	3,010	1,416	1,998	566	13,107	6,445	(6,116)	(4,476)
Vicon Group	15,773	13,051	5,883	3,870	41,268	36,011	(16,833)	(14,293)
Yotta Group	-	-	-	661	-	-	-	-
Unallocated	281	271	55	8	63,950	63,155	(1,128)	(435)
OMG Life Group*	-	-	-	-	(6,052)	(6,052)	-	-
Oxford Metrics Group	16,054	13,322	5,938	4,539	99,166	93,114	(17,961)	(14,728)

* The negative balance within segment assets represents a cash overdraft which is part of the Group's cash offset facility.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

6. Profit for the year

The profit for the year is stated after charging / (crediting):

	2023 £'000	2022 £'000
Amortisation of right of use assets (note 15)	523	496
Depreciation of property, plant and equipment - owned (note 14)	639	424
Amortisation of intellectual property (note 12)	274	272
Amortisation of development costs (note 12)	1,462	1,363
Impairment of development costs (note 12)	217	-
Share based payments – equity settled	25	36
Share option charges (note 25)	34	103
Foreign exchange (gain)/loss	(108)	487

During the year the Group obtained the following services from the Group's auditors and its associates as detailed below:

	2023 £'000	2022 £'000
Fees payable to the Company's auditor and its associates for the audit of the parent Company and consolidated financial statements	98	85
Fees payable to the Company's auditor for other services:		
The audit of financial statements of subsidiaries pursuant to legislation	104	70
Tax services	72	78
	274	233

Audit services include £15,000 in respect of the Company (2022: £13,500).

7. Reconciliation of adjusted profit before tax

The adjusted profit before tax is considered by the Board to more accurately reflect the underlying operating performance of the business on a go-forward basis and complements the statutory measure as reported in the Consolidated Income Statement.

The reconciliation of profit before tax to adjusted profit provided below includes items that are:

- non-recurring in nature, such as redundancy costs incurred from time to time, acquisition costs and results of the Group's equity accounted associate, which are not core to operations or future operating performance.
- non-cash moving items which arise from the accounting treatment of share based payments and the amortisation of acquired intangibles which affect neither future operating performance nor cash generation.

The above definition has been consistently applied historically and is the measure by which the market generally judges PBT performance.

	2023 £'000	2022 £'000
Profit before tax – continuing operations	6,250	2,733
Share option charges	34	103
Amortisation of intangibles arising on acquisition	261	261
Costs associated with the acquisition of Contemplas	-	156
Reapportion Group overheads	-	(655)
Adjusted profit before tax – continuing operations	6,545	2,598

Adjusted earnings per share for profit on continuing operations attributable to owners of the parent during the year

Basic earnings per share (pence)	4.57p	2.55p
Diluted earnings per share (pence)	4.54p	2.51p

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The adjusted profit before tax for the Vicon business segment (note 5) is shown in detail below;

	Vicon Group	
	2023	2022
Continuing operations	£'000	£'000
Profit before tax	4,637	2,718
Share option charges	26	17
Amortisation of intangibles arising on acquisition	261	261
Costs associated with the acquisition of Contemplas	-	156
Reapportion Group overheads	3,310	2,286
Adjusted profit before tax	8,234	5,438

The Group overheads in the tables above include head office expenses recharged to subsidiaries.

8. Directors and employees

Staff costs during the year were as follows:

	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Wages and salaries	14,297	13,286	1,692	1,404
Share-based payments	59	139	33	121
Social security costs	1,597	1,748	208	288
Other pension costs	656	698	56	65
	16,609	15,871	1,989	1,878

The average number of employees of the Group during the year was:

	2023	2022
	Number	Number
Development	52	60
Sales and customer support	54	67
Production and production services	24	41
Management and administration	37	33
	167	201

The year ended 30 September 2022 includes 58 employees in Yotta Ltd which was disposed of during the prior year.

The average number of employees of the Company during the year was 12 (2022:13) all of which are classified as management and administration.

Details of individual directors' remuneration, including details of the highest paid director, are included in the Report on Directors' Remuneration. For the purposes of IAS 24 'Related party disclosures' the directors are considered key management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Directors (key management personnel) compensation:

	2023 £'000	2022 £'000
Wages and salaries	1,098	826
Share option charges	8	86
Share based remuneration	25	36
Social security costs	93	351
Other pension costs	85	79
Benefits in kind	45	39
	1,354	1,417
LTIP related payments	-	38
Gains on exercise of share options	-	2,004
	1,354	3,459

The number of directors accruing benefits under Group pension schemes was 1 (2022:1).

Exercise of directors' share options

During the year no directors (2022: 3 directors) exercised share options. The aggregate of the gains made on these exercises in the table above is calculated on the difference between the option price and the mid-market price at the time of exercise.

Additional details can be obtained from the Report on Directors' Remunerations on page 20.

9. Taxation

The tax is based on the profit for the year and represents:

	2023 £'000	2022 £'000
United Kingdom corporation tax at 22.0% (2022: 19.0%)	218	462
Overseas taxation	143	69
Adjustments in respect of prior year	15	(79)
Current taxation	376	452
Deferred taxation (note 21)	218	(1,386)
Total taxation expense/(credit)	594	(934)

UK corporation tax has been calculated at 19.0% up to 31 March 2023 and 25.0% from 1 April 2023. This gives rise to a blended tax rate of 22.0% for the year.

Continuing and discontinued operations:

	2023 £'000	2022 £'000
Income tax expense/(credit) from continuing operations	594	(665)
Income tax credit from discontinued operations excluding gain on sale (note 11)	-	(269)
Total tax (credit)/ expense	594	(934)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

At 30 September 2023, the Group had an undiscounted deferred tax asset of £1,618,000 (2022: £1,588,000). The asset comprises principally short term timing differences, future tax relief available on the exercise of outstanding employee share options in Oxford Metrics plc and unrelieved trading losses carried forward for which recoverability is reasonably certain.

Deferred tax assets and liabilities have been measured at an effective rate of 25% in both the UK and USA (2022: 25%) and are detailed in note 21.

The tax assessed for the year is lower than the blended rate of corporation tax in the UK of 22.0% (2022: lower than the standard rate of 19%).

The differences are explained as follows:

	2023 £'000	2022 £'000
Profit for the year	5,656	46,917
Income tax expense/(credit) including discontinued operations	594	(934)
Profit on ordinary activities before tax	6,250	45,983
Expected tax income based on the blended rate of corporation tax in the UK of 22.0% (2022: 19.0%)	1,375	8,737
Effect of:		
Expenses not deductible for tax purposes	82	68
Book gain on disposal in excess of tax gain	-	(8,280)
Unrelieved current year losses	170	(335)
Utilisation of losses brought forward	(21)	-
Adjustments to tax charge in respect of prior year current tax	15	(79)
Adjustments to tax charge in respect of prior year deferred tax	(309)	(383)
Higher rates on overseas taxation	44	29
Research and development tax credit	(682)	(467)
Effect of tax rate change	(80)	(224)
Total tax expense/(credit)	594	(934)

During the prior year the UK Government substantively enacted an increase in the corporation tax rate to 25.0% effective from 1 April 2023. The deferred tax asset and liability as at 30 September 2023 has been calculated based on the rate of 25.0% unless the asset/liability is expected to be realised or settled before the rate increase in which case the rate of 19.0% has been used.

10. Earnings/(loss) per share

	2023			2022		
	Earnings £'000	Weighted average number of shares '000	Per share amount pence	Earnings £'000	Weighted average number of shares '000	Per share amount pence
Continuing operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	5,656	130,162	4.35	3,398	127,840	2.66
Dilutive effect of employee share options	-	904	(0.03)	-	2,081	(0.04)
Diluted earnings per share	5,656	131,066	4.32	3,398	129,921	2.62
Discontinued operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	-	130,162	-	43,519	127,840	34.04
Dilutive effect of employee share options	-	904	-	-	2,081	(0.54)
Diluted earnings per share	-	131,066	-	43,519	129,921	33.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	2023			2022		
	Earnings £'000	Weighted average number of shares '000	Per share amount pence	Earnings £'000	Weighted average number of shares '000	Per share amount pence
Total operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	5,656	130,162	4.35	46,917	127,840	36.70
Dilutive effect of employee share options	-	904	(0.03)	-	2,081	(0.59)
Diluted earnings per share	5,656	131,066	4.32	46,917	129,921	36.11

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (share options). For share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscriptions rights and outstanding share based payment charges attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise price of the share options.

11. Discontinued operations

During the prior year the Group sold its 100% interest in Yotta Limited and Yotta Pty Limited (Yotta Group) for a total consideration of £49,105,000.

The transaction was based on an enterprise value of £52m and the final cash consideration was determined as follows;

	£'000
Enterprise value	52,000
Adjustments for debt-like items	(2,432)
Working capital adjustments	(463)
Cash consideration received	49,105

The post-tax gain on disposal of discontinued operations was determined as follows;

	£'000
Cash consideration received	49,105
Cash disposed of	(1,629)
Transaction costs	(335)
Net cash inflow on disposal of discontinued operation	47,141

Net assets disposed (other than cash)	
Property, plant, and equipment	281
Intangibles	5,400
Trade and other receivables	3,398
Other financial assets	2,085
Trade and other payables	(5,997)
Other financial liabilities	(1,604)
	3,563
Pre-tax gain on disposal of discontinued operation	
Related tax expense	-
Gain on disposal of discontinued operation	43,578

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Result of Yotta Group

	2023 £'000	2022 £'000
Revenue	-	5,604
Expenses other than finance costs	-	(5,885)
Finance costs	-	(47)
Tax credit	-	269
Profit from selling discontinued operation after tax	-	43,578
Profit for the year	-	43,519

The statement of cash flows includes the following amounts relating to discontinued operations:

	2023 £'000	2022 £'000
Operating activities	-	(1,228)
Investing activities	-	44,851
Financing activities	-	(109)
Net cash flow from discontinued operations	-	43,514

12. Goodwill and intangible assets

Group	Intellectual property £'000	Development costs £'000	Goodwill £'000	Total £'000
Cost				
At 1 October 2022	4,533	18,463	1,702	24,698
Additions	-	2,127	-	2,127
Translation difference	(1)	-	(52)	(53)
At 30 September 2023	4,532	20,590	1,650	26,772
Amortisation				
At 1 October 2022	2,470	12,147	-	14,617
Charge for the year	274	1,462	-	1,736
Impairment	-	217	-	217
Translation difference	(1)	-	-	(1)
At 30 September 2023	2,743	13,826	-	16,569
Net book value at 30 September 2023	1,789	6,764	1,650	10,203
Net book value at 30 September 2022	2,063	6,316	1,702	10,081

All development costs are internally generated.

The Valkyrie camera range is Vicon's latest camera hardware release. The carrying value of the capitalised development cost asset is £3,933,000 at 30 September 2023 (2022: £3,274,000). Its useful economic life is expected to be consistent with previous camera systems at 7 years and it began amortising in Autumn 2022.

Axiom, included within capitalised development costs, is the core software used in Vicon's software products and its carrying value at 30 September 2023 is £1,990,000 (2022: £1,727,000). Its useful economic life is 6 years and it is subject to a process of continuing ongoing development.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Group	Customer relationships £'000	Intellectual property £'000	Development costs £'000	Goodwill £'000	Total £'000
Cost					
At 1 October 2021	2,453	5,136	24,105	3,608	35,302
Additions	-	29	3,435	-	3,464
Disposals	(2,457)	(633)	(9,077)	(2,014)	(14,181)
Translation difference	4	1	-	108	113
At 30 September 2022	-	4,533	18,463	1,702	24,698
Amortisation					
At 1 October 2021	2,453	2,828	16,478	-	21,759
Charge for the year	-	272	1,363	-	1,635
Disposals	(2,457)	(630)	(5,694)	-	(8,781)
Translation difference	4	-	-	-	4
At 30 September 2022	-	2,470	12,147	-	14,617
Net book value at 30 September 2022	-	2,063	6,316	1,702	10,081
Net book value at 30 September 2021	-	2,308	7,627	3,608	13,543

Current estimates of the remaining useful economic lives of the intangible assets are as follows:

Intellectual property	5-9 years
Development costs	1-7 years
Goodwill	Indefinite

13. Goodwill and impairment

Details of goodwill allocated to cash generating units for which the amount of goodwill so allocated is significant in comparison to total goodwill is as follows:

	Goodwill carrying value	
	2023 £'000	2022 £'000
Vicon:		
Vicon USA cash generating unit (Peak)	574	626
Vicon UK cash generating unit (IMeasureU)	1,076	1,076
	1,650	1,702

The recoverable amounts of all the CGU's have been determined from value in use calculations based on cash flow projections from formally approved budgets covering the financial years ending 30 September 2024 and 30 September 2025.

The recoverable amount for the CGUs that hold a significant proportion of the Group's overall goodwill balance are as follows:

- Vicon US (Peak) exceeds its carrying amount by £24.3m (2022: £23.5m).
- Vicon UK (IMeasureU) exceeds its carrying amount by £1.9m (2022: £4.5m).

Other major assumptions are as follows (the growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on the budgeted cash flows up to 30 September 2024 and assumes a perpetuity based terminal value).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Peak 2023 %	IMU 2023 %
Pre tax discount rate	14.5	15.0
Average operating margin	46.3	57.5
Growth rate	3.0	3.0

	Peak 2022 %	IMU 2022 %
Pre tax discount rate	14.5	15.0
Average operating margin	43.9	68.0
Growth rate	3.0	3.0

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's WACC adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the formally budgeted period are based on economic data pertaining to the region concerned.

A sensitivity analysis has been performed to establish how a change in the key assumptions would impact the value in use. All discount rates would have to move significantly in order for the carrying values to be impaired. A 1.0% increase in the discount rate applied to Peak would result in £1.9m reduction in its recoverable amount and a 1.0% increase in the discount rate applied to IMU would result in a reduction of £0.2m in its recoverable amount. A growth rate of 0% would not result in any of the carrying values being impaired. The operating margins would have to move significantly in order for goodwill carrying values to be impaired.

14. Property, plant and equipment

Group	Motor vehicles £'000	Computers and equipment £'000	Furniture and fixtures £'000	Demonstration equipment £'000	Leasehold improvements £'000	Total £'000
Cost						
At 30 September 2022	-	1,404	529	673	1,049	3,655
Additions	32	842	133	375	117	1,499
Disposals	-	(24)	(16)	-	-	(40)
Translation differences	-	(16)	(2)	(17)	(4)	(39)
At 30 September 2023	32	2,206	644	1,031	1,162	5,075
Depreciation						
At 30 September 2022	-	1,087	388	34	508	2,017
Charge for the year	5	340	49	115	130	639
Disposals	-	(24)	(16)	-	-	(40)
Translation differences	-	(14)	(3)	(4)	-	(21)
At 30 September 2023	5	1,389	418	145	638	2,595
Net book value at 30 September 2023	27	817	226	886	524	2,480
Net book value at 30 September 2022	-	317	141	639	541	1,638

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Group	Computers and equipment £'000	Furniture and fixtures £'000	Demonstration equipment £'000	Leasehold improvements £'000	Total £'000
Cost					
At 30 September 2021	1,616	454	676	1,405	4,151
Additions	377	71	16	124	588
Disposals	(619)	-	(20)	(487)	(1,126)
Translation differences	30	4	1	7	42
At 30 September 2022	1,404	529	673	1,049	3,655
Depreciation					
At 30 September 2021	1,335	341	44	675	2,395
Charge for the year	235	44	8	137	424
Disposals	(503)	-	-	(307)	(810)
Translation differences	20	3	(18)	3	8
At 30 September 2022	1,087	388	34	508	2,017
Net book value at 30 September 2022	317	141	639	541	1,638
Net book value at 30 September 2021	281	113	632	730	1,756

Company	Computers and equipment £'000
Cost	
At 1 October 2022	245
Additions	55
Disposals	(2)
At 30 September 2023	298
Depreciation	
At 1 October 2022	210
Charge for the year	45
Disposals	(2)
At 30 September 2023	253
Net book value at 30 September 2023	45
Net book value at 30 September 2022	35

Company	Computers and equipment £'000
Cost	
At 1 October 2021	246
Additions	8
Disposals	(9)
At 30 September 2022	245
Depreciation	
At 1 October 2021	160
Charge for the year	59
Disposals	(9)
At 30 September 2022	210
Net book value at 30 September 2022	35
Net book value at 30 September 2021	86

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

15. Leases

The Group leases a number of properties in the geographical areas in which it operates. The Group also leases a small number of motor vehicles in the UK. All leases comprise only fixed payments over the lease term.

Right of use assets

Group	Land and buildings £'000	Motor Vehicles £'000	Total £'000
At 30 September 2022	1,367	-	1,367
Additions	2,312	-	2,312
Amortisation	(523)	-	(523)
Translation differences	(21)	-	(21)
At 30 September 2023	3,135	-	3,135

Group	Land and buildings £'000	Motor Vehicles £'000	Total £'000
At 30 September 2021	1,964	14	1,978
Additions	487	3	490
Disposals	(677)	(10)	(687)
Amortisation	(489)	(7)	(496)
Translation differences	82	-	82
At 30 September 2022	1,367	-	1,367

Lease liabilities

Group	Land and buildings £'000	Motor Vehicles £'000	Total £'000
At 1 October 2022	1,504	-	1,504
Additions	2,312	-	2,312
Interest expense	159	-	159
Lease payments	(738)	-	(738)
Translation differences	(15)	-	(15)
At 30 September 2023	3,222	-	3,222

Group	Land and buildings £'000	Motor Vehicles £'000	Total £'000
At 1 October 2021	2,132	13	2,145
Additions	489	3	492
Disposals	(735)	(9)	(744)
Interest expense	112	-	112
Lease payments	(565)	(7)	(572)
Translation differences	71	-	71
At 30 September 2022	1,504	-	1,504

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The maturity analysis of lease liabilities at 30 September is as follows:

Group	2023 £'000	2022 £'000
Within 1 year	724	440
Between 1-2 years	707	371
Between 2-3 years	716	348
Between 3-4 years	562	352
Between 4-5 years	212	247
Over 5 years	1,159	-
Effect of discounting	(858)	(254)
Total greater than 1 year	2,498	1,064
Lease liability	3,222	1,504

16. Investments

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Shares in subsidiary undertakings - cost				
At 1 October	-	-	7,165	14,521
Capital contribution	-	-	26	17
Disposal	-	-	-	(7,373)
At 30 September	-	-	7,191	7,165
Other investments – cost and fair value				
At 1 October and 30 September	236	236	373	373
Total financial assets - investments	236	236	7,564	7,538

Details of the Company's undertakings, all of which are wholly owned and included within the consolidated financial statements, are as follows:

Name of entity	Principal activity	Country of incorporation	Registered office
Vicon Motion Systems Limited	Development, production and sale of computer software and equipment	England	6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU
OMG Life Limited	Non trading company	England	6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU
Vicon Motion Systems, Inc.*	Sales, marketing and customer support	USA	7388 South Revere Parkway, Suite 901, Centennial, Colorado

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Name of entity	Principal activity	Country of incorporation	Registered office
IMeasureU Limited*	Development and sale of computer software and equipment	New Zealand	5 Water Street, Grafton, Auckland, 1023, New Zealand
OMG, Inc.	Non trading company	USA	7388 South Revere Parkway, Suite 901, Centennial, Colorado
IMeasureU, Inc.*	Development and sale of computer software and equipment	USA	7388 South Revere Parkway, Suite 901, Centennial, Colorado
IMeasureU Limited*	Sale of computer software and equipment	England	6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU
Contemplas GmbH*	Development and sale of computer software and equipment	Germany	Albert-Einstein-Straße 6 D-87437 Kempten Germany

*Investment held indirectly.

IMeasureU Limited and OMG Life Limited, subsidiaries incorporated in England, are exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of Section 479A.

Investment in associate

During the year ended 30 September 2017 the Company acquired a 25% shareholding in Pimloc Limited, an equity accounted associate. This investment is fully impaired.

Equity investments

During the year ended 30 September 2020 the Company acquired 3% of the equity in a business start-up incorporated in the US in return for a total consideration of \$300,000 (£236,000). This investment is stated at fair value through profit or loss, which is not materially different to cost.

There were no movements in the fair value of this investment during the year ended 30 September 2023 or 2022.

17. Inventories

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Finished goods	2,339	986	-	-
Component parts	4,901	3,476	-	-
	7,240	4,462	-	-

The cost of inventories recognised as an expense and included in cost of sales is £14,044,000 (2022: £8,202,000).

During the year £261,000 of inventories were impaired (2022: £220,000). Inventories written off and included within cost of sales were £53,000 (2022: £21,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

18. Trade and other receivables

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade receivables	7,616	5,316	-	-
Provision for impairment of trade receivables	(54)	-	-	-
Net trade receivables	7,562	5,316	-	-
Amounts owed by other Group undertakings	-	-	1,372	2,085
Other debtors	844	1,023	50	95
Prepayments	881	780	247	212
Accrued interest	620	278	620	278
	9,907	7,397	2,289	2,670

Amounts owed by other Group undertakings are repayable on demand and do not carry interest (see note 30).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to 30 September 2023. The ageing categories used for the provision matrix are: current, up to 30 days past due, 31 to 60 days past due, 61 to 90 days past due, and more than 90 days past due. The historical loss rates are then adjusted for current and forward looking information on macroeconomic factors affecting the Group's customers. At 30 September 2023 the lifetime expected credit loss for trade receivables and contract assets was immaterial to the Group.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Sterling	3,641	4,967	917	(1,706)
Euro	329	309	450	142
US Dollar	5,879	2,056	922	4,234
NZ Dollar	58	65	-	-
	9,907	7,397	2,289	2,670

The negative balances above are due to different elements of the receivable due from Vicon Motion Systems Limited being held in different currencies.

Movements in the provision for impairment of trade receivables are as follows:

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 October	-	10	-	-
Charged/(credited) during the year	54	(10)	-	-
At 30 September	54	-	-	-

The movement on the provision for impairment of trade receivables has been included in administrative expenses in the income statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each receivable set out above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

19. Trade and other payables

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade payables	3,786	4,044	231	138
Amounts payable to Group undertakings	-	-	2,728	963
Social security and other taxes	332	230	-	-
Other creditors	19	19	-	-
Accruals	3,460	1,916	673	526
Contract liabilities	3,707	5,078	-	-
	11,304	11,287	3,632	1,627

Amounts payable to Group undertakings are payable on demand and do not carry interest.

20. Financial instruments

The Group and Company's financial instruments comprise cash and short term deposits, debtors and creditors that arise directly from its operations. The risks associated with these financial instruments and the Group's policies for managing those risks are outlined below.

Interest rate risk of financial assets

Surplus cash funds are deposited with UK clearing banks on a short term basis for periods of between three and twelve months. The interest rates earned are compared with those available from other financial institutions of comparable credit status.

The average rate of interest earned during the year on cash deposits was 3.16% (2022: 1.67%).

The Group's cash and cash equivalents, and fixed term deposits are held in the following currencies:

	2023				
	GBP £'000	Euro £'000	US\$ £'000	NZ\$ £'000	Total £'000
Cash and cash equivalents	14,742	337	8,767	119	23,965
Fixed term deposits	42,000	-	-	-	42,000
Bank overdraft	(1,174)	-	-	-	(1,174)
	55,568	337	8,767	119	64,791

The bank overdraft relates to a debit balance in a one of the Group's bank accounts within the cash pooling facility. Due to the arrangements in place such debit balances do not incur interest charges.

	2022				
	GBP £'000	Euro £'000	US\$ £'000	NZ\$ £'000	Total £'000
Cash and cash equivalents	8,018	534	4,087	40	12,679
Fixed term deposits	55,000	-	-	-	55,000
	63,018	534	4,087	40	67,679

All of the Company's cash and cash equivalents, and fixed term deposits in the current and prior year are held in GBP. The fixed term deposits of £42,000,000 held at 30 September 2023 (FY22 £55,000,000) are made up of varying amounts of cash held for between 6 and 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Management considers a 2.00 percentage point move in interest rates to be reasonably possible. If the interest rates in effect during the year had moved by plus or minus 2.00 percentage points and all other variables held constant the Group's profit for the year ended 30 September 2023 would increase by £1,032,000/decrease by £983,000 (2022: increase by £352,000/decrease by £305,000). There would be no impact on other equity reserves.

As disclosed in note 16 the Group has equity investments of £236,000 denominated in US dollars at 30 September 2023 and 30 September 2022. These investments are measured at fair value through profit or loss in the Statement of Financial Position with movements in fair value recognised in the Consolidated Income Statement.

The Group and Company do not have any longer term foreign currency cash holdings.

Borrowing facilities

The Group and Company have no borrowings.

The Group operates a Multi-Currency Balance Management Arrangement between certain Group companies. This arrangement may result in individual accounts of certain entities showing overdrawn balances. However, due to the arrangements in place, such balances do not incur interest charges and the Group position must always result in a net deposit balance as there is no borrowing facility. At 30 September 2023 there is an overdrawn balance of £1,174,000 in one of the Group's entities which is included as a bank overdraft on the face of the Consolidated Statement of Financial Position.

Risk management

The Group is exposed through its activities to the following financial risks:

Liquidity risk

At 30 September 2023 the Group's cash and short term deposits amounted to £64,791,000 (2022: £67,679,000). The Group had no financial borrowing obligations.

All financial liabilities are due within five years.

Management does not consider liquidity to be a key risk.

Credit risk

Sales are made on a basis designed to minimise so far as possible the risk of non-payment in each case. Balances owing from customers are reviewed at least monthly, and action is taken where considered appropriate with a view to achieving timely settlement, see note 18.

The Group and Company are continually reviewing the credit risk associated with holding money on deposit in banks and seek to mitigate this risk by spreading deposits between banks with high credit status.

Foreign currency risk

The Group's foreign exchange transaction exposure arises principally in the UK subsidiaries from trading with US subsidiary undertakings and third parties in Europe and the Far East. The Group's policy is to reduce exposure to revaluation of monetary assets and liabilities. Under the policy, assets and liabilities held in currencies other than a Company's functional currency are minimised through intercompany trading.

The Group considers the volatility of currency markets over the year to be representative of the potential foreign currency risk it is exposed to. The main currency the Group's results were exposed to at the year end was the US dollar and over the year the volatility of this currency was 9.1% (2022: 8.6%). If Sterling had strengthened against the dollar at year end by 10% it would have decreased the Group profit by £580,000 (2022: increased Group profit by £241,000). If Sterling had weakened against the dollar at year end by 10% it would have increased the Group profit by £709,000 (2022: decreased Group profit by £295,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The table below shows the extent to which Group companies have monetary assets/(liabilities) in currencies other than their local currency.

Functional currency of operation:	2023				
	Sterling £'000	US\$ £'000	NZ\$ £'000	Euro £'000	Total £'000
Sterling	-	4,944	(4,227)	1,204	1,921
US dollar	4,084	-	-	-	4,084
NZ dollar	(2,098)	(20)	-	-	(2,118)

Functional currency of operation:	2022				
	Sterling £'000	US\$ £'000	NZ\$ £'000	Euro £'000	Total £'000
Sterling	-	(5,118)	(1,587)	966	(5,739)
US dollar	4,084	-	-	-	4,084
NZ dollar	(3,359)	21	-	-	(3,338)

Fair value of financial assets and financial liabilities

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures some items at fair value which are all classified as Level 3:

- Equity investment (note 16);

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

Where applicable, cost is deemed not to be materially different to fair value in the Board's opinion in determining carrying value of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The carrying value of the Group and Company's financial assets and liabilities is as follows:

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Financial assets				
Amortised cost				
Trade receivables	8,109	5,316	-	-
Other debtors	309	49	-	-
Fixed term deposits	42,000	55,000	42,000	55,000
Cash and cash equivalents	22,791	12,679	20,710	7,309
Fair value through profit or loss				
Equity investment	236	236	373	373
At 30 September	73,445	73,280	63,083	62,682
	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Financial liabilities				
Amortised cost				
Trade payables	4,333	4,044	231	138
Provision	48	40	-	-
Accruals	3,460	1,916	673	526
At 30 September	7,841	6,000	904	664

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders.

The Group considers its capital to comprise ordinary share capital, shares to be issued, share premium and accumulated retained earnings. The foreign currency translation reserve and cash flow hedging reserve are not considered capital. There have been no changes in what the Group considers to be capital from the prior year.

In order to maintain or adjust its working capital at an acceptable level and meet strategic investment needs, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets.

The Group does not seek to maintain any debt to capital ratio but will consider investment opportunities on their merits and fund them in the most effective manner.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

21. Deferred tax

	Group Deferred tax asset £'000	Group Deferred tax liability £'000	Company Deferred tax asset £'000	Company Deferred tax liability £'000
At 1 October 2021	1,877	(3,058)	542	(12)
Set off of tax (restated)	(1,877)	1,877	-	-
At 1 October 2021 (restated)	-	(1,181)	229	-
Charged to the income statement (note 9)	1,661	(275)	129	12
Charged directly to equity	(506)	(45)	(442)	-
Disposal	(1,444)	858	-	-
	1,588	(2,520)	229	-
Set off of tax	(1,588)	1,588	-	-
At 30 September 2022	-	(932)	229	-
Charged to the income statement (note 9)	16	(234)	(157)	(5)
Charged directly to equity	14	18	40	-
	1,618	(2,736)	112	(5)
Set off of tax	(1,618)	1,618	(5)	5
At 30 September 2023	-	(1,118)	107	-

Amounts charged directly to equity relate to movements in deferred tax balances arising on employee share options and foreign exchange movements.

The following table summarises the provided tax asset and liability.

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Recognised – asset				
Tax relief on unexercised employee share options	78	101	75	64
Unrelieved losses carried forward	1,314	1,294	37	165
Short term timing differences	226	193	-	-
	1,618	1,588	112	229
Recognised – liability				
Recognition of intangible asset	(619)	(701)	-	-
Short term timing differences	-	(8)	-	-
Capital allowances in excess of depreciation	(2,117)	(1,811)	(5)	-
	(2,736)	(2,520)	(5)	-
Net tax (liability)/asset	(1,118)	(932)	107	229

Deferred tax assets and liabilities have been measured on an undiscounted basis at an effective tax rate of 25% in both the UK and USA (30 September 2022: 25%). Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. As at 30 September 2023, the Group has un-provided deferred tax assets of £1,168,000 arising on unrelieved trading losses for which recoverability is not certain (2022: £1,172,000). The gross amount of these losses is £4,484,000 (2022: £4,526,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

22. Other liabilities

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Contract liabilities	820	965	-	-

The contract liabilities above relates to revenue from support contracts which cover a period of more than 12 months from 30 September 2023.

23. Provisions

	Group £'000	Company £'000
At 1 October 2022	40	-
Charged to income statement – leasehold dilapidations	8	-
At 30 September 2023	48	-

Leasehold dilapidations relate to the estimated cost of returning the Group's leasehold properties to their original state at the end of the lease in accordance with the lease terms.

24. Share capital

	2023 £'000	2022 £'000
Allotted, called up and fully paid		
130,420,276 shares of 0.25p (2022: 129,767,652 shares of 0.25p)	326	324

During the year ended 30 September 2023 625,000 shares (2022: 2,801,762) were issued relating to share options that were exercised. In addition 27,624 shares (2022: 19,841 shares) and nil shares (2022: 8,381 shares) were issued in satisfaction of salary to the non-executive chairman Roger Parry and the non-executive director Naomi Climer respectively.

At 30 September 2023 options were outstanding over 1,129,000 ordinary shares of 0.25p each (2022: 2,657,000), including those held by directors, as follows:

Number of shares over which options granted	Exercise price	Exercise period
891,341	0.25p	December 2026 to December 2031
37,500	59.06p	September 2019 to July 2027
200,000	112.50p	March 2024 to February 2032

Details of directors' interests in share options are shown in the Report on Remuneration.

The market price of the ordinary shares at 30 September 2023 was 90.50p (2022: 82.00p) and the range during the year was 80.50p to 119.00p (2022: 76.50p to 126.50p). Shares to be issued are detailed in the Statement of Changes in Equity.

25. Share based payments

The Group operates a number of share based remuneration schemes for employees introduced in 2001. Under these schemes the Board can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant with the exception of the LTIP granted during the prior year which has an exercise price of 0.25p. The contractual life of an option is 10 years. Awards under the share based remuneration schemes are generally reserved for employees at senior management level and above.

Options granted under the share based remuneration schemes generally vest proportionally over time which is typically a period of 3 years from the date of grant. Exercise of an option is subject to continued employment. The LTIP options were valued using the Monte-Carlo option-pricing model whilst the remaining options granted during the year were valued using the binomial method. No performance conditions were included in the fair value calculations, except for market related conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

A reconciliation of option movements over the year to 30 September 2023 is shown below:

	2023		2022	
	Number '000	Weighted average exercise price (pence)	Number '000	Weighted average exercise price (pence)
Outstanding at 1 October	2,657	23.36	3,495	28.27
Granted	-	-	1,995	11.50
Exercised	(625)	59.06	(2,802)	20.65
Forfeited	(903)	0.25	(31)	59.06
Outstanding at 30 September	1,129	22.09	2,657	23.36
Exercisable at 30 September	38	59.06	662	59.06

The weighted average share price at the date of exercise for options exercised during the year ended 30 September 2023 was 104.79p (2022: 103.72p).

Share options outstanding at the year end

Range of exercise prices (pence)	2023			2022		
	Weighted average exercise price (pence)	Number of shares '000	Weighted average contractual remaining life (years)	Weighted average exercise price (pence)	Number of shares '000	Weighted average contractual remaining life (years)
0.25	0.25	891	9	0.25	1,795	10
59.06	59.06	38	4	59.06	662	5
112.50	112.50	200	8	112.50	200	9

The total charge for the year relating to employee share-based payment plans was £34,000 (2022: £103,000), all of which related to equity-settled share based payment transactions.

There were no options granted in the year ended 30 September 2023. The assumptions used in the calculation of the fair value of the options granted during the year ended 30 September 2022 were as follows:

	LTIP	Other
Expected volatility (%) ⁽¹⁾	30.0	30.0
Expected life (years) ⁽²⁾	5	6-7
Risk free rate (%) ⁽³⁾	0.6	1.4
Dividend yield (%)	1.4	1.8
Exercise price (pence)	0.25	112.5
Vesting period (years)	5	2-4
Option life (years)	10	10

Notes

(1) The expected volatility is based on historical volatility over a weighted 4 year period from the grant date.

(2) The expected life is the expected period to exercise.

(3) The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

Details of directors' interests in share options are shown in the Report on Remuneration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

26. Movement in reserves

The movement in reserves are disclosed fully within the Consolidated and Company Statement of Changes in Equity on page 34. The description of the nature and purpose of each reserve within owner's equity is as follows:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Shares to be issued	Shares to be issued to Bartle Bogle Hegarty in exchange for services received.
Share premium account	Amount subscribed for share capital in excess of nominal value.
Foreign currency translation	Gains/losses arising on retranslation of the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

27. Pensions

The Company operates a defined contribution pension scheme for the benefit of the UK employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The amount charged under this scheme to the income statement during the year was £458,000 (2022: £541,000).

Pension contributions are also paid for the benefit of US employees under the 401k savings plan scheme, a US government savings scheme. The amount charged under this scheme to the income statement during the year was £119,000 (2022: £77,000).

28. Dividends

Equity – ordinary	2023 £'000	2022 £'000
Final 2021 paid in 2022 (2.00 pence per share)	-	2,542
Final 2022 paid in 2023 (2.50 pence per share)	3,246	-
	3,246	2,542

The directors are proposing a final dividend in respect of the financial year ended 30 September 2023 of 2.75 pence per share (2022: 2.50 pence per share) which will absorb an estimated £3,587,000 of shareholders' funds. This dividend will be paid on 14 February 2024 to shareholders who are on the register of members at close of business on 15 December 2023 subject to approval at the AGM. These dividends have not been accrued in these financial statements.

29. Post balance sheet events

The Group acquired 100% of the share capital of Industrial Vision Systems Limited on 31 October 2023 for a total consideration of £8.1m, 10% of which has been funded through the issue of share capital and the balance coming from existing cash resources.

30. Related party transactions

The key management personnel are deemed to be the directors. During the year short term employee benefits of £1,253,000 (2022: £978,000) were paid to the directors. In addition, share based payments of £8,000 (2022: £86,000) were charged to the income statement in respect of share options held by the directors and £25,000 (2022: £36,000) of shares were issued in satisfaction of salary. For further information see note 8.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Company has outstanding balances and transactions with its subsidiaries as set out below:

	Outstanding balances		Transactions in year	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Vicon Motion Systems Limited	(1,617)	1,943	(3,560)	1,901
Vicon Motion Systems, Inc	921	(120)	1,041	555
Yotta Limited (formerly Mayrise Limited)	-	-	-	(1,103)
Contemplas GmbH	450	142	308	142
OMG Inc.	(1,110)	(843)	(267)	556
	(1,356)	1,122	(2,478)	2,051

Outstanding balances are unsecured and repayable on demand, they do not carry interest. Consideration for these outstanding balances is expected to be in the form of cash or through the transfer of services.

The transactions in the year include head office recharges to subsidiaries of £3,310,000 (2022: £2,942,000). Other transactions arise from treasury cash management between the Company and its subsidiaries.

In accordance with IFRS 9 all balances are stated at amortised cost.

As well as the balances in the table above there are balances due from OMG Life Limited of £2,222,000 (2022: £2,222,000), IMeasureU (NZ) Ltd of £395,000 (2022: £332,000), IMeasureU Inc. of £159,000 (2022: £173,000) and IMeasureU (UK) Ltd of £152,000 (2022: £145,000) which are fully impaired. The amount recognised as a debit in the year in respect of provisions against receivables from related parties was £56,000 (2022: £188,000).

Dividends received by directors of the Company during the year were as follows:

	2023 £'000	2022 £'000
Roger Parry	8	6
Adrian Carey	-	6
David Quantrell	1	1
Nick Bolton	77	48
David Deacon	39	23
Catherine Robertson	40	29

31. Prior year restatement

The Group presented its deferred tax assets and liabilities arising in the same tax jurisdictions on a gross basis in prior periods rather than netting them off in accordance with IAS 12. The incorrect treatment resulted in a presentational error whereby both the Group deferred tax asset and liability were overstated by £1,588,000 at 30 September 2022.

Impact on financial statements

	Group 2022 £'000
Deferred tax asset	
Deferred tax asset originally presented	1,588
Net of to correct presentation	(1,588)
Deferred tax asset as restated	-

	Group 2022 £'000
Deferred tax liability	
Deferred tax liability originally presented	(2,520)
Net of to correct presentation	1,588
Deferred tax liability as restated	(932)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

There is a corresponding error at the beginning of the prior period - the error and its correction at 1 October 2021 are set out below:

	Group 2021 £'000
Deferred tax asset	£'000
Deferred tax asset originally presented	1,877
Net of to correct presentation	(1,877)
Deferred tax asset as restated	-

	Group 2021 £'000
Deferred tax liability	£'000
Deferred tax liability originally presented	(3,058)
Net of to correct presentation	1,877
Deferred tax liability as restated	(1,181)

COMPANY INFORMATION

Company registration number:	03998880
Registered office:	6 Oxford Pioneer Park Yarnton Oxfordshire OX5 1QU
Directors:	Roger Parry (Non-executive Chairman) Naomi Climer (Non-executive Director) David Quantrell (Non-executive Director) Paul Taylor (Non-executive Director) Imogen Moorhouse (Chief Executive Officer) David Deacon (Chief Financial Officer) Catherine Robertson (Executive Director)
Secretary:	Catherine Robertson
Bankers:	National Westminster Bank plc 121 High Street Oxford OX1 4DD
Solicitors:	Goodman Derrick LLP 10 St Bride St London EC4A 4AD
Broker and nominated advisor:	Deutsche Numis 45 Gresham Street London EC2V 7BF
Registrars:	Link Group Central Square 29 Wellington Street Leeds LS1 4DL
Auditors:	BDO LLP Level 12, Thames Tower Station Road Reading Berkshire RG1 1LX

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt as to what action to take you are recommended to consult your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in Oxford Metrics plc, you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for the transmission to the purchaser or transferee.

Oxford Metrics Plc Notice of annual general meeting

Notice of the annual general meeting which has been convened for 31 January 2024 at 2pm at Oxford Metrics plc, 6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU is set out below.

To be valid, forms of proxy, or votes cast electronically must be received by the Company's registrars, Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible and in any event not later than 48 hours (excluding days that are not a working day) before the time appointed for holding the meeting.

Notice is hereby given that the 2024 annual general meeting of Oxford Metrics plc (the "Company") will be held at 6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU on 31 January 2024 at 2pm for the following purposes:

Ordinary business

1. To receive and adopt the financial statements of the Company for the financial year ended 30 September 2023 and the reports of the directors and auditors on those financial statements.
2. To reappoint BDO LLP as auditors of the Company and to authorise the directors to determine the auditors' remuneration.
3. To declare a final dividend of 2.75 pence per share on each of the Company's ordinary shares for the financial year ended 30 September 2023.
4. To re-elect Imogen Moorhouse who retires by rotation in accordance with the Company's articles of association and offers herself for re-appointment by general meeting, as a director of the Company.
5. To re-elect David Quantrell who retires by rotation in accordance with the Company's articles of association and offers himself for re-appointment by general meeting, as a director of the Company.
6. To re-elect Naomi Climer who retires by rotation in accordance with the Company's articles of association and offers herself for re-appointment by general meeting, as a director of the Company.

Special business

As special business to consider and, if thought fit, pass resolution 7 as an ordinary resolution and resolutions 8 and 9 as special resolutions. For special resolutions to pass, at least three-quarters of the votes cast must be in favour of the resolution.

7. That the directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £108,427

This authority shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and shall unless previously revoked, varied or renewed by the Company in general meeting, expire on 30 January 2029 save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

8. **Special Resolution.** That, subject to the passing of resolution 7 above, the directors be and are hereby generally and unconditionally given power for the purposes of section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act and to include the sale of treasury shares as referred to in section 560(3) of the Act) for cash pursuant to the authority conferred by resolution 7 above, in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an offer or pursuant to a rights issue, open offer or other pro-rata issue made to:
 - (i) the holders of shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of shares held by them; and
 - (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary, and the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (b) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company; and
- (c) the allotment of equity securities, other than pursuant to sub-paragraphs (a) and (b) above of this resolution, up to an aggregate nominal amount of £32,856.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on 30 January 2029, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

9. **Special Resolution.** That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 0.25 pence each in the capital of the Company (“Ordinary Shares”) in such manner and on such terms as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in sections 727 or 729 of the Act, including for the purpose of its employee share schemes, provided that:
- (a) the maximum number of Ordinary Shares authorised to be purchased is 13,142,713
 - (b) the minimum purchase price which may be paid for any Ordinary Share is 0.25 pence (exclusive of expenses); and
 - (c) the maximum purchase price which may be paid for any Ordinary Share is the higher of (in each case exclusive of expenses):
 - (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and
 - (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid as derived from the London Stock Exchange’s trading system known as SEAQ; and this authority shall take effect on the date of passing of this resolution and shall (unless previously revoked, renewed or varied) expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months after the date of passing of this resolution, save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

By order of the Board
Catherine Robertson
 Company Secretary

4 December 2023

Registered office: 6 Oxford Pioneer Park, Yarnton, Oxfordshire, OX5 1QU

The notes on voting procedures, together with explanatory notes on the resolutions to be put to the meeting, which follow, form part of this notice.

Notes:

Entitlement to attend and vote

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes that may be cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), only those members registered in the Company's register of members at close of business on 29 January 2024 (or, if the meeting is adjourned, close of business on the date which is two business days before the adjourned meeting) shall be entitled to attend and vote at the meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Website giving information regarding the meeting

2. Information regarding the meeting, including the information required by Section 311A of the Act, is available from www.oxfordmetrics.com.

Appointment of proxies

3. If you are a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend and speak at the Meeting. You can appoint a proxy only using the procedures set out in these notes and the notes to the proxy form.
4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please indicate on your proxy submission how many shares it relates to.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution.

Appointment of proxy using hard copy proxy form

7. A hard copy form of proxy has **not** been sent to you but you can request one directly from the registrars, Link Group's general helpline team on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or via email at shareholderenquiries@linkgroup.co.uk or via postal address at Link Group, PXS1, Central Square, 29 Wellington St, Leeds LS1 4DL. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. For the purposes of determining the time for delivery of proxies, no account has been taken of any part of a day that is not a working day.

Appointment of a proxy online

8. You may submit your proxy electronically using the Share Portal service at www.signalshares.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours (excluding non-working days) before the time of the meeting applies. Shareholders will need to use the unique personal identification Investor Code ("IVC") printed on your share certificate. If you need help with voting online, please contact our registrar, Link Group's portal team on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or via email at shareholderenquiries@linkgroup.co.uk.

Appointment of proxies through crest

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by the voting deadline of 48 hours (excluding non-working days) before the time of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Appointment of proxies through Proximity

10. If you are an institutional investor you may be able to appoint a proxy electronically via the Proximity platform. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged 48 hours prior to the time appointed for the meeting in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding, the first-named being the most senior.

Changing proxy instructions

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group as per the communication methods shown in note 7. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Group, at the address shown in note 7. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed, or a duly certified copy of such power or authority, must be included with the revocation notice. The revocation notice must be received by Link Group no later than 48 hours before the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Corporate representatives

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and Total Voting Rights

15. As at 4 December 2023, the Company's issued share capital comprised 131,427,135 Ordinary Shares of 0.25p each. Each Ordinary Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company is 131,427,135. The website referred to in note 2 will include information on the number of shares and voting rights.

Documents on display

16. The copies of the Directors' letters of appointment or service contracts are normally available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the meeting and may also be inspected at the meeting venue.

Explanatory notes

Report and Accounts (Resolution 1)

The directors of the Company must present the accounts to the meeting.

Reappointment and remuneration of auditors (Resolution 2)

Resolution 2 proposes the reappointment of BDO LLP as auditors of the Company and authorises the directors to set their remuneration.

Declaration of a dividend (Resolution 3)

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 2.75 pence per Ordinary Share is recommended by the directors for payment to shareholders who are on the register of members at the close of business on 15 December 2023. If approved, the date of payment of the final dividend will be 14 February 2024.

Re-election of directors (Resolutions 4, 5, and 6)

The Company's articles of association require that all directors retire at least every three years and that all newly appointed directors retire at the first annual general meeting following their appointment.

At this meeting, Imogen Moorhouse, David Quantrel and Naomi Climer will retire and stand for re-election as directors. Having considered the performance of and contribution made by each of the directors standing for re-election the Board remains satisfied that the performance of each of the relevant directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

Directors' authority to allot securities (Resolution 7)

Your directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The authority granted at the last annual general meeting will expire on the passing of this resolution or, if it is not passed, on 8 February 2027. The authority in resolution 7 will allow the directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £108,427.

As at 4 December 2023, the Company did not hold any shares in treasury. If the resolution is passed, the authority will expire on 30 January 2029 unless previously revoked, varied or renewed.

Disapplication of pre-emption rights (Resolution 8)

If the directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) company law requires that these shares are first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the directors will need the flexibility to finance business opportunities by the issue of equity securities without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 8 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to allotment of equity securities for cash up to a maximum number of 13,142,713 ordinary shares (which includes the sale on a non-pre-emptive basis of any shares held in treasury). Shareholders will note that this resolution also relates to treasury shares and will be proposed as a special resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

If given, the authority will expire on 30 January 2029.

Authority to purchase own shares (Resolution 9)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 9 seeks the authority from shareholders to continue to do so. The directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares.

Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of Ordinary Shares that may be acquired and the maximum and minimum prices at which they may be bought.

Resolution 9 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next annual general meeting of the Company in 2025 or, if earlier, the date which is 15 months after the date of passing of the resolution.

The directors intend to seek renewal of this power at subsequent annual general meetings.

